MEMBERS PRESENT
SATURDAY, FEBRUARY 21, 2015

National Officers
National President ................................................................. Janet Jefford
National Vice President ............................................................ Sharon Conatser
Central Division National Vice President ................................. Laura Mosby
Eastern Division National Vice President ................................. Sandra Neylon
Northwestern Division National Vice President......................... Lori Skallerud
Southern Division National Vice President ............................... Susan Heil
Western Division National Vice President ................................. Susan Diaz
National Chaplain ..................................................................... Karen Boehler
National Historian ..................................................................... Lorraine “Rani” Gray
National Secretary ................................................................. Mary “Dubbie” Buckler
National Treasurer ................................................................. Marta Hedding

Past National Presidents
Linda Newsome
Virginia Hobbs
Jan Pulvermacher-Ryan
    Desireé Stoy
    Rita Navarreté
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    Nancy Brown-Park
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MEMBERS PRESENT
SUNDAY, FEBRUARY 22, 2015

National Officers
National President ................................................................. Janet Jefford
National Vice President .......................................................... Sharon Conatser
Central Division National Vice President .............................. Laura Mosby
Eastern Division National Vice President ............................ Sandra Neylon
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Nancy Brown-Park
National Executive Committeewomen

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Alaska ........................................................................... -
Arizona ........................................................................ -
Arkansas ........................................................................ -
California ........................................................................ -
Colorado ............................................................... Karen Boehler
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District of Columbia .................................................. -
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Georgia ........................................................................... -
Hawaii ........................................................................... Josephine Keanu
Idaho ............................................................................. Bird Derrick
Illinois ............................................................................ Ann Flanagan
Indiana ........................................................................... Lisa Liford
Iowa ................................................................................ -
Kansas ........................................................................... Karon Cook
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Nevada ............................................................................. Glynis Seeley
New Hampshire ......................................................... Sandra Neylon
New Jersey ...................................................................... Maggie McMahon
New Mexico .................................................................... Janet Romero
New York ......................................................................... Susan Britton
North Carolina .......................................................... Brenda Toppin
North Dakota .................................................................. -
Ohio ............................................................................... Desireé Stoy
Oklahoma ........................................................................ Debra Densmore
Oregon ............................................................................. Toni Epperson
Pennsylvania ................................................................... -
Puerto Rico ....................................................................... -
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South Carolina .......................................................... Linda Smiley
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Vermont ............................................................................. Theresa Christie
Virginia ............................................................................ -
Washington ....................................................................... -
West Virginia ..................................................................... -
Wisconsin ......................................................................... Joyce Endres
Wyoming ........................................................................... -
TABLE OF CONTENTS

SATURDAY, FEBRUARY 21, 2015
NATIONAL EXECUTIVE COMMITTEE MEETING
Call to Order .................................................................................................................. 8
Audit Committee Report ................................................................................................. 15
Finance Committee Report ................................................................................................. 26
American Legion Auxiliary Foundation Report ................................................................. 30
Veterans Affairs & Rehabilitation Committee Report .................................................... 31
Children & Youth Committee Report ............................................................................... 32
Junior Activities Committee Report .................................................................................. 33
Leadership Committee Report .......................................................................................... 34
Public Relations Committee Report .................................................................................... 34
National Security Committee Report ............................................................................... 36
Past Presidents Parley Committee Report ........................................................................ 37

SUNDAY, FEBRUARY 22, 2015
NATIONAL EXECUTIVE COMMITTEE MEETING
Call to Order .................................................................................................................... 42
Community Service Report ................................................................................................. 43
Membership Report ............................................................................................................. 43
Strategic Plan Update .......................................................................................................... 45
National Headquarters Report ............................................................................................. 50
Constitution & Bylaws Presentation ..................................................................................... 56
Fiduciary Duty and Stewardship Presentation .................................................................... 70
Adoption of Electronic Communication, Internet, and Social Media Policy ................. 86
Adjournment ....................................................................................................................... 87

APPENDIX A: National Mid-Year Reports: National Chairmen ........................................ 88
APPENDIX B: Financial Statements .................................................................................... 120
APPENDIX C: Summary of Motions/Resolutions Adopted ............................................... 178
SATURDAY, FEBRUARY 21, 2015
NATIONAL EXECUTIVE COMMITTEE MEETING

PRESIDENT JEFFORD: This National Executive Committee meeting will now come to order.

Please disable all electronic devices or place them in the silence mode or if you’d like to leave them on, have them ring, it’s going to cost you $5.00 to my presents project. So either way, we’re good.

Okay. So would you please now rise and remain standing for the opening ceremony.

(Ringing of the bell.)

PRESIDENT JEFFORD: Rosemarie LaBossiere and Jeanne Berry will advance the colors. Hand salute.

(Colors advanced.)

PRESIDENT JEFFORD: National Chaplain Karen Boehler will offer the invocation.

CHAPLAIN BOEHLER: Would you bow your heads.

Heavenly Father, we thank you for granting us safe travel to this Washington conference. Please protect those who are dealing with hazardous weather around our country and the world.

We ask you to keep from harm our active military who daily find their very lives threatened. Help them know that you’re always at their side and that you are a God of unending mercies.

Lord, I ask you to bless the work of our National President Janet, delegates to our NEC, and the hard-working staff that has prepared well for this conference.

Through it all, the blessings and the challenges of our daily lives, we know that you are good. We pray this in your holy name, Amen.

VOICES: Amen.

PRESIDENT JEFFORD: Thank you, Kathy.

I now call upon Americanism Chairman Kathy Daudistel to lead the Pledge of Allegiance and the National Anthem.

CHAIRMAN DAUDISTEL: Please join me.

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

PRESIDENT JEFFORD: Thank you, Kathy. That was beautiful.

Now our Constitution & Bylaws Chairman Lisa Williamson will lead us in the preamble to our Constitution.
VOICES: For God and country, we associate ourselves together for the following purposes: To uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate a 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 JEFFORD: National Security Chairman Susan Britton will read the POW/MIA resolution.

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

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

PRESIDENT JEFFORD: Thank you.

(Ringing of the bell.)

PRESIDENT JEFFORD: You may be seated.

So this mid-year meeting of the National Executive Committee is convened. I’m going to go off script a little here and just say I want to thank everyone that made it here today. I’m so glad that you made it here safely. And I know a lot of you went through a lot of hard times today on the phone for many hours trying to get your flights here. We have poor Rani sitting here with no -- I mean, just the clothes she has on.

(Laughter.)

PRESIDENT JEFFORD: Okay. Looks good. I heard somebody with a three hour -- normally a three-hour drive took ten hours to get here. So thank you so much for trying to be here.

We were afraid we wouldn’t have a quorum, but luckily we do. So, again, I’m so glad to see all of you.

(Applause.)

PRESIDENT JEFFORD: Now, one of the presidents that I visited on my visits said to me that someone told her to not be obsessed with the people that aren’t here that couldn’t make it, but to concentrate on those who are. So that’s what we plan to do.

We might have a smaller conference than usual, but I think it’s still going to be a wonderful conference. And for those that can’t be here, may we ask God go bless them and keep them safe if they’re trying to get here tomorrow or at least thank them for the efforts that they made to get here.

All right. Now back to script. The National Executive Committee is the Auxiliary’s governing board which makes each of you, talking to the NEC members now, caretakers of this organization.
As caretakers you have the fiduciary obligation to act on behalf of the organization and to advance its interests. 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 at this meeting in both listening and sharing your voices as the business before you is presented.

Remember it is both a privilege and your responsibility to ensure the decisions you make are the best for the American Legion Auxiliary while remaining in compliance with its regulations and policies.

First of all, I would also like to welcome all of our -- the few Past National Presidents that are here and they will be introduced and welcomed a little bit later in the program.

Would all our National Chairmen please stand, National Chairmen. I want to also thank you for what you’ve done this year. Your --

(Please.)

PRESIDENT JEFFORD: The wonderful mid-year reports that you’ve written, all of you have received them. I hope you’ll take the time to read them. There’s a lot of good information in there and a lot of good ideas, best practices that you could do in your own departments or at your units. So please take the time to do that.

Thank you so much and I look forward to hearing the written reports later on from those Chairmen that are presenting.

And now I really have to give a special thanks to the staff that’s running this meeting. You know, you can’t -- I really tell you you don’t realize what it takes to put on a meeting like this and a conference until you’re in the position to watch this happen.

And especially with today, they have worked so hard making sure everybody could get flights, booking rooms, making sure people are taken care of, just holding their hands a little on the phone so they’re not so nervous.

So would any of the -- all the staff that are here today -- is there anybody in the room or are they all out working? Stand up, please.

(Please.)

PRESIDENT JEFFORD: Thank you so much.

Okay. Now, is anybody here for the first time? All right. Aren’t you so lucky to be here during a snowstorm in Washington? But the weather report tomorrow by 1 o’clock, it’s saying partly sunny and 40 degrees, so we’re okay. So that’s good.

So my hope is that we all again have a terrific National Executive Committee meeting and that everybody has a very productive and informative Washington, D.C. conference. So we will get started.

Please remember that anyone wishing to speak is first asked to make their way to the microphone that’s right here 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. And remember you must first be recognized before speaking.

In lieu of having our National Secretary call roll of the NEC, you should have been checked in at the door by one of our it says here awesome headquarters staff and that they are. If you feel that you were not checked in, please make sure
that you visit the staff table at the end of the meeting and make sure they have your attendance recorded. All right? Thank you.
I’d like to do some introductions now, please, introduce the head table. We will start first with our National Vice President Sharon Conatser.

(Applause.)
PRESIDENT JEFFORD: Laura Mosby, Central Division National Vice President.

(Applause.)
PRESIDENT JEFFORD: Sandra is -- Sandra Neylon is our Eastern Division National Vice President, but I guess she has not made it here yet.
And Lori Skallerud I know from the Northwestern Division National Vice President is not here. They are stuck somewhere.
Susan Heil, she’s not here either. And Sue is our Southern Division National Vice President.
But we do have Sue Diaz, Western Division National Vice President.

(Applause.)
PRESIDENT JEFFORD: And our National Historian with her clothes on is Rani Gray.

(Applause.)
PRESIDENT JEFFORD: And everybody knows Mary “Dubbie” Buckler, our National Secretary.

(Applause.)
PRESIDENT JEFFORD: And Marta Hedding, our National Treasurer.
Marta.

(Applause.)
PRESIDENT JEFFORD: And just -- she just found this out like a couple hours ago, Peggy Thomas will serve as our Parliamentarian for this meeting this evening.

(Applause.)
PRESIDENT JEFFORD: And hopefully Chris Dickey will join us tomorrow.

And my personal pages for this meeting and this conference are both from the Department of Connecticut. We have Jeanne Berry --

(Applause.)
PRESIDENT JEFFORD: -- and Rosemarie LaBossiere.

(Applause.)
PRESIDENT JEFFORD: Thank you.
Okay. So we are good, so we can proceed here. Before we begin with the consent agenda, which is first on our agenda, I would like to remind everyone that the Minutes Approval Committee is responsible for approving the NEC’s meeting minutes.

This year’s committee consists of the NECs from California which is Anita Biggs, from Illinois Judy Zimmerman, and from Kansas Karon Cook.

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 2014 Convention NEC meetings. The proceedings are posted on the ALA website.
Yes, I did. Thank you. And I -- see, already a mistake. That’s one. Okay. We’ll count. I’m sorry, but I did miss our National Chaplain Karen Boehler.

(Please.)

PRESIDENT JEFFORD: And I need your prayer, so forgive me.

Okay. All right. So before we begin with the consent agenda, I would like to remind everyone that the Minutes Approval Committee is responsible -- already did that. Okay.

Consent agenda, we will begin by utilizing a consent agenda in lieu of multiple motions to handle many of the basic business items. These items are listed on your agenda. Does everybody have that?

Okay. And include charter cancellations since August 2014, appointment changes that had to be made since convention. There are two policies that were reviewed and updated by our National Finance Committee. One is the ALA product endorsement policy. The second one is the ALA National Headquarters protection of national presidents’ signature policy.

We also had one policy reviewed and updated by the National Audit Committee and that was the ALA National Headquarters record retention and disposal policy.

Everybody have those and reviewed them? Great. You received information on each and I hope you have thoroughly reviewed them.

All right. Just as a reminder, the consent agenda works as follows: The Chair will entertain a motion to adopt all items as presented. There is no discussion necessary. But if any member of the NEC wishes to discuss any of the items or just wants them removed or make corrections to an item, I will entertain a motion or request, I should say, to remove that item from the consent agenda prior to voting on that agenda.

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

I want to remind you again that if you wish to speak to use the microphone in the center aisle.

So before we proceed, are there any questions on how the consent agenda works?

(Whereupon, there was no response.)

PRESIDENT JEFFORD: Hearing none, all right. Does anyone wish to remove any of the items or item from the consent agenda?

(Whereupon, there was no response.)

PRESIDENT JEFFORD: All right. Then the Chair will entertain a motion to adopt the consent agenda.

MS. KOKERNAK: Madam President, I move adoption of the entire consent agenda as presented.

PRESIDENT JEFFORD: Thank you, Cindy.

Is there a second?

VOICE: Second.

PRESIDENT JEFFORD: Just second. Motion has been made and seconded to adopt the consent agenda. There is no debate on a consent agenda. Therefore, all those in favor of adopting the consent agenda, say aye.

VOICES: Aye.

PRESIDENT JEFFORD: Opposed, no.
Whereupon, there was no response.

PRESIDENT JEFFORD: Motion carries. Thank you.

All right. Now it is really my great pleasure to call upon our National Vice President Sharon Conatser to bring us greetings.

VICE PRESIDENT CONATSER: Somebody call Janet quick. We can charge her ‘cause her phone’s not off.

(Laughter.)

VICE PRESIDENT CONATSER: Madam National President Janet, to all of you, we welcome you to the NEC meeting in the Washington Conference. It’s really great to see some of you here for the first time and we hope that you’ll continue to come back and support our organization that we all love.

I know that President Janet and the ALA staff have an exciting and fun-filled few days planned for you. Take notes and when you return to your departments, share the information, share the information, share the information. Did you all get that? Share the information.

It is your responsibility as NEC to share with your department and continue towards the goals of our organization, so please do your part by sharing the good news as well as the serious news of our organization in your departments.

President Janet has committed herself and our organization to the centennial strategic plan. I hope that each of you will continue to support the departments by working membership in a positive way to help your department each reach your membership goal.

When you go to the Hill on Tuesday, we urge you to participate as an American Legion family to promote the legislative agenda of The American Legion.

President Janet, I wish for you a successful conference and many more great memories. We wish you safe travels and good health.

Faith, family, freedom. We have faith in you to spread the word of our organization and please know that both your American Legion family and your family wish you the very best for a very successful year. And all of us enjoy the freedom that allows us to spread the word in support of our active duty military, our veterans, our children, and to everyone in our communities.

Thank you, Janet, for your leadership and best wishes for a wonderful conference.

(Applause.)

PRESIDENT JEFFORD: Thank you, Sharon.

It is now my pleasure to welcome Past National President Nancy Brown-Park to bring greetings on behalf of all of our National -- Past National Presidents. Nancy.

(Applause.)

CHAIRMAN BROWN-PARK: Thank you, Janet.

Will the Past National Presidents please stand. So we’re tiny at this meeting.

(Laughter.)

PAST NATIONAL PRESIDENT BROWN-PARK: Well, maybe we’re not tiny, but we’re small in number. But we’re here to support. And may we stop and think just for a second of all those that couldn’t be here at this conference.
We just sort of have a rash of things that aren’t working out, but I’m sure they’ll all be with us at National Convention. So just keep standing if you will, please.

So, Madam President, I’m here to bring greetings from the Past National Presidents and say welcome to our snowy nation’s Capitol. There are lots of wonderful things planned for the next few days and I hope you are all ready to bundle up and enjoy the experience.

We hope you will take back to your departments what you learn and what you experience during this conference.

And, Madam President, we wish you a very, very successful conference. And it looks like the weather is going to be good and all is going to be great.

But before we quit, before I leave, you know, I have to do something. So, Madam Vice President, could you take the podium if it’s okay with Madam President?

VICE PRESIDENT CONATSER: Absolutely.

PAST NATIONAL PRESIDENT BROWN-PARK: And then, Janet, will you come with me because I think we’re going to have an Ellen moment? So, you know, it’s close to the Academy Awards, right? So we decided we’d have an Ellen moment with the Past National Presidents. So, Janet, and then I have a little gift for you.

(Laughter.)

CHAIRMAN BROWN-PARK: Dubbie, come on.

SECRETARY BUCKLER: I’m not a Past National President. That would get people talking.

(Laughter.)

CHAIRMAN BROWN-PARK: A gift for you.

(Applause.)

PRESIDENT JEFFORD: I could -- Sharon, I could pass this on next year.

VOICE: You could also be a tour guide.

PRESIDENT JEFFORD: Okay. I guess I’m supposed to now say thank you, Nancy.

(Laughter.)

PRESIDENT JEFFORD: You know, I do -- we’ve been joking. We don’t have a lot of Past National Presidents here and part of the reason is that they’re just all not feeling well.

We have Kris Nelson who you know is fighting her brain cancer and the problems associated with that. Phyllis Bachman isn’t doing well. Carol Van Kirk is recuperating from surgery which is, I think, a pretty painful recuperation for her, but I think she’s doing better.

Carlene Ashworth is home because her son had a stroke, I think it was, and she’s been like 24/7 with him in the hospital for a few weeks now. And she was hoping to be able to be here and things didn’t work out. She couldn’t get anyone to be with her son.

Am I missing any?

VOICE: Barbara.

PRESIDENT JEFFORD: Oh, Barbara Kranig is back from Florida, I think, and --

VOICE: She had an operation also.
PRESIDENT JEFFORD: Also, right. So you need to say -- you need to say a lot of prayers for our Past National Presidents and maybe we’ll have a bigger crew in Baltimore. So that would be good.

(Applause.)
PRESIDENT JEFFORD: All right. Our next order of business here is the Audit Committee report and action on it. So we will now hear from our Audit Chair Carol Barbknecht.

Carol is a CPA who prepares income tax returns for a living in Minnesota. So given what time of the year it is, we’re glad that Carol was able to be here with us to deliver this Audit Committee report.

Carol.

CHAIRMAN BARBKNECHT: Can everyone hear me?

VOICES: Yes.

CHAIRMAN BARBKNECHT: Thank you, Madam President. Always put things down for short people, don’t you?

The American Legion National Audit Committee serves as the Audit Committee for the American Legion Auxiliary and the American Legion Auxiliary Foundation. The Audit Committee operates according to the National Audit Committee charter adopted by the NEC in 2010. It is comprised of outstanding professionals with appropriate background and expertise in large scale public risk assessment and audits.

Since the composition of our National Executive Committee changes every year, it is helpful to remind everyone that the National Audit Committee functions as the American Legion Auxiliary’s risk assess committee.

The Internal Revenue Service expects every nonprofit that has been granted tax exempt status to have an Audit Committee. The purpose and duties of this Audit Committee are very different from the purpose and duties of the Finance Committee.

The Audit Committee consists of the voting members who are confirmed by the NEC. Three members, one appointed each year by the National President do serve staggering three-year terms. There are two liaison members, one from the Auxiliary Foundation Board and one from the National Finance Committee.

This year, the liaison member from the American Legion Auxiliary Foundation is board member Peggy Thomas. She has many jobs to fulfill tonight, Department of Virginia, and who also is a retired vice president of a regional corporation headquarters in Virginia.

The liaison member from the National Finance Committee is Virginia Hobbs from the Department of Kentucky. Ginny is a professional bank examiner responsible for conducting audits for the Comptroller’s Office of the United States Treasury Department.

Peggy and Virginia bring much knowledge to our Audit Committee. They are so helpful in giving us information on the history and how things got to the point where they are now. And I thank them very much for their input during our meeting two weeks ago.

Pam Jackson and Paula Parker-Means join me as the other two Auxiliary members who serve on the National Audit Committee, each of us appointed to a three-year term.

Pam Jackson is the former Department of Ohio Secretary and is presently a public official serving as the city clerk of Beverly, Ohio.
Paula Parker-Means recently moved from outside Washington, D.C. to Indiana. She is an adjutant facility member of the Indiana University Center of Philanthropy and has vast experience in public risk assessment, audits as a former city counselor and as a deputy mayor of the twelfth largest city in the United States.

You won’t and you shouldn’t see our committee much at all. We do our work partially in the background. The Audit Committee purposely adopts an arm’s length strategy from the rest of the organization to ensure a non-biased approach to performing our duties. The less you see of us, the better our Auxiliary is doing.

One purpose of an Audit Committee is to recommend policies to the NEC that safeguard the assets and reputation of our organization. Thank you.

They haven’t rat -- have they ratified the record retention?

VOICE: Yes.

CHAIRMAN BARBKNECHT: Oh, that was on the consent agenda?

Okay. Thank you for doing that.

Tomorrow you will be presented a new policy on social media recommended by the National Audit Committee. You have received information about this policy in advance. And on behalf of the Audit Committee, we do hope you will ratify that tomorrow.

A key function of the Audit Committee is to engage an experienced independent auditor. We work with the external auditor to plan the audit of the previous fiscal year. We then review the audit of both the Auxiliary National Headquarters and the Foundation.

The Audit Committee thoroughly reviews the IRS 990 reports for both the National Headquarters and the Foundation. The IRS 990 serves as the American Legion Auxiliary’s annual report to the federal government and to the public.

There are a dozen different parts and several detailed schedules in the IRS forms 990. Both the American Legion Auxiliary and the Foundation 990 report document that each operate for a manner consistent with their tax exempt purpose.

In keeping with the expectations for transparency by the IRS and national nonprofit watchdog groups, National Headquarters posts the ALA National Headquarters’ 990 and the ALA Foundation on our website and the Foundation’s 990 are posted on the American Legion Auxiliary’s Foundation website.

Madam President, your National Audit Committee continues to operate in a conscientious and effective manner. To be cost effective, we have conducted our business via e-mails and conference calls.

This year, we did have our biannual meeting at National Headquarters two weekends ago for training as required in our National Audit Committee charter. Mr. Alerding presented the training.

The Audit Committee also reviews the annual consolidated financial audits for the American Legion Auxiliary and the Foundation. Does this not sound like a very fun job that you would all like to have? That’s why they appoint people that think this stuff is interesting.

Also, again, since most of your NEC members are new to the Audit Committee, last year, we also reviewed our first annual National Headquarters’ information technology review and audit. And the committee was pleased to report the IT audit revealed no material deficiencies in our National Headquarters’ IT systems.
This year, the Audit Committee discussed the importance of that audit and the need to establish a schedule for future IT external audits.

Next month, the Audit Committee will review the Form IRS 990 reports for our National Headquarters and the Foundation. In advance, we extend a big thanks to the National staff for the work that goes into what ends up as an 86 page report to the federal government.

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

(MR. ALERDING: Thank you, Carol.
CHAIRMAN BARBKNECHT: Okay. Mr. Alerding has over 30 years’ experience in public accounting, serving many corporations and not-for-profit activities across the country. He has served as the director on over 40 nonprofit boards, professional associations, governing entities, chairman of 12 of them, and he has served independent audit committees with assets ranging from $200,000 to $200 million.

He is committed to Service Not Self. He has established foundations. He’s a frequent writer for housing publications or business publications. He has received numerous leadership awards and is an international speaker on the best of the boards. And it is my pleasure to introduce Mr. Alerding.

(MR. ALERDING: Thank you, Carol. I appreciate that.

(MR. ALERDING: You know, it’s always great to get younger every time I come up here because now I’ve only been doing this 30 years which is great. We cut another 10 years off again this year which is nice to know.

Also, I have to take issue with the -- the Audit Committee can really be fun. I know from what you just heard there isn’t a whole lot of yucking and laughing, but it can be because it’s so serious that if you really were as serious as the mission is of the Audit Committee, you’d never get anything done. You’d all be leaving there crying and no one would ever want to serve.

So we try to keep it light. We do the best we can. And as a rule, there’s a lot of things that get covered in an Audit Committee meeting. And I’ll bet you this is going to work. Did I do something? I can -- I’ve done this a few times. I can probably do it. There we go.

Okay. Thank you. Thank you all. Good. I struggle with these. They accused me of stealing one a couple years ago which I didn’t, but it got misplaced somewhere. So I’m really kind of sensitive to this.

I am -- I do speak a lot around the country on things other than Audit Committees, but I do spend a fair amount of time doing that because Audit Committees since Enron and since Sarbanes-Oxley and since a lot of things changed, the not-for-profit industry is the one that took it in the chin most importantly.

That’s where a good part of Congress and a good part of the IRS energy has gone here in the last, oh, about ten years. Since about 2005, we’ve seen a marked increase in what’s going on.

And part of what happens to an organization like this is that because you are so important, because your mission is so obvious to everyone and because you’re carrying a load that I don’t know how often you realize the importance of what you
do and how important it is to the society we live in, you carry that and, therefore, 
you are elevated, this organization and all of you because you’re the governors, 
that’s elevated in terms of responsibility.

What the Audit Committee does, it fills a gap in there because we have a lot 
of members, 700,000 -- see, I got that right -- 700,000 -- I always say the wrong number and then I get in trouble -- 700,000 members and as a result, we’ve got an Audit Committee of five or six people who really do work hard at assessing that risk 
that we have and doing other things that make your life as a governing board a whole lot easier.

So tonight I’m going to go through this pretty quickly. I told Tim to put a 
clock on me at 32 minutes and I -- if I’m not done in 32, just tell me and I’ll leave. 
That’s the easiest way to do it.

I’ll talk a little bit about our responsibility, review the audited financial 
statements briefly. If you don’t have a copy with you, there are copies in the back. 
We’ll take a look at some key financial indicators at your level, at the governing body level, we don’t need to get granular, what you want to know and be able to talk and as I think we heard a couple times, take the information back. This is part of taking that information back.

I’ll talk about the report we make to the Audit Committee and the Finance Committee. Those reports have already been made today, so I won’t get into a lot of detail there, kind of an Audit Committee update, update on governance and how governance has changed and is moving. And then we always give you some findings and recommendations each year.

First of all, it’s your responsibility. This organization is responsible for its own financial statements. The auditors don’t do financial statements. They audit them and that’s a different concept.

What happens is the organization, the Headquarters organization, and that’s the entity we’re auditing, the people here, you see here in the staff are those who are responsible for putting your best foot forward in a fair and objective way because your financial statements are a marketing tool. For the rest of the world, they are as public as anything. The most public document you have are your audited financial statements.

Our responsibility as auditors is to audit those and provide you -- we work for you. And when you hire us, you’re asking us to give you our professional opinion how fair are these financial statements. We don’t say they’re accurate. If you could possibly understand the number of transactions that go on here, it would be impossible to get an accurate count. We have a fair presentation opinion which is what is required.

We do that by testing internal controls, testing internal controls, and testing them. It’s really important that what’s going on internally is looked at every year. How often do you pick up the paper in your own community or nationally and hear something about a not-for-profit entity that had someone stealing from them or was doing -- misusing? It happens constantly. And we are highly focused on looking at controls from the top down.

And what that means is we’re looking at management from the very top, from Dubbie, Tim, Marta. We’re looking at that triangle and saying are the people who are in charge interested in and aware of the seriousness of controls. And then
we pull a lot of transactions and double check to make sure that what we know --
what we were told is going on actually is going on.

Then we render our opinion not on the books and records. We don’t audit
the books. It’s a misnomer. We audit the financial statements. Part of what we
need to do to get to the financial statements, part of it are the books and records, but
there’s a lot of other things.

Consolidated financial statements you see are including not just the
Headquarters, but also includes the Foundation. They’re put back together into one
entity and that’s a requirement to do that because they’re so interrelated. That has to
be done and that’s why you’ll see these financial statements include both.

It’s important to note, however, what it doesn’t include. It does not include
9,000 organizations that are part of American Legion Auxiliary that aren’t swept up
into that. This is Headquarters and the Foundation only.

Now, there are long, long-standing reasons why this organization is
structured the way it’s structured and they’re all reasons that make a lot of sense, but
we have to be clear that these other 9,000 organizations aren’t included in these.

Financial reporting and internal control risks every year seem to be bigger
and bigger and bigger. No one is doing us any favors in the government. The IRS
isn’t doing us any favors, us being the auditors, because each year, we have more
and more requirements.

Right now not-for-profit audits are the highest risk audit we do. And when
we say risk, before every audit, and it may sound selfish, but it’s the way we keep
things honest, is that we sit down as a group and say what is the risk of us getting
sued.

Now, I’m 66 years old. I’ve been doing this 44 years. I’m not going to jail.
That’s all there is to it. And we’re pretty clear about that when I have our meeting.
We’re going to make very sure that we get everything we need to get covered
covered. That’s our risk assessment. If we’re doing it to cover us, believe me we’re
covering you. And that’s the risk that we’re trying to make sure we’re looking at
every year.

Any time you have governmental contracts which you have, it always
increases the risk slightly, but it increases the risk.

The Auxiliary’s financial statements that you have, what they are, it’s a
statement of what economic resources come in and what economic resources go out
during a year. And then at 9/30, at September 30 year end, we stop everything and
we take a picture. We say all right, what do we own. Those are called assets. What
do we owe. Those are called liabilities. And the difference is the net assets or equity
that we have.

So that’s what those statements are designed to tell us. It’s that simple.
Now, you look at it. It’s 17 pages long and you say for God’s sake, can’t you be a
little quicker. And you could be. The footnotes and the financial statements get
bigger every year because we want to tell everybody more than we need to.
Overload of information is a real problem, but we have to do it and we do.

The audited financial statements are a design for you and for those external
users and there are many external users. You can see them listed here. There are
donors. Those who currently give, those who potentially could give, those are called
donors. They look at these financial statements.
The government looks at these financial statements, at different compliance forms, state agencies, federal taxing authorities, and remember these are posted in the -- the government, you can get them any time you want. They tell a story.

And for those who really -- I know you don’t -- if you got sleep problems, these will help you get through it, but there are some -- footnote one is really -- this is how sick I am -- it’s really kind of an exciting note and I’m not kidding because it tells the reader who doesn’t know anything about you, it tells the reader what your mission and purpose is.

You know what? If nothing else, you got to get that right because, you know, for those of you who have been around here a little while, you heard me say numerous times that if we couldn’t do things financially, then maybe the dogs don’t like the dog food. Maybe we don’t have a mission or purpose that’s got the guts to it.

So it’s really important and I think you have done as a group and your management group has done a wonderful job of taking that mission and scrubbing it, making it clear, and bringing it to the forefront again.

And I think right now I -- personally I don’t think we’ve ever had a better situation with the organization from a number of standpoints including you’ll see financially.

(Applause.)

MR. ALERDING: You know, you sit in here and you look around and you say, well, it’s the Legion. You come from your departments and your state and then maybe you’re doing 50,000 or 25,000 dollars of totals. And then you come here and you look at the size of this organization. It is not an insignificant organization. Trust me.

We do almost 60 not-for-profit audits. This is by far the largest that -- in terms of the assets at least in our Indianapolis area. We do about 8.9 million in revenue every year. That’s a lot of transactions running through there.

We have expenses of 8.9 million, so we break even. Make a little, lose a little this past year. Remember we’re a not-for-profit. Now, if you’re always not for profit, you’re gone. So at some point, you got to cover that. And the way you cover it is your investment income that came from people before you who sat in these chairs who 70 years ago, 60 years ago, 50 years ago had the wisdom necessary to say we can’t just take every dollar we have and spend it. We’ve got to sit -- put some back so that the people in the future will have something to go on. And that’s exactly what has happened.

This year, you earned 2.2 million off the investments you have. That’s a pretty good return and you’ll see in a minute what kind of number that gets you.

What I do here every year is I take you back five years and show you a couple of things that I want you to understand from a financial standpoint without me getting all granular on you.

You’ll see from 2010 to 2014 cumulatively the membership dues and the contribution income. You can see how each year, it’s gotten bigger. It was four million seven in ‘10, then it went to four million six, four million five.

And then what happened? What happened in ‘13? What happened in ‘14? A slight increase in dues which I know some of you sitting right at this table have heard me say for a long time we needed desperately. We got it.
And if there was ever a time, Madam Chairman, you should give yourselves a hand it’s right now, please. Did a great job with that.

(Applause.)

MR. ALERDING: Now, what that’s done, it still hasn’t made it completely clear and you’re all out of the woods because there’s still times when you don’t make money at the operating line. You still have to rely on the investments.

And you can see here cumulatively you’ve lost 2.2 million from operating the organization at the Headquarters level in the last five years. That’s what you’ve lost in money.

However, what you have to make it up is your investments have been good to you. They’ve been very nice. They weren’t very good to you for a while. They were not doing well. And you can see what happened in a couple of those years.

However, we’re past those bad years. Last year when you were doing -- the last two years had eight and nine up here and they were just ugly. You didn’t want to see them. You can’t count on your investments to always be there. You just know that.

Interest rates are about one and a half or two percent. You’re not going to make a lot of money. Fortunately your investment people, your Finance Committee especially, and the running of your investments has been absolutely phenomenal.

I don’t know how many organizations’ foundations included can look at this and say over the last five years, you’ve averaged an 8.8 percent return on your investments. That is really good. When interest rates are one and two, somebody is using their head. Somebody did a pretty good job.

It’s really helped and you can see why -- you can see what’s happened. Ten million dollars have been added, $10 million in the last five years, and that included a year that was not so good.

Each of your expense -- each of your years, you expend money in three major areas. Every not-for-profit must report this. The federal government is very, very import -- or very concerned about organizations that collect money, but they spend 90 percent of it collecting it. When you’re doing nothing but advertising and collecting and advertising and collecting, it’s a sham.

So one of the things you have to do is you have to report in three different categories what you spend your money on. The first one is program services which is mission and purpose, spending money on what you do, what you’re supposed to do.

And you can see up there the benchmark which a lot of them look for is about 65 to 75 percent of the money in your organization should be spent on your mission and purpose. You are at 90 percent, ladies, 90 percent. That means nine out of every ten dollars is --

(Applause.)

MR. ALERDING: That’s pretty good. In fact, that’s really good. Management and administration gets hammered. A lot of people will talk about, well, that’s the overhead thing, you know, we got too much overhead, we got too many people. Let me tell you how that’s gone here lately.

With all that’s been going on with people, with the internal controls not being so hot, with people stealing, with people doing things that are inappropriate, all of a sudden, it’s become quite fashionable, which I always thought it should be, to make sure you’re spending enough money watching the shop.
If you come out with a number that’s too low, what it tells the watchdog organizations, the IRS and donors, well, that’s a pretty risky organization to give them my money. I want to make sure somebody is watching it.

You’ll see that the benchmark is five to ten. You’re right in the middle at about seven. We’re seeing that creep up a little bit, but right now you’re at about ten, so you’re in pretty good shape.

Where the money really starts showing up as being a little odd relative to what the watchdogs and the benchmarks will say is in your fund raising. You don’t spend very much raising money. Now, that’s good in the one sense because you’re a membership organization. You’re not curing cancer. You’re not running out having to spend a lot of money. You’re a membership organization. A good part of what you do comes from your members.

However, three percent is really low, really low. Now, that’s a misnomer of sorts. I have to always say a lot of your fund raising is netted. You get the net amount and so the actual costs aren’t shown as fund raising expenses. They’re shown against the income.

So maybe it’s three or -- maybe it’s four or five percent. It’s still pretty low. And I’m not here to try to get you to spend more money and I don’t get any of it. But I’m just thinking you might want to think about that a little bit.

Here are a couple of things that -- just some observations. In 2013, not ‘14, but ‘13, your membership dues income grew $1,777,000 just because of that dues increase. Last year, ‘14, it grew another 531,000. So if you go back to 2012 and look at the dues income, we -- you’ve grown over 2.2 million in just dues income, on nothing more than that slight increase which has been a Godsend.

There was no appreciable change either in the decline in membership. Now, that -- I had to say that carefully. There’s been a declining membership. You know that. But it’s not changed any once you raised the dues. In other words, the dues don’t cause that.

For the first time in decades, and this is the one I -- I know, Tim, I get a little too excited about this, but the first time in decades that I can remember your dues income cover your member services expenses. You’re actually clearing a little bit. That is remarkable, remarkable. Good for you.

(Applause.)

MR. ALERDING: Contribution income is declining. It dropped 38,000, again, about -- and it’s -- you dropped about four percent. It represents ten percent of your revenues. And the last one, investment income has ticked up a lot over the years and it’s the same. I’m going to get back to that contribution income here in a minute. We talk about it in the findings and the recommendations.

This is your balance sheet. It’s really nothing that I haven’t said already that doesn’t get you in too much trouble. Okay. We report to the Audit Committee every year. Because we’ve already done that, I won’t spend any time on this except to tell you that we didn’t have any problems with the audit. We have some pretty tough guys and gals on this audit. These people do this for a living.

And one of the things they do is they make sure that there are no critters in the wood pile. They’re trying to make sure there’s nothing in there that’s odd.

Dubbie, Tim, Marta are always ready. There’s -- I don’t think we’ve ever had a disagreement we couldn’t resolve. So I think it’s really important -- I get more cheers here from that other room, but I don’t know --
MR. ALERDING: The timing is bad, though. See, and you thought auditing was not very enjoyable. These people like it. Somebody likes it. It’s not all that bad.

The staff was cooperative. And one thing I do want to tell you is in five years, we have not had one single material weakness in internal controls at the Headquarters organization, not one. That is remarkable.

(MR. ALERDING: You need a big hand on that.)

Okay. Update. Governance, transparency, and accountability, the IRS is all over it. I told the Audit Committee today and the Finance Committee that it’s getting to a point where the IRS is starting to catch up with our audits now and we’re going to see more and more of that.

Your Executive Committee that you founded this year or you started this year is a phenomenal step forward and I’ll tell you why. Not just the practice side of it, which it is very practical, and I -- again, I applaud you for your wisdom in doing it.

But as important as anything, cosmetically when the IRS walks in and says how can you manage and govern an organization when there are so many of you and you’re from so many places and all of these people are turning over by the year, having an Executive Committee makes that a lot better. It doesn’t cure it all, but it sure makes it better.

The continuity of this group, that is people coming back year after year is critical to the ability to govern an organization. If you come back once and then you leave and you never come back, it’s really difficult. I think it’s already now getting much better from what I understand and I think we’ll see it get even better in the future, I hope, as we go forward.

Okay. Summary of recommendations. Pretty close on that time, aren’t I? Here’s some of our recommendations.

VOICE: What about findings?

MR. ALERDING: Yeah. Let’s go to the findings first. I’ve got a couple things I want to talk about and I was going to skip it, but I won’t. A lot of them I’ve already covered.

One in here is likely the dues increases are going to be required in the future. They are, not likely. They are. It’s now a matter of not are they, but how are we going to get there and do it in a way that is a businesslike, organized, structured approach.

The Executive Committee that I talked about can be an essential element to how this organization gets governed efficiently. And I think that’s something -- again, I applaud you. You’re moving quicker and quicker into that.

Your number of states now that have people who have terms greater than one year are eight -- thank you -- are eight. Last year, it was something less and the year before that was something less. I cannot tell you how important I think it is that you have terms on this NEC that last more than a year.

I’m not in the business of telling you how much and God knows I want to stay out of the politics of all of that, but what I do tell you is I’m just talking about governance. And I talk all over the country to not-for-profits on governance and the
number one issue is the opposite of what you have. We can’t get rid of people. They have lifetime terms.

And then somebody asked me, a smarty, how long have you been on a couple of these boards and I’ve been on Channel 20, the Public Television Station, 25 years. I’ve been a board member. That’s absurd. It’s ridiculous.

So what they do is they make you emeritus and that way, you don’t have to be at the board meetings, but they keep your checks coming. That’s how they do that. And they’re pretty good at it.

Summary of recommendations. Establish a policy, a procedure, an approach toward looking at increases in membership dues on a long-term basis. I recommended the Finance Committee at the Finance Committee meeting today take that as a challenge. That’s something that needs to get done, a policy, a process, something that makes it automatic. Continue to focus on increasing contributions from members.

And the next bullet is one I think I talked about a lot last year. It’s not going to get any less. You’re going to hear it from me as long as I’m standing here and that’s planned giving. Planned giving is a major step for an organization that has 700,000 members.

And I hate to tell all of you this, but you’re going to die. That’s all there is to it. I told you that last year. I was wrong, wasn’t I? See, you didn’t do it. But I mean that. And when you do, we would like to be a part of that and it is really critical.

One of the stories I told the other day was about a -- the Humane Society in Indianapolis which was struggling and going through all this stuff and they have been hammering -- I’ve been Audit Committee chair there for about ten years and I have just been beating on them to go out and work with people, spend some money, advertise this.

And every time you see something from the Humane Society, every time it talks about planned giving. We want to be a little part of your will and in November this past year, they got a $2 million bequest. And for that organization, it’s a life saver. And it came from constantly focusing on that.

Now, they sell lovely little animal kind of things. They can get into your heart pretty quickly. They can tell you. But, you know, I don’t care. That was the point that they made.

Focus efforts in the coming year on improving governance, organizational structural, checks and balances and board composition. Tomorrow morning unfortunately you’re going to get me again for a little bit along with Nicole.

We’re going to talk a little bit about fiduciary duty and stewardship duty not just here in this organization, but I think you said something three or four times about what, taking it back. Okay. Share the information. If there’s anything I want you to do tomorrow it’s share the information. Take back what we talk about today, but take back also what we talk about tomorrow.

The risks are too high. They’re just too high. And I’m not talking about money risks. I’m talking about risks to your reputation as an organization. These things really need to get straightened out a little bit.

Lastly, the strategic plan is outstanding. I know you know that. I understand because you got so overwhelmingly involved in it. Just make sure you fund it so that it stays active and continues to move.
I am really impressed. That’s another thing I stole are some of the things out of your plan because I think they’re so well done. Your planned giving booklet is the best I’ve ever seen, so I stole some of that as well. And I don’t create too much, but I’m a really good thief and I keep sharing it with everybody. I’m like a little bean.

So questions, comments?

(Whereupon, there was no response.)

MR. ALERDING: Okay. Tomorrow we’ll have a little bit more on some of this, but in the meantime, please remember that I wasn’t kidding about how serious your responsibility is for this organization. When you walk out of here, when you go back to your state, when you go back to wherever you came from in terms of your leadership, be sure to share some of this with them. There’s a lot of good things going on up here, a lot.

And I think the good news doesn’t travel as quickly sometimes as the bad news, so let’s try to change that a little bit.

If there are no other questions, Madam Chairman, that’s my report. Thank you all.

(Applause.)

CHAIRMAN BARBKNECHT: Madam President, the Audit Committee has approved the fiscal year 2014 audit. And on behalf of the Audit Committee, I move the acceptance of the external auditor’s report as presented.

PRESIDENT JEFFORD: Thank you, Carol.

It has been moved to adopt the external auditor’s FY 2014 audit report. No second is required because this comes from a committee.

Is there any discussion? Is there any questions? Now is the time.

Yes, Joyce. Joyce, can you please come to the microphone. And while you’re doing that, I’m glad you made it.

MS. ENDRES: Joyce Endres, Wisconsin.

Is there any way we can get a copy of his slides to share so we’re sharing the information correctly and accurately?

PRESIDENT JEFFORD: I think we can arrange that, of the PowerPoint, sure.

MS. ENDRES: Thank you.

PRESIDENT JEFFORD: We can do that. Thank you for that suggestion. And will you please make sure you, Joyce, that you sign in with the staff that you’re here? Thank you. You can do that at the end of the meeting.

All right. Is there any other discussion, questions?

(Whereupon, there was no response.)

PRESIDENT JEFFORD: Hearing none, all those in favor of adopting the external auditor’s FY 2014 audit report as presented, please signify by saying aye.

VOICES: Aye.

PRESIDENT JEFFORD: Opposed, no.

(Whereupon, there was no response.)

PRESIDENT JEFFORD: Motion carries and the report is accepted.

Thank you, Carol.

CHAIRMAN BARBKNECHT: Thank you.
PRESIDENT JEFFORD: And I just have to say I’ve sat through a lot of audits for other organizations. And Mike, where’s Mike? You are fantastic. You somehow --

(Applause.)

PRESIDENT JEFFORD: Somehow you not only make it clear and help us understand all this, but you actually make it entertaining. And that’s awesome that you can do that. Thank you so much.

We are really lucky to have him. I don’t know who found Mike, but I think somebody over here might have had something to do with it. But that has been awesome.

All right. We now move to the Finance Committee report and I think you -- well, Nicole Clapp is coming forward. You heard Mike say what a wonderful job this Finance Committee has done and they really have. And you should be very thankful for the members of the Finance Committee.

(Applause.)

PRESIDENT JEFFORD: And I’m sure Nicole is going to introduce them.

CHAIRMAN CLAPP: Good evening.

VOICES: Good evening.

CHAIRMAN CLAPP: Our Finance Committee since National Convention was the last time we were together. And at that time, we also since then have had a conference call in December and we’ve met the past few days here. So we were fortunate to get in before the weather hit D.C.

So as you know, our primary role is as your National Finance Committee. We have a variety of tasks including monitoring the financial statements, investment planning, fund raising campaigns, member benefits, and sometimes a little boring policy review. But we had some good discussions the last couple days on policy.

I would like to ask the National Finance Committee members who are here to please stand and be recognized. Each of these members has taken their responsibilities very seriously and brings invaluable skill and knowledge to our discussion.

My sincere thanks to Past National Presidents. The Vice Chairman is Jenny Hobbs from Kentucky.

(Applause.)

CHAIRMAN CLAPP: Welcoming back to the committee Jan Pulvermacher-Ryan from Wisconsin.

(Applause.)

CHAIRMAN CLAPP: And Desi Stoy is also with us from Ohio.

(Applause.)

CHAIRMAN CLAPP: JoAnn Cronin, Past President from Missouri, is unable to be with us, but I greatly appreciate all your time and dedication to our committee.

Well, as you just heard, we once again had a very successful audit, a very positive outcome. And as you know, that’s an independent, external audit from Mike’s CPA group. And so we’re very fortunate to have that longevity with Mike’s firm.

And now for the financials. How are we doing year to date? So I’m going to turn the mike over to my cohort in crime here, Tim Bresnahan, so we can do our little dog and pony show to help you understand budget to actual summary and to
understand what’s happening with our revenues and our expenses and our assets and our liabilities and our investments, all those words that make you tremble in your chairs.

And that’s why I’m up here and you’re down there. And we understand that, but this will be through December 31st of 2014. That will be the end of our first quarter because our fiscal year starts in October.

So feel free to raise your hand and ask questions as our controller gives his report to the NEC.

(Appause.)

MR. BRESNAHAN: Thank you, Nicole.

Good evening. How’s everybody doing?

VOICES: Good.

MR. BRESNAHAN: Good. Can everybody hear me?

VOICES: Yes.

MR. BRESNAHAN: Okay. I’m just going to jump right into it. I know it’s exciting stuff. So tonight I’m going to go over our annual at a glance summary of our financial results for the first quarter ending 12/31/2014. This can be found on page 16 of your NEC packets, I believe. And I’m actually going to go over the -- it’s the pinkish section at a glance.

Our first quarter year-to-date actual revenue including investment earnings was under year-to-date budgeted revenue by $6,500 or .16 percent. This slight budget variance is made up of a combination of activities that are both better than budget and worse than budget. For instance, our general membership activity was better than budget by 37,000. However, our AAF contributions were worse than budget by 9,500. So it just offsets each other.

CHAIRMAN CLAPP: And Tim knows I don’t like the word worse, so just less than budget.

MR. BRESNAHAN: Oh, I’m sorry. I keep forgetting that. Expenses -- I’ve lost my -- see, you made me lose my spot.

(Laughter.)

MR. BRESNAHAN: Our first quarter year-to-date actual expense is better than -- you like that -- year-to-date budget coming in under budget by 535,000 or 26 percent. This was due to timing of various activities.

We budget to pay a lot of our expenses. We budgeted in the first quarter. However, we’re not going to pay them out until the remaining of the year. So, again, that’s just timing.

Okay. Our investments, our fair market value of our investments as of 12/31/2014, the general fund has $27 million in it. Our spirit of youth fund has 455,000. Our Helen Colby small fund has 233,000. Oh, yeah. The Helen Colby small fund was actually a bequest from Helen Colby and that helps pay for AAF grants.

The National President’s scholarship endowment fund has $1.3 million in it and the Puffle (phonetic) Trust has 3.8 million.

One quick note I wanted to share with you. The National President’s scholarship fund, that’s the fund where the net investment earnings on the investments pay for the National President’s scholarships that we pay out each year. And for fiscal year ‘14, we had budgeted $45,000 to pay out in scholarships.
So is that a woo hoo?
CHAIRMAN CLAPP: That is a woo hoo, yes.

MR. BRESNAHAN: And that’s my -- does anybody have any questions for me? That’s really what I was going to cover.

MR. BRESNAHAN: Okay. If you do have any questions during the year concerning our financials, please feel free to e-mail me or Nicole and she’ll probably forward it to me.

MR. BRESNAHAN: Now, I did want to take a quick second. I know tomorrow you’re going to learn a lot about fiduciary stewardship. I just wanted to quickly recognize Marta, and they don’t know I’m doing this, Marta, Dubbie, and Nicole. They each take their fiduciary stewardship responsibilities and duties very seriously. So you all can feel secure that our organization is in trustworthy hands.

I would like, if you would, please recognize them, would you?

MR. BRESNAHAN: And I did want to conclude by thanking you all as well for being stewards of our organization and taking that responsibility on. So thank you. That concludes my report.

CHAIRMAN CLAPP: I think Tim deserves a round of applause for his stewardship.

CHAIRMAN CLAPP: Well, as we look at what’s happening in our organization, fund raising campaigns is one thing I mentioned that we focus on. And, once again, successful fund raising efforts with Innovare and we are continuing with three campaigns, three for the ALA and, excuse me, two for the ALA and one for the Foundation this year.

And the fiscal year donations through the end of January, so the whole last year, were $265,000. That is a big woo hoo, yes --

CHAIRMAN CLAPP: -- because that is 115,000 greater than was our guarantee from the vendor. So it was a definite positive and a plus to the revenue on the bottom line.

So thank you for those that have received the cards and the calendars in the mail and the address books. And you keep and keep on donating and giving back. So we greatly appreciate that.

Then as we look at where those direct mail campaigns come from, who are the donors? Well, we had almost 200,000 gifts that came in to generate that $265,000. And 105,000 of those came from you, yourself, members. But interestingly enough, 95,000 came from nonmembers.

So you can think of that two ways. Hmm, why aren’t they members? Are they eligible or not? But it sure does show that we have tremendous support for our organization, on the other hand, of people that maybe aren’t going to be members or choose not to be or aren’t eligible.

So when it’s almost half and half, that sends a message that obviously hopefully with our centennial campaign, there will be a few of those out there that
will be able to help reach our goal of a million members. But, again, thank you for your own support of those efforts.

Then the majority of us in this room I think probably like to shop and that means USAA credit card. And with that program, it began, believe it or not, almost three years ago now, April of 2012, that pretty poppy bag that we received many of us, and I see one right down there, as well as those pretty different credit cards with the flag or the poppy on them.

The annual royalty guarantee that they give us is $25,000, so that definitely helps to offset some other expenses. And we’re very fortunate that we’re able to then in turn share those royalties back with your own departments. So those checks come out once a year and you’ll get your, quote, cut of that when that happens.

So the more you spend obviously, as I always say, charge responsibly. But thank you and we appreciate your contributions to that program as well. And it does come back to you.

Then as your Finance Committee, there are things that maybe we authorize, but we may not participate in or get to see except for from a distance. And, once again, with mission trainings and now this year with the departmental trainings, there were over 865 members who were able to attend those training sessions.

So, once again, that shows us as a Finance Committee that it’s very important that we continue to support ongoing learning opportunities for you, our members. We’re listening and we’re hearing and we’re trying to accommodate your needs.

And, lastly, since the consent agenda was approved, I would like to take the time to say thank you for your support, NEC. And you write. Some of you have e-mailed me and we get your answer back to you as quickly as possible. And, yes, the secret is I do forward them on to Tim, so we confer, and then we send out our joint response.

And look forward to tomorrow morning to spending some time talking with you about what your Finance Committee and what in your departments we can help you with and help you prepare yourselves because I said at the beginning a lot of people come up to me at these meetings and say, oh, Nicole, finance just isn’t my thing.

But then I met a lady from Oregon the other evening and she proceeded to tell me that she had been on her Girls State Committee for 25 years and is now switching to finance. So I said, oh, I wish you the best.

So, once again, thank you and, Madam President, that concludes our Finance report this evening.

(Applause.)

PRESIDENT JEFFORD: Thank you, Nicole.

The Finance report will be filed for audit. Are there any questions? Do any of you have any questions on the Finance report?

(Whereupon, there was no response.)

PRESIDENT JEFFORD: All right. Hearing none, we will proceed then with our ALA Foundation report. Our Foundation President Linda Boone is -- poor girl is stuck in Orlando. You know, that’s where she’s living and she couldn’t get out. So we should feel sorry for her, right? But she really wanted to be here with us today, but she could not make it.
So we have Peggy Thomas who’s wearing another hat this evening as a member of the Foundation to give her report.

Peggy.

MS. THOMAS: Thank you.

You knew I wasn’t Linda because I don’t have red hair.

The financial highlights, mission endowment fund is valued at approximately $580,000. Veterans projects fund has received approximately $4,000 in donations so far in FY ‘15. Veterans creative arts fund has received approximately $10,000 so far in FY ‘15. A donation of $1,800 from department secretaries was received in honor of the National staff.

Grants awarded to date FY ‘15, veterans project fund, and this is broken down, $450 grant awarded to Department of Kansas for a music therapy computer, a grant awarded to South Carolina, $1,841 for computers to a veterans’ reintegration home, $2,700 awarded to Department of Connecticut to purchase Amazon gift cards for the National President to distribute in her visits with servicemembers.

One grant request was denied since it did not follow the guidelines criteria that the grants had to be for a one-time project.

A pass-through grant of $3,000 was processed for the Department of Rhode Island for their Girls State program. This is available to departments, units, and districts when they need an IRS 501(c)(3) entity in order to apply for and receive grants for mission-related programs.

The American Legion Auxiliary received a grant for $8,752 derived from the investment earnings of the mission endowment fund. This is the second year for these grants and last year, the amount was $2,550. As donations grow for this fund, grants to the ALA will continue to grow.

Under marketing, the National staff has been extremely helpful in ensuring that each magazine has informative articles and advertisements for the Foundation. The website is kept current and a link from the ALA site is in place.

The board will be rolling out a program to contact individuals to encourage giving donations to the Foundation in their estate planning decisions. This year is the first time the Foundation has submitted a plan of action which is intended to educate departments and encourage financial support from the ALA membership.

The Board of Directors, the bylaws for the Foundation allows for honorary directors to be elected who serve for a one-year term and have no vote. These directors can contribute their skills and knowledge to assist the Foundation in its mission.

David Rehbein, Past National Commander from Iowa 2009, has been elected to serve for one of these positions. We are so pleased that he has agreed to serve.

The board has a training workshop for itself on planned giving in the works for the spring.

Awards reminder, department contribution recognition, the ALA Foundation will present a certificate and recognize at National Convention the NEC from the two departments contributing the largest donation per total department membership. And I will add I encourage all of you to spread the word and make sure that the ones who aren’t here know it.
The ALA Foundation will present a certificate and recognize at National Convention the NEC from two departments contributing the largest donation based on a one-time fund raising special event for the ALA Foundation.

Division contribution recognition, the ALA Foundation will present a certificate and recognize at National Convention the Divisional Vice President from the Division contributing the most funds to the American Legion Auxiliary Foundation.

Madam President, this concludes the ALAF report.

(Presidents.)

PRESIDENT JEFFORD: Thank you, Peggy.

Before we proceed for the reports, I want to just take this moment to talk a little bit about those -- that veterans projects grant. This was started last year with Nancy Brown-Park and I’ve continued it this year as my project.

And I hope that all of you take back to your departments that we have this program, that those grants are available for you to make use of them in your departments when you see a need for a project that will help our veterans and their families.

You know, we’re asking you to put in a little bit. You know, if you have a project you want to do, you can only raise $500, you need $1,500, that’s what those grants are for. Apply for them.

We’ve arranged it so the grant money goes back to the department or the unit or the district, whoever might be applying for that, and you actually present that money or that gift in your name, not in the name of the National organization, but from you, from your unit, your department.

So your communities can get to see that you’re -- what you do and what benefit you bring to them. So look at that grant application and please think about applying for them. All right. And I thank those that have.

All right. And, by the way, do you like the setup with the tables?

VOICE: Yes.

PRESIDENT JEFFORD: And I have to thank Stephanie very much for doing that. I asked her if we could maybe do something different and have a place where you can write and take notes.

So thank you, Stephanie, for making this happen.

(Presidents.)

PRESIDENT JEFFORD: All right. We will now have reports from some of our chairmen and we’re going to try to do this in an uninterrupted way. So I will introduce the first chairman and then when each one is done, they’ll introduce the next one giving their report.

So I will begin by calling on the National -- you got a cheer already -- the National Veterans Affairs & Rehabilitation Committee Chairman Mary Davis.

(Presidents.)

CHAIRMAN DAVIS: Madam National President Janet, the VA&R Program is the oldest Auxiliary program. Members have worked hard to enhance the lives of our nation’s veterans so far this year and their dedication continues.

Debuting this year is service to veterans. Members reported volunteering under the service to veterans umbrella by making quilts, providing dinners, giving birthday parties, making hats and scarves, helping at local cemeteries by planting flowers, beautifying the grounds, and putting flags on veterans’ graves.
Several units adopted veterans for the year. Others prepared buddy baskets and like items for veterans starting over. And others raised funds to provide gift cards for veterans and their families for the holidays.

Did you know that you can put cookies in cleaned coffee cans for shipping and/or freezing to use when needed? One unit recently provided over 1,100 dozen cookies to be distributed at each VA facility and they smartly used this method to make sure the cookies are ready any time they are needed.

VA facilities host regularly scheduled and occasional volunteers in a vast number of positions. Whether it is the volunteer working in the clothing room, providing coffee or free popcorn or helping a veteran or family member navigate the hospital, department members have stepped up to the challenge.

One of the highlights of each Auxiliary year is the annual Christmas gift shop. Units working year long earning money in order to provide a selection of gifts for each hospitalized veteran. The annual gift shop is filled with volunteers and the veterans who have no other way to remember their loved ones than shopping at our Christmas gift shop.

Periodically thank you notes are sent to the local chairmen and I would like to share one such handwritten note with you.

It says in part thank you so much for your part in the gifts that were sent to me from Terri. They were such a blessing. I had accepted the fact that there would not be any gifts from Terri this year and I was fine with that. But when I received these gifts, I was overcome with joy. To know someone out there was thinking of those of us who won’t get a gift from our loved ones, it’s another example of just how much God loves us, loves me, and the many ways he uses others to show it.

Madam National President Janet, this concludes my remarks.

(Exprasion of thanks and applause)

CHAIRMAN DAVIS: I forgot her. Now I’d like to introduce Diane Duscheck, Children & Youth Chairman.

Hi, Diane.

(Exprasion of thanks and applause)

CHAIRMAN DUSCHECK: Well, there are new and exciting developments in Children & Youth and you can be a part of it too. Several departments decided to wade into unchartered waters in order to experiment with the new Children & Youth activity called Star Spangled Kids, the objective of which is to educate Children & Youth on the history of the United States from the aspect of patriotism, Americanism, and United States Constitution.

Times have changed in our schools and the amount of time given to learning about the pursuit of democracy and freedom is diminishing.

Veterans volunteered to accompany Auxiliary members into several classrooms from fifth grade through high school where the veterans explained what it means to be a veteran and the relationship between the United States Constitution and his or her military service.

It’s an amazing and practical method of connecting the Constitution to the veterans’ life experience. As the veterans shared their stories, students were actually compelled to share stories of their own military family members.

Stories of military services are a natural lead in to presenting additional information touching on the American flag and the history of our country. As an additional treat, Auxiliary members distributed pocket copies of the United States Constitution.
Constitution to students to peruse along with coloring books for the younger students entitled the U.S. Constitution, History of America and Americanism.

Participating units have found that the cost of Star Spangled Kids activity can vary depending on the handouts that you provide. Making copies of the United States Constitution using an on-line computer template is rather inexpensive. On the other hand, purchasing pocket copies of the Constitution, flags, coloring books, and comic books adds a lot more expense to the activity.

Star Spangled Kids has been an enjoyable activity. Not only has it provided a true learning experience outside the textbook, but it’s also nourished a special bond between children, veterans, and Auxiliary members.

Next we’re going to hear from the Junior Activities Chairman, Nancy Hansen. Thank you.

(Applause.)

CHAIRMAN HANSEN: Good evening. National President Janet, the departments across America have been working hard on a plan of action and implementing the objectives in this year.

The Junior members are becoming more involved with the Senior members in all aspects of our programs. The girls are learning from the mentorship of the more experienced members the duties and obligations that come from being a member of the American Legion Auxiliary.

The Department of Nebraska Juniors have become such active participants that some of the meetings have been rescheduled to accommodate the Juniors and in the Department of Oregon, the Juniors became involved by serving as pages to their district presidents during their convention.

Our Juniors are not only becoming more involved at meetings, but they’re also carrying out the mission of the Auxiliary. The Juniors are actively working the programs in their units, districts, and departments.

Almost every department that reported stated that the girls are helping in the VA facilities in their state, helping with stand-downs, Christmas shops, making party tray favors for Veterans Day and make a difference day. The Juniors are also making scarves, lap blankets, cards and goody bags that are being passed out to the hospitalized veterans.

The Juniors have been very involved in fund raising in many departments as well. In the Department of Wisconsin, the Juniors volunteered over 884 hours at a food stand to raise money for the veterans assistance programs while in the Department of Virginia, the Juniors fund raised over $5,000 towards scholarships.

Other departments reported that the Juniors have fund raised to send care packages to our troops, buy socks for homeless veterans, and to send girls to Girls State.

Many states reported that the girls are also active in the OMK. The girls have helped pack hero packs, donate school supplies, help the military kids make scrapbooks for their deployed parents, purchase and presented Josh dogs, filled Christmas stockings, and helped host Halloween parties.

The Juniors in Idaho sponsored a cookie and cocoa with santa for 103 children. They reported that it was the best two hours ever spent.

Some of the other programs the girls are involved in are the Poppy programs, the Americanism program, the Children & Youth program, and the Leadership program where the girls have completed the Junior Leadership course.
The Patch program is being implemented in many departments. The biggest concern seems to be that the Juniors do not live in the same city let alone the same state they’re members in. This program is designed so that the girls can work on earning their patches on their own or in group settings. As Tamara Opland put it many of our Juniors are participating in the Patch program. They’re also working on the patches on their own at meetings, conferences, and on weekend Junior groups. The older Juniors are mentoring the younger ones and all are learning a wonderful life lesson.

This concludes my report.

(Applause.)

CHAIRMAN DUSCHECK: Oh, sorry. Next is Kathy Dungan, our Leadership Chairman.

(Applause.)

CHAIRMAN DUNGAN: I am pleased to report that all 52 departments submitted a leadership report. Nearly all of the department -- yes, that’s a fete.

(Applause.)

CHAIRMAN DUNGAN: Thank you all.

Nearly all of the departments have held or plan to hold leadership workshops and/or training sessions covering a variety of subjects including the National centennial plan goals of developing leaders at all levels and nurturing good will.

The Department of Florida held a boot camp for officers and chairmen followed by department workshops where those officers and chairmen presented their plans of action to their districts. The districts in turn held 16 workshops. Then they held 11 ABC schools, Auxiliary Basic Concept schools, informing members about ALA basics, unit officers’ duties, protocol, what’s new and much more. Great job, Florida.

A leader must be credible and trustworthy. Maine’s Department Chairman states, quote, building trust and credibility as a leader is like building a house. It begins with a plan, laying a solid foundation, and proceeds one step at a time. If we do not continue to develop leaders, we will not sustain a solid foundation for our organization’s future, close quote.

Departments and units are developing knowledgeable, trustworthy leaders. Many departments have developed their own guidebooks and/or manuals on developing leaders. Workshops and schools of instruction are being held. Mentoring is being promoted and a spirit of good will is being asked of every member. Our organization’s future is secure.

I close with a quote from Douglas MacArthur. A true leader has the confidence to stand alone, the courage to make tough decisions, and the compassion to listen to the needs of others. He does not set out to be a leader but becomes one by the quality of his actions and integrity of his intent.

This concludes my report. Now I would like to introduce the Public Relations Chairman Beth McGinn.

(Applause.)

CHAIRMAN McGINN: Okay. Good evening, everybody.

VOICES: Good evening.

CHAIRMAN McGINN: The National Public Relations Committee challenged members of the American Legion Auxiliary to ring their bell this year to
promote a positive image of the ALA. As reflected in their mid-year reports, many departments have accepted the challenge.

Thanks to the diligence of the Public Relations Committee and divisional chairmen, the ALA Public Relations Committee is proud to announce 100 percent reporting.

(Applause.)

CHAIRMAN McGINN: Do we have anybody here from the PR Committee? Did anybody make it? Oh, no. Who’s going to ring their bell? And I forgot my bell because my depart -- our unit President took it away from me, right, Tina Washington?

Okay. Facebook, the Facebook group has gained more than 300 members since September. Thanks to Lisa for starting that. We have almost 600 members and more and more members are joining as news of events and veteran outreach programs are shared with friends and family and potential new members.

Many departments have reported that their members are prominently wearing the official ALA emblem on shirts, buttons, pins, and other apparel at events in their home posts, local communities, and VA centers.

Templates from the PR Toolkit were used to create letters to newspapers, news releases for patriotic holidays and events. Members shared ALA eNews and in the news eBulletins electronically on their website and Facebook pages. Departments have shared the ALA branding guide at their unit, district, and department meetings.

Following are some highlights, but by no means do they reflect all that the divisions do for the ALA.

In the Central Division, Ohio and Michigan are conducting a ring your bell contest challenging each district to see which one can ring them the loudest through active participation in community press. The Department of Indiana reported an amazing 42 articles published to local media outlets regarding events in their units and local committees. Four departments in the Eastern Division, Delaware, New Hampshire, Pennsylvania, and Vermont, report holding ring your bell contests. The Department of Massachusetts’ Chairman -- is she here, Mary Ellen, or is anybody from Massachusetts? This lady is amazing. Every day she has something on Facebook. She distributed a flash drive with all pertinent PR information to each chairman and has set up a PR Facebook group for members to post their events. Department of New York, I know you’re here, has amassed 572 minutes of radio time and over 40,000 minutes aired on television. Congratulations. That’s great.

(Applause.)

CHAIRMAN McGINN: In the Northwestern Division, the ring your bell contest was presented to all the departments. The Department of South Dakota reports that some of their units have prepared and maintained a media contact list and their web page is current with the plan of action. The Department of Montana has initiated a newsletter for their members and sends it out frequently.
In the Southern Division, the Department of Virginia, South Carolina, and Oklahoma used Facebook pages and websites to advertise their events and communicate regularly with their units with updated membership reports and eBulletins.

The Department of Kentucky -- is anybody here from there?

VOICES: Woo hoo.

CHAIRMAN McGINN: These ladies ring their bell on a daily basis and have embraced this year’s contest enthusiastically just as they did last year with blow your horn. They’re amazing.

In the Western Division, two departments, Arizona and Idaho, are conducting a ring your bell contest.

The Department of California created a Facebook group to increase communications throughout the department.

The Department of New Mexico publishes a newsletter that contains so much information, it’s like a mini plan of action. And they were kind enough to mail me one every month or every time they did one. It was -- it’s great, a lot of information. All your people should know what’s going on.

Thirty-four departments have reported having Facebook groups and 28 have web pages that they use to communicate information. The departments are also sharing the eNews and in the news eBulletin.

Please continue to encourage your departments and units to create Facebook pages and Twitter accounts adhering to the brand standards and maintaining their relevancy.

I am hoping that more departments as we go forward host the ring your bell contest and will promote the how to sheet in the plan of action.

Madam National President Janet, this concludes my report for Public Relations. Thank you.

(Applause.)

CHAIRMAN McGINN: Okay. Here’s the next person. Wait a minute. Let me ring your bell. Where is it? Who are you?

(Laughter.)

CHAIRMAN McGINN: Oh. May I introduce Sue Britton, the National Security Chairman for the American Legion Auxiliary.

(Applause.)

CHAIRMAN BRITTON: Good evening, everyone. I -- oh, they’re cheering for us again. I, too, would like to report that the National Security Department Chairmen have 100 percent reporting.

(Applause.)

CHAIRMAN BRITTON: Departments throughout the nation have shown strong support to our military servicemembers and their families. This continues to allow us to assist in maintaining and promoting a strong national defense.

Over and above the typical reporting activities for this committee, we were asked to highlight a couple of special activities this evening for you.

Many of you will recall that back in November, an urgent plea went out to our members from the Department of Kansas noting that over 500 men and women of the 1st Infantry Division at Fort Riley had been deployed rather quickly to Iraq and other Middle Eastern countries and were in desperate need of supplies.
Well, in typical fashion, you, our members, rose to the occasion and fulfilled their needs list. And to date, hundreds and hundreds and hundreds of boxes have made their way to our troops. Thank you so very much for your participation in this call to service. Please thank your members when you return home to each of your departments.

And the other project that I would like to share progress with you on is the concentrated focus this year on honoring the accounted for remains of those POW/MIA servicemembers who have been identified and whose remains have made their way home to the United States for burial.

Following notification from the Department of Defense, POW Missing Personnel Office, The American Legion shares this information and our members are now taking active steps to make contact with the families of those servicemembers.

To date, eight Department National Security Chairmen have been contacted with names and details on these servicemembers. Our local members are being asked to offer recognition in either the form of a memorial service at either post home, unit meeting, or grave site location or the presentation of Gold Star banners to the family members.

To date still unaccounted for are more than 73,000 from World War II, more than 7,500 from the Korean War, more than 1,600 from the Vietnam conflict, 126 from the Cold War, and six from the Iraq theater and other conflicts.

Special thanks to those Department National Security Chairmen who are participating in making sure that notable recognition is given those who have made their final trip home and are now in the hands of their loved ones. Your efforts are greatly appreciated and noteworthy.

Madam President, this concludes my report. And now please welcome Past National President Nancy Brown-Park who is the Chairman of the Past Presidents Parley Committee.

(Applause.)

CHAIRMAN BROWN-PARK: It’s great you remembered my name.

(Laughter.)

CHAIRMAN BROWN-PARK: National President Janet, Past Presidents Parley Committee doesn’t require a mid-year or end of the year report. I would like to thank the 13 departments that did send in a written report. The written report sent to the NEC highlight some of the planning and successes from these departments.

It is very exciting to read what is happening to date and some of the very creative ways Past Presidents at all levels are supporting our members using their experience, knowledge, and wisdom.

The Past Presidents Parley program has many facets including the Woman of the Year, salute to servicewomen, and most departments’ education and nursing scholarships.

I would like to focus on what needs to be done during the balance of the year to support the Past Presidents Parley program.

The unit Member of the Year recognizes the contributions made by a valued unit member. Each department is asked to select one department unit Member of the Year. National President Janet has asked that each department work hard to recognize and honor the Woman of the Year from your department.
We are planning a very special recognition at National Convention for all of the winners. It would be great to have all departments’ Women of the Year present. It’s not too late to plan a fund raiser to help this dream come true for President Janet.

The Past Presidents Parley recognizes the military service of female personnel who are currently serving our country representing each branch of service at National Convention. All you need to do is submit a narrative or YouTube video that shows your servicewoman’s demonstration of amazing service both in and out of uniform making her the future face of women in the military.

The nominating member or the servicewoman can do the narrative or YouTube and that’s new, so remember that either one of you can do it.

All of the information you need to be successful as the year continues is available in the plan of action.

All Past Presidents at all levels are encouraged to continue their support to the organization by accepting responsibility that the knowledge and wisdom as a past leader can make a difference in the development of one member.

As past leaders, we can be the catalyst to reach one million member goal by working to achieve the five goals outlined in the American Legion Auxiliary’s centennial strategic plan. Our dedication to this effort will ensure the future of this organization for generations to come.

Madam President, that concludes my report.

(Applause.)

CHAIRMAN BROWN-PARK: And there’s nobody else. They’re all -- nobody else here, so I have nobody to introduce. Sorry.

PRESIDENT JEFFORD: Well, thank you, Chairmen, for those reports.

You know, you guys did so good. With all that noise, you never missed a beat. You just went right on and that was really good. And I think also, it was fun. You showed us how we could have some laughs and when we make the little mistake or we don’t know, we can --

VOICE: Maybe we should make some noise and bother them.

PRESIDENT JEFFORD: You want to do that?

VOICES: Yes.

PRESIDENT JEFFORD: All right. One, two, three.

VOICES: Yay.

PRESIDENT JEFFORD: That is really good.

You know, you heard those great reports, I hope. All right. Those were great reports. And I really commend and you need to bring back to your departments that thank you to those chairmen that did report, but stress to them the importance of what the chairmen do in that.

I -- you know, in my travels so far, I am amazed, I amazed at what our members are doing out there and how we are working the mission, but we have to share that. We have to share those stories.

And we start sharing those stories by sending those reports in so that -- you know, you’re the first -- the chairmen and then the department chairmen are our lines of communications to our members and the ideas that we could spread and showing what we do to not only our members but to people outside the organization is going to help.

So make sure you bring that back to your departments, the importance of sharing and reporting. And I thank you.
There’s a couple of minutes. I just want to say the National Security report, Sue, thank you for talking about what we’re trying to do when they do bring home our missing servicemen and women.

When I was in Okinawa, I was privileged to visit JPAC and JPAC stands for the Joint POW/MIA Accountability Commission. And we were brought in back into the rooms and it was just lines of the tables that you see, like autopsy tables with the bones on them. Some were full skeletons. Some were just a couple of bones.

But what was amazing during that visit was they explained to us what effort our country puts into identifying the remains or trying to find our missing in action.

You know, there’s like a group. They go into these villages interviewing the people there trying to find out if they have seen any crash sites, if they’ve seen any kind of debris, you know, from planes or whatever left. And then if they get that information, they send another team in to try to search that area and find those places, those crash sites.

Once they do that, another team goes in and, you know, you’ve seen the archeologists actually digging the dirt and getting the bones out. Then they have to have another team that then goes and researches what possible -- what that plane could have been or that crew that might be there and then try to find relatives in the states or anywhere where they could get DNA samples and try to match that.

And then when they do identify them, what -- with the respect and honor that they handle those remains as they’re brought back home and what we’re trying to do with our -- The American Legion family in showing that respect and honor as they are interred back here in the states.

And just a little side thing. They have told us like the country of Japan, for instance, is trying to, you know, find their remains. But when they do, they find the remains and they just like click it off as a number and they cremate those remains right there. They don’t try to identify them.

And for me, when I heard the stories and saw what they do, it really for me distinguishes what our country is all about and how different we are from a lot of other countries. And I think the respect that we show to those missing in action once they’re identified, brought home shows that.

And, again, it just shows us how lucky we are to live here in the United States and how much we owe to those people that allow us the freedoms and the ability to live here as we do.

So thank you, Sue, for bringing that up.

Okay. Let me see.

MS. KEANU: You said Okinawa. It should be Hawaii.

PRESIDENT JEFFORD: Oh, I was in Hawaii, right. You’re right. I’m sorry. It was. Okay. Thank you.

Okay. All right. So now I have two mistakes. Dubbie told me I was only allowed one, but that’s okay. Anyway, yes, it was Hawaii. I’m sorry. That was an awesome visit.

MS. KEANU: (Indiscernible.)

PRESIDENT JEFFORD: Thank you.

Okay. So to the NEC, please, don’t forget to review any documents for tomorrow so you can come prepared. And now the script says to call on our National Secretary for announcements.

Dubbie.
SECRETARY BUCKLER: Thank you, Madam President.

So first, just a point of information. All the noise that we’ve heard behind us are predominantly a bunch of young women who are here -- you see the signs that say STEM. And it’s an initiative by colleges, universities around the country to get young women interested in science, technology, engineering, and math.

The long tubes they’ve been carrying around are their presentations that they’ve been doing. And they’ve been doing presentations on scientific theorem, on mathematical equations, mathematics as solutions to major problems, engineering possibilities.

So, anyway, if you happen to see one of those young girls, you might just step up because they really represent an awful lot of what we are all about in this organization. So I just thought you might just as a point of information -- it has nothing to do with my announcements. I just thought you might like to know that.

And Past National President Linda Newsome was actually going to ask us to do a big holler out to them.

VOICE: Do it.

SECRETARY BUCKLER: I know. I know. You had so far to drive to get here.

Second point of personal privilege from Miriam Junge who was not able to be here between weather and health, we just -- you know, this has just been one for the books right now, but she wanted to let people know that she talked with Past National President Evelyn Starr. And Evelyn Starr is doing very well and wanted to wish everyone well at this conference. And we haven’t heard from her for a while, so I thought I would pass that along.

Now, so a question. Who all is here but your luggage isn’t? If you’re here and your luggage isn’t, would you please stand? Stand up, Rani. Okay. I want everybody -- no, keep standing. I want everybody else to keep looking at them. Rani is not expected to get her suitcase for three or four days she’s been told by the airline.

So for all of our benefits excluding Rani, if anybody has a spare piece of clothing that you would like to loan Rani or our NEC from Vermont, I’m sure they would be very -- so I want you to size them up.

VOICE: Vermont.

SECRETARY BUCKLER: No luggage from Vermont made it?

VOICE: Macy’s is open tomorrow.

SECRETARY BUCKLER: Macy’s is open tomorrow? Okay. Okay. All right.

Well, anyway, if you’d take pity on them and have something you want to loan, I just wanted to pass that along.

The NEC breakfast is tomorrow morning at 7:45 a.m. in the Monroe Room which is on this level. So instead of turning right -- when you came down or off the elevators or escalators, instead of turning right like you did to come in here, you’re going to go to your left. So at the main drag out there, instead of coming right, go left.

And all NEC women, Past National Presidents, National officers, and National Chairmen are invited, 7:45 in Monroe. Beg your pardon.
And, finally, for those who -- for those of you who are here registered, you got all your materials tonight. Those of you who are going to the World War II memorial service tomorrow received something as part of that excursion. Those of you who didn’t register and aren’t going, you won’t be receiving that.

So before you all come up who didn’t register to go to the World War II memorial and ask if you can get a scarf or gloves, the answer is unfortunately, no. The second question you’re bound to ask is, well, are you going to make more of them. The answer is no. The third question you’re bound to ask is, well, won’t you reconsider and start selling them. And the answer is no.

So if somebody would like to stand up and show them what they missed out on by not signing up to go to the World War II memorial tomorrow as part of the registration fee, so there will be a beautiful picture staged with that on tomorrow night.

We’ll tell you that the gloves that, for those of you who didn’t sign up, that you’re missing out on are SmartPhone friendly so the fingers will actually touch your screens. Was that an ah? Okay.

So with that, Madam President, that concludes the announcements for this evening. Thank you.

PRESIDENT JEFFORD: I understand we have one more small piece of business to take care of. And I’d entertain a motion to approve one more change in an appointment and that would be to approve Cathi Taylor as Cavalcade of Memories Chairman.

Cathi is actually part of our Headquarters staff. She’s been a longtime Auxiliary member and has done so much already for the Cavalcade. And so I would like -- I would entertain a motion to approve Cathi as Chairman.

VOICE: Madam President, I would move that we approve Cathi Taylor as Cavalcade of Memories Chairman.

PRESIDENT JEFFORD: Thank you.

Is there a second?

VOICE: Second.

PRESIDENT JEFFORD: Any discussion?

(Whereupon, there was no response.)

PRESIDENT JEFFORD: Hearing none, all those in favor of Cathi Taylor as Chairman for Cavalcade of Memories, please say aye.

VOICES: Aye.

PRESIDENT JEFFORD: Opposed, no.

(Whereupon, there was no response.)

PRESIDENT JEFFORD: Motion carries. Thank you.

Everybody, have a great night’s rest and we’ll see you in the morning. This meeting is adjourned until 8:30 a.m. tomorrow.

(Ringing of the Bell.)

(Whereupon, at 9:05 p.m., the above-entitled meeting was concluded.)
(Ringing of the bell.)

PRESIDENT JEFFORD: This National Executive Committee meeting will now come to order.

SECRETARY BUCKLER: It will be. Just a second.

PRESIDENT JEFFORD: All right. This National Executive Committee meeting will now come to order. Please rise for the invocation by our National Chaplain Karen Boehler.

CHAPLAIN BOEHLER: Bow your heads, please. Good morning, God. Thank you for granting us a great night’s rest; for warm rooms and soft beds; for coffee; for food to sustain us; and for so many blessings which we too often take for granted. I wonder, God, what would happen if we woke up today with only those things for which we offered thanks yesterday?

Forgive us for coming to you primarily when we are in want and help us increasingly turn to you in praise, thanks, and for divine guidance. Grant that our hearts and minds be with those who don’t enjoy the necessities of life and help us ever to be mindful of our active military, many of whom live daily in unsafe conditions without life’s conveniences.

Turn our good thoughts into action to help those who are needful, repressed, and who need you in their lives. We ask healing for Auxiliary members who are facing health challenges. Grant them courage, strength, and endurance as they strive daily for renewed health. Bless our work this morning, God. You are so good. Amen.

ALL: Amen.

(Ringing of the bell.)

PRESIDENT JEFFORD: Please be seated. Did I just ring?

ALL: Yes.

PRESIDENT JEFFORD: Oh, one. It says three times, here. Okay. All right. So just like last night, please remember to put your cell phones on silence. And a reminder that your attendance was again taken at the door this morning. If you haven’t checked in when you arrived, please do so. Okay. It is your responsibility to make sure that your attendance is recorded.

I’d like to first begin by introducing the officers that you did not get to meet last night, who finally made it here. And before I do that, welcome to everybody else and thank you for your perseverance in getting to this conference. All right. So over here on my right we have our Eastern Divisional National Vice President Sandra Neylon.

(Applause.)

PRESIDENT JEFFORD: We have over here Sue Heil from the Southern Division.

(Applause.)

(Cheering.)

PRESIDENT JEFFORD: And our Parliamentarian Chris Dickey.

(Applause.)
PRESIDENT JEFFORD: And I’d also like you to recognize we have one more National President that finally made it here, Kris West. Kris, will you stand up?

(Applause.)

PRESIDENT JEFFORD: Thank you. We have two reports that were not given last night and so we’re happy to have join us today Karon Cook, who will be giving the report for Coral Grout on Community Service. Karon is the Central Divisional Chairman. Karon?

CHAIRMAN COOK: Good morning.

ALL: Good morning.

CHAIRMAN COOK: Okay, this is Coral’s report. How many of you remember Fred Rogers? For those of you who don’t, he was Mr. Rogers on television. He said at the center of the universe is a loving heart that continues to beat and that wants the best for every person. Anything we can do to help foster the intellect and spirit and emotional growth of our fellow human beings, that is our job. Life is for service. This comment really hits home for our team this year.

The 52 reports we received contained a myriad of activities for the betterment of our communities. Projects were equally divided between two objectives in our main plan of action. Kudos go out to Little Falls Unit from Minnesota. They have a group called the Stitching Ladies. All members are in their mid-eighties and each volunteer from her own home. That’s cool. Since August the group of members has stitched 304 laundry bags, 374 wheelchair bags, and 24 school bags. Unit members and local businesses donate the materials for the bags. The bags are delivered to the VA hospitals in St. Cloud for distribution within the communities around the hospital. This really shows that no matter how young or old our members are they can still be active participants in our programs.

Orange City-DeBary Unit 59 in Florida works with three other local women’s organizations to promote Operation Santa to 200 low income families through food baskets and children’s toys. They also hold breakfast with Santa for 100 children on the morning of the Christmas parade. The unit remembers the senior citizens at this time with gift cards to use toward food purchases. What a wonderful way to show community support.

Several departments include statistical -- I can’t read that. Okay, huh? Oh, statistical, got it out, information. In New York 875 members contributed $983,375.15 to community service programs serving 22,624 people. Our community is looking forward to many more exciting activities this winter and spring. This concludes my report. Thank you.

(Applause.)

PRESIDENT JEFFORD: Thank you, Karon. And now we will hear from our National Membership Chairman, who finally arrived today, Anita Biggs.

CHAIRMAN BIGGS: So exciting to be here --

(Laughter.)

CHAIRMAN BIGGS: -- after an ordeal yesterday. And I want to thank first the national staff for assisting me to get here. I appreciate it very much.

Madam President, before I begin I would like all the members of the national committee to please stand. I see Cindy Kokernak is the Vice Chairman; Barbara who is the Eastern Division Chairman; anyone else? And Donna, hi Donna, Central Division. Thank you, ladies.
CHAIRMAN BIGGS: The National Membership Committee presented a lively program at the DLNC complete with singing our theme song, I hope you all got to hear that, “One in a Million,” and playing Who Wants to be a Millionaire. The breakout session at the National Convention offered additional training and a spirited Q&A opportunity. The session was going great when we were interrupted by two M&Ms. Yeah, these M&Ms, one was named Million and the other Member. And they discussed working together to achieve our goals. They made a sweet impression and reminded us how fun it is to belong to this organization.

National Committee members, Division Chairmen, and Divisional National Vice Presidents have taken on their assignments with exceptional enthusiasm, which includes our newsletter, Faith, Family, and Freedom, that is coordinated by our Vice Chairman. The National Membership Facebook page currently has close to 700 members. The Southern Division and recently the Central Division have also established Facebook pages. The Southern Division has hosted, of course, two virtual membership happy hours. Yeah, and it’s happy. And encourage users to post selfies and pictures promoting membership, a lot of fun. Units are thinking outside the box to get renewals. One unit places all non-renewed names in a hat during their general membership meeting for each member to draw, and then they contact that member, or past member in most cases. Another successful department held a travel caravan by the President and Membership Chairman to all their districts, held an organizational meeting, which culminated with a new unit and 53 new members. Yeah.

CHAIRMAN BIGGS: Did you know that last year there were only 44 new female veterans nationwide? The Honor A Female Veteran national dues waiver has gained the Auxiliary 404 new members as of February 20th.

CHAIRMAN BIGGS: So far, 42 departments have used this promotion with most departments reporting they along with their units have waived their portion of the per capita. California leads the pack with 86 new veteran members. Yes.

CHAIRMAN BIGGS: Texas is trying to catch up with 50, so they are doing good, too.

Now that we have these veterans as members we must continue to honor them, make sure they renew and request their leadership assistance in our units. Our latest milestone, Put Your Heart Into It, 85 percent renewals as of February 14th, had the following departments awarded $500. Big shot out, first place, Iowa at 86.77 percent.

CHAIRMAN BIGGS: And second place, Nebraska, at 85.10 percent.

CHAIRMAN BIGGS: With Wisconsin, Delaware, and Minnesota like this close, they were so close. I have a small gift for the top 11 of the renewal states so I will be giving you those little gifts.
The top five overall numeric departments as of February 18th are fifth place, Mississippi.

(Applause.)

CHAIRMAN BIGGS: Fourth place, Wisconsin.

(Applause.)

CHAIRMAN BIGGS: Third place, Nebraska.

(Cheering.)

(Applause.)

CHAIRMAN BIGGS: Second place, Iowa.

(Applause.)

CHAIRMAN BIGGS: And overall number one department is Delaware.

(Applause.)

(Cheering.)

CHAIRMAN BIGGS: Most departments are doing well, with 45 departments over 70 percent in renewals, and they are promising me that they are going to reach the 95 percent of renewals to earn the $500. I want to give away this money, so let’s get this, get these members in.

Communication, good will, and positivity are three key words that are very important. Units need encouragement to improve communications with their Posts and strengthen the relationships that bind us together. Departments should monitor their units to determine if there is a problem transmitting membership and not allow any individual to stifle our growth. If we promote and actually practice goodwill we will grow. It is that simple. The service we provide to veterans is unmatched and our members are the best. One million members, some would say a lofty goal. However, as we know, it can be done.

I was so impressed by the article that Joan Chwala, who is on the Membership Committee, submitted to our latest newsletter entitled, “Just Tap Me To Reach Our Dream.” It is the story of a son who completed his Dad’s project to build a bridge from Manhattan to Brooklyn. His father died short of completing the task and three years after his death the son became an invalid and used the system of tapping his wife’s arm to communicate, and after 11 years he completed the project. Joan asked the question, can we count on you, our leaders and our members, to just tap on each other to keep this dream alive? Can we? Can we?

(Applause.)

(Cheering.)

CHAIRMAN BIGGS: Madam President, I am very proud to say we have had 100 percent reporting from all departments and outstanding reports from the Division Chairmen. And thank you Madam President, this concludes my report.

(Applause.)

PRESIDENT JEFFORD: Thank you, Anita. That was great. You know, Marta and Tim love writing checks and giving away our money. So please, departments, go after those awards. Get those checks for your membership awards. Great. All right. Next on our agenda is our Strategic Plan update.

As many of you know Kris Nelson, who is the Long Range Strategic Planning Committee Chairman, could not be with us today in person. But hopefully through the miracle of technology Kris is able to join us this morning with her report and she will then later be joined with Stephanie Abisi, who is our Auxiliary Headquarters, this is her new title, Special Projects and Operations Administrator.
And Stephanie has really been leading the charge at National Headquarters in getting this Strategic Plan up and running. So without further ado, let’s hear Kris.

(Applause.)

CHAIRMAN NELSON: President Janet, and members of the NEC, good morning.

PRESIDENT JEFFORD: Good morning.

CHAIRMAN NELSON: Before I start my Centennial report I’d like to take a minute of personal privilege to thank every one of you for your support, friendship, emails, cards, and prayers over the last several months. I truly appreciate my American Legion family and could not have gotten through this disease without all of your support. Thank you all, and God bless each one of you.

The Centennial Plan has five goals and I’d like to thank you all for supporting this plan and goals. By 2019 the American Legion Auxiliary’s million members will be making a difference for veterans and their families in every neighborhood. I believe this statement is true and by reading the reports and the mid-year reports sent in I believe that our members also believe that it’s true and their work that they are doing is going to sustain our organization. So thank you all for what you are doing to help move forward on this plan.

I’d like to just share a few facts with you. Fourteen departments have turned in their plans to National Headquarters. Twenty-seven departments have turned in mid-year status reports. So our goal is to have every department complete their plan. So NEC, I challenge you to go back to your departments and work with them to get their plan turned in to National. And if there is anything we can do to help, make sure to reach out and let us know.

The plan to date has 244 initiatives that we worked on when I was at Headquarters in November; 130 of these have been identified to start in phase one, year one and two. We have 125 volunteers and staff members working on the strategy teams from across the country. So people are working hard. I appreciate their work and we have done a great job.

I can never thank Stephanie Abisi enough for stepping up and taking over when I couldn’t the last couple of months. And to complete the report for today is Stephanie Abisi. Thank you, Stephanie.

(Applause.)

MS. ABISI: Good morning. Thank you, Kris, and National President Janet. As you all recall, at your last meeting you made a bold investment in the future of the Auxiliary by adopting the FY 2015 budget that included funding for the ALA 2014-2019 Centennial Strategic Plan. So what has happened since August? A lot.

The 125-plus Centennial Plan team members have been navigating their way through a sea of terms and information, goals, strategies, initiatives, poring over research and ideas to develop the 244 initiatives. That’s 244 different action steps to achieve the strategies. Teams met virtually, via conference calls and electronically, to develop those initiatives and submit the initiatives in mid-October for the implementation team to review.

In early November the implementation team met, the implementation team which includes National President Janet, Strategic Planning Committee Chairman Kris Nelson, Jan Pulvermacher-Ryan, Nancy Brown-Park, and Dubbie Buckler, met with the Headquarters goal champions to review the 244 initiatives virtually with
some long conference calls over a four-day period. Of those 244 initiatives, 125 were green-lighted for teams to develop more thorough work plans for years one and two and beyond. The others are either waiting on the results of the assessment or could not be started at this point in the five-year timeline.

Many teams were immediately able to get to work. One of the many goal one initiatives is to collaborate more with the departments to collect more email addresses. Our IT staff reports that over 30,000 email addresses have been collected since the launch of the online portal just a few months ago. But more on those email addresses later on.

(Applause.)

MS. ABISI: Yes. So what else is being worked on for the ALA Centennial Strategic Plan? Work is now underway on the organizational effectiveness assessment. As you hopefully all know, phase one of the Centennial Plan calls for a professional assessment of the organization’s capacity to deliver our mission. Or described another way, to have a professional organizational effectiveness assessment done. And hopefully you all have been keeping up on the Centennial Plan by reading the articles in the magazine and electronic communications that have been sent. The purpose of the assessment is to get input from members, both volunteers and ALA staff, former members, and women who are eligible but are not members, and much planning has been done to get as much input as possible from as many people as possible and in the most cost-efficient way.

To that end the implementation team made an investment in the departments by approving the use of budgeted funds allocated to the assessment to conduct a training conference for department secretaries at National Headquarters where the assessment professional team could also get their input over the course of the day. Forty secretaries RSVP’s yes and with weather hitting 37 of the 52 department secretaries were able to attend an intense day and a half of training on department operations at the ALA National Headquarters. In-depth information was provided on financial operations, insurance and liability, and risk management. This first training is an early achievement for two of our goals: developing leaders at all levels and developing stronger departments and units. It was well received by attendees and they learned a lot.

Now with a show of hands, how many of you received an email asking for feedback for the organization? How many of you have participated in the assessment, either electronically or with a personal interview? That’s great. Thank you. Remember all those added email addresses I mentioned earlier? Well, we were able to send an email to 72,000 members and have received --

(Applause.)

MS. ABISI: -- and have received almost 6,000 responses. This nine percent response rate has exceeded the expectations of Johnson Grossnickle, the company who is conducting our organizational effectiveness assessment. Just to give a point of reference, typically organizations of this size see about a six to seven percent return. We still have another week for people to answer the survey and another reminder will go out on Monday. So this is great.

An initial analysis and recommendation report will be available around the time of the department leadership conference in May. The final report will be presented at the National Convention. But here are some early, early results for you.
The good news? Fifty-seven percent of those who responded rated their overall experience with the ALA as excellent or very good. Considering their overall experience in relation to membership dues, 52 percent answered excellent or very good for how they would rate the value of their ALA membership.

When asked about the Centennial Plan, however, the news is a little different. Only nine percent answered that they were extremely familiar or familiar with the Centennial Plan. Of that nine percent, 64 percent believe that the Centennial Plan will have a positive impact on their community serving veterans. Of that nine percent, 65 percent strongly agree or agree that the Centennial Plan will provide direction on how to achieve our Million Member goal. However, only 48 percent agree that the Centennial Plan will be successful at all levels of the ALA.

Please remember that these are early figures. Johnson Grossnickle will be here this week participating in sessions and conducting interviews and focus groups so you will probably see them around. If you have not already participated in the electronic survey, please make sure to do so before March 1st. And the Centennial Plan team members challenge you to encourage those in your communities who received the email about the survey, very important, to participate as well if they have not already.

We know that many departments are also working hard developing their plans. As Kris mentioned, we have received 14 department strategic plans and 27 mid-year reports. Many departments have adopted the national plan and are adapting initiatives and strategies to their departments.

Your second challenge this morning? Champion not only the National Centennial Plan but your own department’s plan when you get home.

With the few remaining minutes that we have this morning, please ask any questions. But first I have a question for you. How committed is your department to the ALA Centennial Plan? Anybody have any other questions? Madame National President, this concludes the Centennial Plan report update.

(Applause.)

PRESIDENT JEFFORD: Thank you, Stephanie. Kris, are you still on the line? Kris? She’s not on the line anymore? I guess not. Well I wanted to say thank you to her and I thought maybe we could all say hello, and good morning, but is there a way we could get her back? No? Oh, okay.

MS. BROWN-PARK: Nancy Brown-Park, Past National President. I have a question.

PRESIDENT JEFFORD: Is that the first time you got to say it?

MS. BROWN-PARK: Yeah.

PRESIDENT JEFFORD: Okay.

MS. BROWN-PARK: Madam President, I have a question. If I need help in my department, where do I go to get help?

PRESIDENT JEFFORD: All right. Stephanie, do you want to come down and field some questions? The question was if I need help in my department, where can I go for help?

MS. ABISI: If your department needs help, please contact strategicplan, that’s all one word, strategicplan@alaforveterans.org. That email will be monitored by not only myself but also Kris Nelson. And we have an implementation team and a Strategic Planning Committee who we can assign to reach out to your department.
and help answer questions, mentor, provide some suggestions or feedback. Kris was working pretty closely with a couple of departments a few months ago. So, Trish?

PRESIDENT JEFFORD: Are there any other questions? Trish?

MS. WARD: Madam National President, Trish Ward, Department of Kansas, National Legislative Chairman. I would like some information. We were asked to supply the name -- or some of us received information to supply the name of one person who we knew were eligible that would possibly be contacted. What’s the time frame that the outside group will be identifying the list we supplied and contacting them? Is there a time window on that?

MS. ABISI: At this point, just to give everyone a little background, we, the personal interviews, phone interviews, and focus groups that I was discussing earlier, one of our identified targets was ALA members, women who were eligible to be members of the ALA who have not joined. So we reached out to all 125 Centennial Plan members and asked for them to submit one name of a potential member. So we had to then narrow down all those names and create a smaller pool. At this point, Trish, to answer your question, we have reached out to all of those who we are going to reach out to. We’re still trying to fill up some spots on the list so there still may be some contacts, but at this point we’ve reached out to everyone.

MS. WARD: Thank you.

PRESIDENT JEFFORD: Okay. Any other questions, concerns, or thoughts? Can I ask a question? How many departments, and the NEC is to answer, have submitted the copy of their strategic plan to National Headquarters? Okay, keep your hands up. How many of you have, are in the process of getting it done? Keep, everybody keep -- okay. Good. Put your hands down. Now, let’s see, is anybody brave enough to say that their department is doing nothing about the strategic plan and --

(Laughter.)

PRESIDENT JEFFORD: No? Okay. Stand up. Where from? I can’t see -

MS. DENSMORE: I’m from Oklahoma and I’m brave enough to say we submitted one but we don’t really know how to implement it. We don’t have any --

MS. ABISI: Okay.

MS. DENSMORE: -- and we really could use some guidance.

MS. ABISI: Yeah, we will get in touch with the members from your department.

PRESIDENT JEFFORD: When we met, the Strategic Planning Committee met yesterday, and that was a big discussion. That we had copies of the plans and we knew we were getting more. But how do we help departments then to begin implementing that plan? And then once they implement it to start assessing on how good it’s doing? For thank you for standing up and saying that. And we’re looking at some ideas and some ways that we can do that. And if you need help right away, Stephanie, it can go to that email address, right?

MS. ABISI: Mm-hmm. Yeah, that’s, that’s honestly the best way since Kris is able to monitor that email address and I can monitor it so we can, that's really the best way to centrally funnel things.

PRESIDENT JEFFORD: Okay. Great. Any other questions? One more. VOICE: When you talk about finishing your plan? Does everybody have their incentives done for all their strategies? Or have they just done their goals and strategies and a completed plan?
PRESIDENT JEFFORD: Stephanie, when we got them in, what level are they at?

MS. ABISI: It’s across the board. Most of the plans that we have received are just goals and strategies. We have not that I recall have seen a lot of individual initiatives. You know, the national plan has over 244 so, you know, departments can maybe, I think are struggling with the same thing some of the national plans are struggling with, it’s a lot of stuff.

PRESIDENT JEFFORD: I think the, some of the departments that are like ahead of the game and doing good have actually kind of structured their implementation like we have done at the national level, with an implementation team, goal champion, and then each of those strategies they have like a, someone in charge. You know? And that like, it doesn’t make it seem so daunting. If one person is only assigned to do one thing, you know, slowly we can start to get it done. But if you look at something and say, oh my God, I can’t do all of this. You know? So try to break up the work. Assign each person maybe one strategy, one initiative under that strategy, and use that pyramid effect that we’re trying to do on the national level, it might help to make it not seem so daunting. You know? Because it’s really, you get to the end of the road one step at a time. You can’t get there all at once. So, and you’ve got to start that first step. Right? You have to begin that journey. So that’s what we’re kind of asking you to do. Begin that journey. Start taking the, each step, and moving forward. And, you know, five years, well we have four years left. So everything doesn’t have to be done all at once. Anything else, Steph?

MS. ABISI: No.

PRESIDENT JEFFORD: I don’t think Kris is still on the line with us. But I have to say that -- is she? Okay. We tried. You know, I just have to really say Kris during this whole time has really not missed a beat with this. She has been such a trooper, I can’t think of a better name. She has still been working on this plan. And I think it’s been good that she has had this to do. We are, I hope you all join us in praying for her and hoping she had better be there at Convention when we get to Baltimore, that’s for sure. And I cannot say enough. And I wish you would all join me in thanking Stephanie for what she has been doing. It’s a daunting task.

(Applause.)

MS. ABISI: Thank you. Thank you.

PRESIDENT JEFFORD: Thank you, Stephanie. Thank you.

Okay. So we have -- okay. So now we have to report on the accomplishments being made at National Headquarters is our National Secretary Dubbie Buckler.

(Applause.)

SECRETARY BUCKLER: Thank you, Madam President. First thing, the minutes of these meetings are the proceedings and they are published on the website. So I just want to remind everybody, because every year the NEC is new, we only publish, because they are expensive as you can imagine. So we only publish a few copies of that. Each department gets one. But every year I get asked the question when am I going to get my copy of the minutes? And we don’t publish and circulate the thousands and thousands of copies and we haven’t for probably five, at least five years. So they are on the website.
The minutes from your previous meeting are on the website. But I want to draw your attention to something that’s new that we have done, started doing. The purpose of minutes is to record the action. And I’m being a little bit elementary, but I’m being elementary on purpose. We’ve been very good in this organization for 95 years of making sure everybody knows every word that was said, every cough, every silence, not able to determine what was said at that point, parenthetically, because we are a very verbatim organization. But the purpose of minutes is so that somebody looking at, coming onto a committee new, could look and see, well, gosh, what have they done? Without having to read 235 pages of minutes. So at the end of the minutes are a summary of motions, because that’s what an organization or a committee or a governing board does. You -- I’m being, I’m really being redundant on purpose and I, I know you’re going along with me. It, it reports what you do. So the summary of motions is really what did they adopt? Not what they discussed, not what they didn’t adopt, because if you didn’t adopt it that’s not an action that you do, right? That’s an action that you didn’t take. You took a motion to take the action you didn’t take, but you didn’t take the action. So I’m just pointing that out. Because at a glance anybody can look at the end of our proceedings now, go to the summary of motions, find out what was adopted, and then we’ve put a little ledger in there to tell you where to find it. So if you go to the summary of motions it will say, and it’s, and it’s listed as M/S/C, motion/seconded/carried. Because again it’s not, if you want to go, if you want to find out who, you go back into the minutes per se and read all of that. But if you just want to know what happened, motion was made, seconded, and carried, to resource the Centennial Plan. Then parenthetically it will say see pages 245 to 267, you know, in the published proceeding. So anyway, I just want to draw your attention to that because that’s always been frustrating for people who, well I know, I know we did that. And so, what are doing? Just, you know, just flipping through, flipping through, flipping through. And the only people with an advantage to do that are those that have the scripts from the previous meetings to try to remember where, what day we did those things.

So anyway, a little bit more than you wanted to know about that. But it’s, it takes a little bit more time -- well, not a little bit. It takes more time to do that because you have to pull all of that out of all those many, many, many pages of proceedings. So anyway, that’s a helpful tool and we hope that you like that.

Also, we’re doing summary of motions on our Finance Committee meetings, Audit Committee meetings, and the Foundation Board minutes, meetings, meeting minutes. I said all that backwards, didn’t I? Okay. All right.

Now as was just explained, I’m not going to go over some of the same things that Stephanie just reported. But the big deal going on right now is the organizational assessment. Janet mentioned it and I just wanted to underscore, it, doing this is a lot of work. Not just the assessment. Doing the entire Centennial Plan is a lot of work. But as several people have said, and I’ll say it again, if we don’t do this you all know what the consequences are. So it’s a lot of work. There’s a lot of good hard work that’s got to be done. And we just all need to recognize that we’re all working our way through this and at the end of any day did you do the best that you could to try to accomplish something? So nobody is going to be beaten up because we’re just trying to all do the best we can to get this done.

So that’s taking a lot of time at National Headquarters. And I will tell you that the National Headquarters staff is, is very committed to this. Because we see
these numbers all the time that indicate we’ve got problems with membership numbers, we’ve got problems with, with sustainability. We’ve got problems with organizational effectiveness. We are fully committed to ensuring, doing everything we can to ensure that this Centennial Plan is successful.

Five goals with the American Legion. Build brand loyalty; strengthen departments and units; develop leadership at all levels; foster a culture of goodwill. And if we do that we can achieve a million members. And it is just that simple.

Okay. One of the things going along with the Centennial Plan that the, Stephanie referenced gathering input. This will be the largest undertaking in this organization’s history to gather input about what is the organization’s capacity to deliver our mission. So another way of saying that is how capable, do we have the ability, do we have the things we need to do what our mission says our mission is? Can we do it? So that’s what this assessment is about. It’s a huge undertaking.

So one of the things I, we would ask the NEC is when you go back to your departments really do encourage your departments to get more email addresses. That is the way we communicate. So it sounds really great to say that we have 72,000 email addresses, but we have 700,000 members. So we’ve got a ways to go on getting email addresses because we’re not even at the, we’re just barely, not even, just barely at the 10 percent mark. So we need to work and do a better job with that. Gathering input was from, is from different categories. Volunteers, volunteers in leadership position, members, former members, people who are eligible to be members that aren’t, and staff. Because most of us are volunteers for this organization as well. And we have been trying to do this in a cost effective way so we can concentrate, getting as much information as possible in a cost effective way. So that’s why so many of you are going to be in focus groups or interviews or whatever while you’re here. We’re trying to take advantage of the fact that so many of you are here.

But one of the sources of input they wanted was from the department headquarters, department secretaries. So the implementation team, applause, applause, said, and it was within the Strategic Planning, the Centennial Plan budget, for the first time that we think that this has happened, we don’t know that it ever happened in the past, we brought the department secretaries into National Headquarters for a really intensive training and took advantage of the fact that they were all there to get their input into the assessment. So it really ended up being a cost effective way to get all of that input and provide some really good training. So just by a show of hands, how many of you have talked to your department secretary since that training? How many of you, this is not binding, how many of you did your department secretary say it was beneficial? Anybody come back, did the department secretary come back and say it was not beneficial? Okay, I may have seen one hand but I know I didn’t see any more than one hand.

The feedback we got said it was very beneficial. So I just wanted you to know in case you were wondering what did they talk about? We talked about all the stuff that needs to happen because you are a corporation. Your department is a corporation. And we talked about all the fiduciary stuff, all the financial stuff, all the subsidiary, all that kind of stuff. That’s what we talked about. The things, the questions that they asked the most were the things we talked about. So I just want to be as transparent as possible, that’s what we talked about. They are your corporate
officers for your departments. They need to be recognized that they are a corporate officer. And they wear two hats. So those are the, so that’s what we talked about.

So anyway, I want to thank you because the training segments covered an awful lot. There was no idle time. And we just think that it was beneficial.

Now one of the things we did leading up to that was a short survey of departments and it was sort of a state of departments. So I just want to share with you, the good news is, we have how many departments? That was a test. So we sent a survey out to all 52 department secretaries and we got responses back within 48 hours from 48 of them.

(Applause.)

SECRETARY BUCKLER: So that, that was huge. And it was a short, now the reason we got them back is because it was a short list of questions. But they are the kinds of questions that I think will be helpful so I’m just going to read through some things really quickly. Eight departments now have some provision for their NEC to serve more than a one one-year term. Another 12 are considering changes to their department bylaws to allow the ability to serve more than a one one-year term. Thirty-one departments now have audit committees. I can tell you that was not the case five years ago. Sixteen departments now have the department secretary and department treasurer as separate positions. Of those that still have the department secretary and department treasurer combined into one office position, half of those now have a separate bookkeeper. So internal controls, you’re going to hear a lot more about that. Don’t worry, Mike and Nicole, I’m not going to steal your thunder. There has been much improvement overall in putting financial checks and balances in place. There was appreciation expressed for the department operations guide. Yes, we know it weighs seven and a half pounds, for the Girls State Program and Operations Guide, and for the Constitution & Bylaws and Standing Rules revision.

Twenty-one departments have one or fewer staff members. Most departments have one and a half to three staff members. So and very few just have more than that.

Ten departments have their headquarters located in someone’s home. Twenty-five share space in an office location with the American Legion. You would expect that; that makes sense. Thirteen are in a separate office space in a separate office building with separate space of their own.

In the past two years -- oh. And four department secretaries serving as their department executive, and that is what their role is and one of their hats they wear, are not paid anything. And seven are only paid part-time. I share that because we are all across the board in terms of how departments are structured and functioning.

So that leaves me to my final comment about all of that, in the past two years we have had almost two-thirds turnover in department secretaries. Eighteen department secretaries have currently been in their position less than two years. That, if you wanted to know what do we do at National Headquarters? We answer a lot of questions. Answer a lot of questions. At Convention I usually share this number about how many emails we get in. Well, the new number, the new total is, we’ve reached our million. We have 1.2 million incoming emails that come through the spam filters and actually make it to one of the, what, 200-some email inboxes that we have at National Headquarters. That’s like 1.2 million legitimate emails. Twenty-five percent of those come to Marta and me, and that’s not an exaggeration.
So I will say again, we’ve been a little busy trying to answer emails. Right now I just checked and I have about 1,700 unopened emails. So I will say again, if it’s really urgent there’s this little device that still exists. It’s called a telephone. You probably won’t get me on a call but you can leave a message somewhere. I don’t purposely every ignore anybody, neither does Marta. But when you’ve got that kind of email volume things are going to happen with cyberspace gremlins. So just love us and know that we love you and it’s all about goal two.

Okay. So back to the -- oh, one thing I forgot to mention that with the department secretary training, 40 responded that they could attend, then we had weather like we’ve got here. So 36 actually attended. That was also phenomenal because we only gave them six weeks notice. I mean, it was a short, you know, request and getting them in.

The thing that I shared with the Strategic Planning Committee that I think you all, it warrants sharing with you, is the whole time they were there there was no grousing. Goal two. Their questions were about how do we do things? How do we do them right? How do we do them better? We don’t understand this. The questions were about process. There was no grousing. Now that was huge. When I came to this organization six years ago, I will tell you it was all grousing. While I’m not, I mean, it just, that’s kind of a sad laugh, I know. But it, but it was. And it’s not, they really want this organization to succeed. And I, I think that is worth sharing, you know, letting you know that. They even started their own closed Facebook group, and they did so properly, going through National Headquarters with administrative rights, again so that they can be better resources to each other. And again, this is a giant step forward in trust with each other and with National Headquarters. So you know, we, we can, we can talk about a lot of things. I think we need to hear some good news and good reports from time to time.

So, and at the end they made a surprising thank you video, which they did back at their hotel late at night after being thoroughly worn out with all of the things that we covered during the day. And as, I guess Peggy, Peggy went in delivering the Foundation report mentioned, they made, they made -- she was up here last night, I’m sorry. On their own they took up a collection to the National President’s Project, made an $800 donation in honor of National Headquarters. So I --

(Applause.)

SECRETARY BUCKLER: Okay. I’m not going to go over, I’m not going to dwell on this stuff. Just want you to know one of the biggie, biggie things, and we’ll hit, get into it a little bit more with the two presentations, we spent a lot of time on insurance coverage and types of insurance coverage your departments should have. Suffice it to say right now there is a concern that you don’t carry, departments are not carrying enough or the right types of insurance. We’re going to try to get more information out about that. But that took up a lot of time.

990s are due. We want departments to stay on top of this. We’re having to deal with the IRS on a department 990 issue. This is not fun for you, it’s not fun for us, it’s nobody’s fault. Most of the time it is the IRS’ fault but you can’t really get them to admit that. If you can, come see me.

(Laughter.)

SECRETARY BUCKLER: So anyway, we, we’re all doing the best we can in that boat. But just, you can’t let up on that. Because the IRS is just really dogging that.
Finally I want to make just a comment about staff. First off, you’re going to see Bob Reeg while you’re here. Anybody not know Bob Reeg? Well give him a pat on the back when you see him, because he recently achieved his certification in volunteer administration and he’s only one of fewer than 1,400 in the world who have achieved that certification. That’s huge.

(Appause.)

SECRETARY BUCKLER: I also want to thank President Janet. Last night you approved Cathi Taylor to be the Cavalcade Chair. Carol Van Kirk is just, you know, is suffering health issues and she just said, “I just have to resign as that.” Kenya Ostermeier is the Vice Chair. And Kenya said I just really, I’m traveling too much, I really can’t take that on right. Janet appointed Cathi Taylor, who is National Headquarters Archivist. She is close to achieving her masters in library science. She has set up and maintains the Cavalcade library thanks to furnishings provided by Past National President Rita Navarreté. She works closely on all things maintaining the Cavalcade. That requires continuity, a lot of onsite work. And Janet, I just want to say, National President Janet, Chairman Janet, I just want to say thank you. Because that recognizes the work that this individual does and I think it’s a giant statement about teamwork. So anyway, I just want to applaud you --

(Appause.)

SECRETARY BUCKLER: And finally I want to, National Headquarters staff in the room, could you stand?

(Appause.)

SECRETARY BUCKLER: Okay. In no particular order, and because, so we have, we have Laura, I started to say Baim, Laura, oh, Casey. Gosh, you know, these girls get married. Laura Casey, what have you been married three years now or something like that? Two? Laura is in the Events area. Tamara, is that you standing in front of the lights? Because all I see in a silhouette. Tamara Shumate, who is the Executive Assistant to the National President. Sara Riegel, who is our Compliance Auditor and this week is also helping me get where I need to be. Tim Bresnahan, who is our Controller. And I will say, Janet made a comment earlier about writing checks, we do, I want to say this really strongly, we do, Tim, Marta, Sara, everybody involved in the check writing process. And oh by the way, I don’t write checks. We’ll talk a little bit more about that later. We do love writing checks for achievements to departments at the department level for what you are doing. So don’t ever think we want to hold on to this money. That is not what we want to do. We want it going on, making achievements, you know, recognizing achievements. And Aaron Meyer, who is, manages our Communications Division and you’ll see him with a camera. So every time you are close by don’t line up in a straight row. We have thousands of pictures where people see a camera and all, the next thing they do is they just all stand up straight in a row. These are not group mug shots we’re trying to take around here. We’re trying to take candid pictures around here.

(Laughter.)

SECRETARY BUCKLER: So if you will just cooperate with him, that would be great. So with that, Madam President, I will just conclude my remarks for right now. Thank you.

(Appause.)
PRESIDENT JEFFORD: Okay. Oh, I think we have a question, or a comment.

MS. KOKERNAK: Cindy Kokernak, Department of Virginia. My question to Madam Secretary is you’re talking about National Headquarters gathering more email addresses. Do you do that through the ALAMIS? Or how do you want them? Because personally I think it’s time to go back home and start checking with our own units and gathering as many as we can.

SECRETARY BUCKLER: What a wonderful question but was not staged but couldn’t have been staged any better. So about those email addresses that didn’t get through, some of them bounced back. National does not enter all the email addresses for our members. We love you all but there’s no way we would know what they are. And we certainly don’t know when they change. So email addresses are entered into our database. The loving acronym ALAMIS, which stands for American Legion Auxiliary Management Information System. Our membership database is in there. Departments can enter email addresses. Those departments that have authorized units to enter membership information, those units can enter -- take three, enter their own information. You can now go through the member portal on the website, get your own information, you can update your own information. And you can’t go in and update anybody else’s. You can update your own.

So there’s ample ways to get that information in there now. And I do encourage you to go back and just ask them to go into the system and add their email addresses because they are going to get more information than they do now. So thank you for, Cindy, for asking that question.

PRESIDENT JEFFORD: Thank you, Dubbie. All right. This is like a little test now. What you’ve heard, you’ve heard us talk a lot about five goals of our five-year Centennial Plan. And we know we have to do this if we are going to save this organization. We know from past ALA surveys that incivility, or bad behavior, is the main reason this organization is unable to retain members. Within three years of joining the ALA, 45 percent of these new members drop out. So what’s goal two? Say it louder! Okay. Culture of goodwill. And how important is that?

ALL: Very.

PRESIDENT JEFFORD: Very. If we are ever going to get that first goal, we have to do the second. Okay. So the next presentation this morning addresses problems we see all too often in the American Legion Auxiliary at the department and unit levels. Quite simply, a lot of ill will could be avoided if our departments, districts, and units had better bylaws and standing rules. Our members look to our governing documents when there are problems. We know from past surveys that incivility is the main reason this organization is unable to retain members. By our bylaws, if our bylaws were better written and better understood, there would be better behavior. And if troublemakers were disciplined in a nice way I am convinced that membership renewals would rise. So this presentation is designed to be a mini training on the essential things we need to know and have in our governing documents. There will be ample time for questions and answers after this presentation. So now to talk about our bylaws as a framework for civility, I call on our National Constitution & Bylaws Chairman Lisa Williamson, our National Secretary Dubbie Buckler, and Chris Dickey, a registered professional parliamentarian who serves as our National Parliamentarian to the NEC and the Convention body. Take it away, Lisa.
CHAIRMAN WILLIAMSON: Thank you, President Janet. Good morning.
ALL: Good morning.
CHAIRMAN WILLIAMSON: I’m going to kick this off with an explanation of the basic things we need to make up our governing documents, what our Constitution & Bylaws are, and why organizations have them, and where does Robert’s Rules of Order fit into all of this. Now you’ll probably hear this more than once during the presentation but most of what we’re presenting is already in writing in that red book right in front of Dubbie, the Department Operations Guide. Every department has a hard copy and yes, it’s seven and a half pounds, has a hard copy, but it’s also online at www.alaforveterans.org. It does take a little bit to download. If you open this Department Operations Guide as a PDF online there is also something that kind of tickles the techie geek in me, there’s a search feature in it. The search feature is extremely useful, helpful, type in a few key words and it will pull up what you are looking for, give you several different options. (Laughter.)
CHAIRMAN WILLIAMSON: Thank you, Vanna. This, and also the search feature seems to be a little bit better than the search feature on our main website. It’s very detail oriented. So please, use that. If you have any questions, before you make your emails please try to find that, save it on to your own hard drive, and look at it that way.

It’s really important to understand that our, what our governing documents are and why we have them. In the ALA we have key governing documents. They include our articles of incorporation. This is the legal public document that describes the name, the basic structure, and the purpose of the organization. Then there is our Constitution. This incorporates those articles of incorporation, and with the ALA’s official name, the location, the type of our organization, our core purpose, our reason for being. And then our Bylaws, which are our fundamental structure and have our fundamental rules. And then there is our Standing Rules. These are the processes and the detailed rules that stand for all to follow yet can be amended as frequently as needed to keep the organization functioning well.

A department’s Constitution & Bylaws should closely resemble and cannot conflict with those of the national organization. Let me repeat myself. A department Constitution & Bylaws should closely resemble and cannot conflict with the national governing documents. Departments and units determine how your Constitution & Bylaws will be written and adopted, including key provisions of its governing structure to include officers, numbers of officers, terms, compositions of the governing board, minimum of the required number of meetings each year, who will call meetings and how, what constitutes a quorum, the rules and responsibilities, etcetera, you see that. But remember, nothing in departments’ Constitution & Bylaws can conflict with the national governing documents.

We are often asked can you give us a template for a department Constitution & Bylaws? And the answer is, the National Constitution & Bylaws is that template. That also is online at www.ALAforVeterans.org. (Laughter.)
CHAIRMAN WILLIAMSON: Thank you, Vanna. So what if you don’t follow your Constitution & Bylaws? Decisions that are made that do not follow your Constitution & Bylaws could be ruled as invalid if challenged in a court of law.
A pattern of decisions and actions contrary to your Constitution & Bylaws or serious violations of Constitution & Bylaws can be grounds for a lawsuit and/or suspension or revocation of your department charter.

When you go back to your departments, make sure everyone is clear on the role of the department or your district or your unit Constitution & Bylaws chairman. The chairman’s role is to make sure that the governing documents are periodically reviewed and updated as needed, not to be the final authority or make a ruling on that interpretation. That’s why we have our department attorneys, our counsel general, and then also Vanna over there, our national secretary, and our professional parliamentarian also are a great help when it comes to sticky stuff.

So let’s go over the basics. All organizations are organized and conduct their business and mission service according to the organization’s governing documents. Governing documents, simply stated, are those documents that govern our organization. The ALA’s article of incorporation are respected, preserved, and presented for all members to understand, and the ALA Constitution. The Constitution is supported by the ALA Bylaws, which are supported by the ALA Standing Rules, which are supported by policies, which is a more detailed level of the organization’s governing documents. The process of conducting meetings is guided by Robert’s Rules of Order.

The ALA Constitution is the fundamental document for the corporation. It states the fundamental reason that the ALA department was incorporated, its core purpose, and its government structure, governance structure, sorry. The Constitution should rarely be amended.

Now the Bylaws describe how your organization governs itself. Bylaws are the most fundamental rules of governance and should not be frequently amended. It is recommended Bylaws only be amended every five to ten years.

Standing Rules are the more process focused and most specific administrative, and more administrative than our Bylaws. Standing Rules provide details about provisions in the Bylaws. In addition to the Constitution & Bylaws, Standing Rules are also important and must be followed but they have the flexibility to be amended more frequently as needed to maintain effectiveness in our organization.

For example, our Constitution states that the organization may establish committees for the purpose of effective governance and delivering our mission. Your Bylaws would then state that the following standing committees would be, such as Audit, stating its purpose, such as Finance, stating its purpose, such as Membership stating its purpose. It would also go on to say how those committees are appointed, by the President, must be ratified by your department governing board, your DEC or your department board, the composition of which will then also be provided in your Standing Rules. Then your Standing Rules would specify, specify the makeup of the committee, the number of members, the term, address staggered terms for multiple year terms. Neither of the latter details should be in your Bylaws because they are too detailed and administrative in nature.

Here’s another example. Your Bylaws might state that the governing body shall meet at least semi-annually, or at the call of the Chair with proper notice, or at the call of three members as provided in the Standing Rules. So your Standing Rules would then go, could then state that the department governing board, your DEC, shall meet quarterly, or monthly. As a Standing Rule your department would have
the flexibility to change that, as needed. And describe in more detail how a special meeting may be called.

Another example. Bylaws require that the governing body meet twice a year in that first example. A minimum standard should not change over a decade. Your Standing Rule, however, could require the board to meet more frequently because that is currently more conducive to conducting an organization’s business and more effectively. A Standing Rule can require more than the minimum, but not less.

Policies, policies are rules that relate to the management and the administrative function rather than the government issues. Policies include setting how your department will manage money and protect itself against fraud. For example, a policy might require that all checks over a certain amount have two signatures. This is a great example of financial control policy, something Nicole probably will speak about shortly. Another example is having a conflict of interest policy, which includes having all board members to review the conflict of interest policy every year and sign a statement that they will abide by the policy. Most policies have accompanying procedures that specify in detail how the policy will be implemented. Procedures are not policies. They are the instructions for implementing the policy and therefore they are not classified as governing documents. With proper policies in place members know the expectation for financial practices, risk aversion, program operations, and member conduct. Proper policies allow for energy of members to better focus on achieving the mission instead of bickering about how someone was supposed to do something or needs to do something or what needs to be done.

You will recall two years ago that we streamlined the National Constitution & Bylaws. I want to remind you that what we did is we accomplished, is we took all the process out of the Constitution & Bylaws and placed it in the Standing Rules. Dubbie shared with me during the seminar they had with the department secretaries a couple of weeks ago that all the department secretaries were asked to bring a copy of their Constitution & Bylaws. One department brought their Constitution & Bylaws, it was 300 pages. I don’t need to say anything else.

(Laughter.)

CHAIRMAN WILLIAMSON: Many departments have updated or are in the process of updating your Constitution & Bylaws and that is great. Hence, 300 pages is a little heavy.

(Laughter.)

CHAIRMAN WILLIAMSON: My role as national Constitution & Bylaws chairman is to provide any help I can to your department chairmen. And right now my role is to set the stage so that the next two ladies can addres some specific things we all need to better understand. I now turn the microphone over to Dubbie Buckler who will talk to us about the responsibilities of the different entities and leadership levels of the Auxiliary, and how understanding or fulfilling responsibilities can trigger ill will. Thank you very much.

(Applause.)

SECRETARY BUCKLER: Thank you, Lisa. I’ve been amazed and saddened by some of the things that come to my attention from departments, units, and entities using the name American Legion Auxiliary. So my observation, shared by our National President, many of this room, there is widespread misunderstanding
of rules, relationships, and an unhealthy preoccupation of who can do what to whom. Remember Janet asking about goal two? To foster a culture of goodwill we need to focus on mission delivery and we need to understand what is your role as the National Executive Committee and responsibility in handling problems. When you go back to your department you need to ask that question to the department, what is your role department executive governing board, for handling problems? So the subtitle of my part is what national can and cannot do for you, and there’s trouble, and you need to handle it, and appropriately.

Departments and units, whether you are incorporated or not, departments all are incorporated, but whether your units are incorporated or not, are separate entities with bylaws and boards that govern them. No member dictates how the department unit acts. The department or unit’s bylaws describe how the entity will function, how leaders are selected, how long they will serve, how votes will be taken. All that so that the organization can best fulfill its purpose. So, more basics.

In the American Legion Auxiliary the national organization is the main organization because it has the authority over the use of the name and trademarks of the organization. Departments and units are organizationally autonomous but they are subordinate to the national organization by virtue of being permitted to use the name and trademarks of the national organization. Departments, intermediate bodies, and subsidiaries and units are allowed to use the name and trademarks of the American Legion Auxiliary provided they operate in a manner worthy of the honor of the trademarked name, emblem, and logos.

American Legion Auxiliary departments are nonprofit 501(c)(19) corporations. The fact that the ALA entities at the department, many intermediate bodies, many subsidiaries, many unit levels, are nonprofit corporations does not prohibit a department from raising money. It simply means that the money generated must be used to fund our mission delivery, which includes operations and programs. Most departments have intermediate bodies. And nearly about three-quarters of those have incorporated ALA Girls State programs.

So one big trouble area that leads to ill will is money. The bigger trouble area is incorporated Girls State programs that raise money. Most were incorporated as (c)(3)s in order to raise money more easily. We’ve gone over this before, corporations, donors often have, are restricted to making donations to a 501(c)(3). So decades ago when Girls State programs were incorporated they were incorporated for that purpose, to raise money because we need money for our Girls State programs. We all understand that.

So the national organization cannot and does not dictate how departments or units run their operations or affairs. We can make recommendations and guidance. We can’t make a subordinate entity do anything. And likewise, because we don’t control your operations, we can’t handle or solve problems you have with individuals. What we do control are the trademarks. The national organization must and does exercise control over the use of the American Legion Auxiliary name, American Legion Auxiliary emblem, the name American Legion Auxiliary Girls State, Girls State, any iteration of that, and all of the ALA Girls State logos. These are all national trademarks. They are owned by the American Legion and they are controlled by the American Legion Auxiliary national organization.

So back to that ill will and money thing. A unit is chartered by virtue of its attachment to a Legion Post. However, the Post does not control the unit or vice
versa. Same with departments. This is clearly stated in both the Legion’s and the National’s Bylaws, and the Auxiliary’s National Bylaws. It’s in there.

A post or a Legion, a Legion department, can’t require a Unit Auxiliary department to give them money unless there is a signed agreement between the two entities stating the terms under which money is to be paid. You are sharing rent, I hope you have some sort of agreement that says this is what you are going to pay to the Legion as part of, a part of cohabitating a building. Contracts for jointly held conferences, that happens a lot. If you don’t have a signed agreement what they can’t do is demand you pay for things. They can ask you, and if you have the resources and want to that’s a whole different subject. I’m talking about mandates. They can’t make you pay money unless you’ve got an agreement with them.

Now hold that money thought for a minute because another problem generating ill will is misunderstanding about control and accountability. So let’s talk about control. If you have, if your department has created intermediate bodies and those intermediate bodies are incorporated, that would be your districts, counties, councils, I think there’s another term that escapes me right now that some use, parish? Divisions? Okay. If they are incorporated, they are subsidiary of the department. The department created them, created them to help the department do a better job of delivering the mission of the American Legion Auxiliary. I’m purposely being redundant about a lot of this because I’m hoping there will be some light bulbs that will finally, you know, you can go back and help people turn some of those light bulbs on. So unlike units, which are chartered entities from the national organization, intermediate bodies are created by and wholly accountable to the department. That’s in the National Bylaws, and if the intermediate body is incorporated it is a subsidiary, and it is wholly accountable, W-H-O-L-L-Y, we want to be holy as we are demanding wholly, people be wholly accountable. So understand the two ways we are spelling that word. It’s a subsidiary and it’s wholly accountable to the parent corporation under corporate law, and this is where people just, eyes glaze over because they don’t understand this. So I’m going to, I’ll repeat that. The department created an intermediate body as a, to help the department work with a group of units. The department created it. The intermediate body is accountable to the department.

Likewise with the Girls State program, if you have an incorporated Girls State program in your state, your department created it. Somewhere back then your department governing board had to approve creating an incorporated Girls State program. The incorporated Girls State program is under corporate law, not just because it’s in here, although the provisions are in here, but the law requires that it be wholly accountable to the parent corporation.

So look at it this way. The department is the parent. If it goes out and creates and adopts a child, that child is accountable to the parent. That child is your intermediate body or your incorporated Girls State program. I’m trying to think of a simple way to make people just understand the concept. It isn’t about control. Well, it is, but not control because I don’t want you doing something. Not negative control. It’s about positive control. It’s about accountability, and that’s a word we need to remember. It’s about accountability.

So a subsidiary organization is a specific corporation formed by and under the control of the parent corporation. Many departments have established these. Many of them are 501(c)(3)s. So let’s be clear. All separately incorporated Girls
State programs are subsidiaries of the department and as such are wholly accountable to and the department is the ultimate authority for those programs. Likewise, intermediate bodies established are subordinate to the department. Incorporated intermediate bodies, district, counties, councils, are subsidiaries wholly accountable.

Now back to that money thought that I know some of you are still holding. The money, the assets of a subsidiary belong to the parent corporation. The money, the assets of an incorporated Girls State program belong to the department. The department needs to demand accountability. It doesn’t matter if your department bylaws address this or not because the law does. So in the spirit of fostering goodwill, it’s really important that we understand this. The National Constitution & Bylaws clearly state, what is it? Page 53? I think I have this memorized. I think it is. Why, yes it is. Page 53. Not that I live my life where I sadly know those things.

National Constitution & Bylaws clearly state the requirements of a subsidiary corporation so what I’m getting ready to ready is in there. And oh, by the way, the slide you have, whoever, we can advance to the second slide now, whoever is controlling the slide. Because there are only two, and that’s by design. Everything that you are hearing is in there. So if you want handouts of this presentation, you have them. And I’m not trying to be, that was not an unkind statement. But the purpose of this is for you to listen. And hopefully some of this start to sink in and make sense.

So your subsidiary corporations, your incorporated districts, counties, councils, your incorporated Girls State programs, must do the following. All officers, directors, trustees of the subsidiary must be named by the department and confirmed by the governing board. Your Girls State board said here’s who we want to be our officers this year. They would go to your department president, say this is who we want to be on the board. Your department president has a disagreement about that, that information can be presented. It’s the department governing board’s ultimate decision as to who is going to be on your Girls State boards.

All vacancies must be filled in the same manner. If you have a vacancy on your Girls State board, your department governing board -- if I say DEC, I’m talking department governing board. Most of your departments call them the, your governing board the department executive committee. I’m aware a few of your departments call them a department governing board or some other name. So if I say DEC, let’s just be real clear I’m using that synonymously with governing board. Governing, your department governing board must approve any changes. What did you do today? Things happen. For one year appointments, the National President can make, make some appointments. You as the governing board approve those appointments. When there is a change, the National President brings those changes to you, the governing board, and you adopt those changes. If you ever disagreed with any of them you have the right to go the microphone and say we have a, you know, we don’t want Cathi Taylor to be the Constitution & Bylaws chairman. You could have debated that.

(Laughter.)

SECRETARY BUCKLER: I mean, I’m, I’m, I am so sorry. Cavalcade Chairman. I really apologize.

(Laughter.)
SECRETARY BUCKLER: Okay. Lisa, come back up and join me. It does show you’re paying attention and I really did that intentionally just so that I would know that you’re listening. Okay, I’m sorry. I’m really sorry. We’ve got a lot of Cs going up here this morning.

So I mean, somebody could have come up, you know, you could have debated that.

Now on a whole separate subject, for multiyear appointments those have to be, actions regarding multiyear appointments have to be taken by the governing board. Because that extends the term or purview of the appointing authority’s term. So if your appointing authority has a one-year term, as in the National President for the national organization, your department president for the departments, one-year appointments changes can be done just as we’ve handled them. If it’s a multiyear appointment that extends beyond the control of a one-year chairman of your board so your department governing boards have to take those matters up.

The subsidiary corporation must, can we hear this word must? The subsidiary corporation must report to the department monthly. Even if the report is we didn’t meet, we didn’t do anything, that’s a report. The department, now here’s where, here’s where the rubber meets the road on a lot of this. The department treasurer or financial officer must be a signatory on all accounts of all your subsidiaries. Must be. Remember what we said earlier? The assets of your subsidiaries ultimately belong to the department. So you have to be a signor, you have to have check signing authority, or you have to be what we call a signatory at a bank. You all know what I’m talking about when I say that? You go to the bank, are you authorized on this account? That’s what I’m talking about. Does it means that the department secretary, the department treasurer, the department finance chair, whoever that would be, is going to control, be the sole controlling force? No. But it means you have to have that because what happens if, let’s take on the positive side, what happens if ill health befalls somebody? You’ve got assets sitting out there that the department can’t get to. So that’s a risk.

Now on the other side of the spectrum, what if you have somebody out there that’s helping themselves a little too much to some of that money sitting in there? If you don’t have access to that money and if you don’t have monthly reports coming in, you are not exercising your authority, your responsibility as a governing board, to control the assets of, to oversee and manage and properly manage the assets of the corporation. That is an important thing to remember. And I know it’s going to be, you’re going to hear in the next presentation it’s just that important.

The subsidiary’s articles of incorporation, bylaws, and all amendments thereto must be approved by the department. If a subsidiary organization is currently operating and its articles of incorporation or bylaws have not been approved by the governing body, then you need to take action to do that. Even if it’s retroactive, you still need to say bring in your bylaws, your governing boards need to adopt them. It doesn’t matter if you’ve never adopted them over the last 20 years. As they say, get right with the law.

Likewise, the department governing board must approve all officers and directors and any members serving on their committees. So it’s just as you are operating here as the National Executive Committee, that’s what your department governing boards need to do in terms of oversight. What do you get from the national organization? You get monthly reports, don’t you? And we try to draw

63
attention to those things that we think you really, we, you know, we shine a spotlight on things that we want you to understand, try to explain things that we think are going to be confusing. And we tell you you have the right to ask questions. And believe you me, some of you ask questions. And that’s great. That’s what we want. Because if we’ve got, where there’s lack of clarity there is suspicion. And where there is suspicion, there is distrust. And where there is distrust there is counter productivity when it comes to goal two of the Centennial Plan and achieving a million members in this organization.

Now a couple of quick things before Chris gets into discipline, the heart of it all. A lot of ill will is generated about who should or should not run for an office. And we’ve had some spirited discussion between Chris and Counsel General and myself about those things. So Counsel General has been very clear that he does not advise putting candidate criteria in your governing documents. It doesn’t mean that he doesn’t believe that you should have criteria, he just says that it shouldn’t be in your governing documents. What his advice is is that we have two membership categories, senior and junior. And if we create a category of those eligible to run for office because we are so, because they are a chartered entity, because we are a (c)(19), because of all of the stuff going on with the IRS, he just said this is not the time to be doing things that the IRS could say is contrary to their federal charter and how we have our membership classification structured.

So you can, and also, and this goes without saying except that I’m going to say it anyway. You can’t establish criteria for anything that’s contrary to federal or state laws or discriminate on the basis of race, creed, or ethnicity. So any additional candidate criteria you might want to establish that would be based on years of membership in the organization, that’s common sense, serve to the organization, that’s common sense, they would be appropriately phrased in the organization’s guidelines. A sticky concern is adding candidate criteria because of what I said about the federal charter, acts of Congress, and the IRS. So if you put them in a candidate guidelines document, you can reference that document in your standing rules. And you can establish a, and these are all lower case letters, I’m not giving you titles. You can establish a candidate screening committee, your nominating committee, you can establish a nominating committee, and in your standing rules the nominating committee can be instructed to refer to candidate guidelines in considering a slate of candidates. There are a number of ways you can address having candidate criteria without specifying the criteria in your bylaws. So I just want to say I won’t pretend that we have 100 percent agreement among the experts that deal with this, but that is something that everybody agrees is a, everybody can agree to that approach, if I’m making myself clear on that.

Now another cause for disharmony -- oh, and, oh and another thing to remember is any member, any member, regardless of if you have a nominating process, a screening process, a candidate review process, any member has the right to be nominated and run for office from the floor. You cannot prohibit anybody from running for office. Anybody currently can be nominated from the floor, you establish a candidate screening committee, you accomplish the end objective of a group of people presenting qualified candidates to the electorate without compromising member rights. So that’s, that’s how we’ve come, that’s what we’ve come to on that.
MS. DAYBELL: (Indiscernible) on the unit level you have a nominating committee. So you are saying at the department level to do, you’re just feeding that out to do it on a department level also?
SECRETARY BUCKLER: I’m saying that’s an option.
MS. DAYBELL: Option? Well that’s (indiscernible).
SECRETARY BUCKLER: I am going to be real clear I’m not saying that’s what you do.
MS. DAYBELL: Right, but it’s an option. You’re saying that’s an option, so more or less the way we do it on the unit level.
SECRETARY BUCKLER: Yeah --
MS. DAYBELL: We can make it an option on the department level, right.
SECRETARY BUCKLER: -- it’s an approach. So I’m going to take that proverbial step back. I am not telling you how to do anything.
MS. DAYBELL: Correct.
SECRETARY BUCKLER: Do we, are we clear on that?
MS. DAYBELL: Yeah, we’re clear on that.
(Laughter.)
MS. DAYBELL: But what I’m getting at is you are just --
SECRETARY BUCKLER: Joan Rivers, bless her, can we talk?
MS. DAYBELL: -- because we do it, right, we do it on a unit level already. Okay? We have a nominating committee on the unit level. So I’m just --
SECRETARY BUCKLER: Okay. All right. Okay. So yes, so I’m giving you a suggestion that our attorney and our National Parliamentarian can agree is a viable approach. That’s what I’m saying and that’s all I’m saying. Okay.
Now another thing that causes disharmony is how differently the state regards the status of members in your headquarters unit. If you have a headquarters unit, you all do, those members are members. You don’t, you may be holding them but you don’t hold them down. There’s a difference. They are still members. So they have the right to run for an office. Regardless of whether she’s a member of a local unit or a department based unit, she is a unit member of the organization because she is in your unit at your department and she is presumed eligible to run for office unless she has been disciplined, or if she’s not a dues paying member then, you know, you’re in a whole different set of circumstances.
So please, departments, we were, don’t treat your members of your holding units as subjects. So in the spirit of goal one and two let’s appreciate, because this is a different concept for some people. But let’s appreciate, there are some people, some women who only want to belong to this organization to support it. They only want to join, honor their servicemember, and pay dues. They don’t want to come to meetings. Love them. Love the fact that they will pay dues to the organization. The more of those you get who pay dues to the organization the closer we’re going to get to goal one. And I’m just going to be candid. Please help your departments not beat up on them because they are not out there doing things. They are paying money and supporting the work that you are doing. And we need to embrace them and get more of them in there.
Now Chris is going to explain what needs to be in the governing documents. What, are you yanking me? I’ve got my, I’ve got my, I’ve got, Chris is going to explain what needs to be in the governing documents and talk about the all important subject, discipline.
MS. DICKEY: Okay. Discipline, it is an important subject and it’s important because it maintains your standards and value. Now a few years ago your organization adopted a code of ethics. Do you remember doing that? Okay. Now let me read a couple of passages to you from that.

American Legion Auxiliary members are expected to comply with the organization’s governing documents and comport themselves according to the following code of ethics. This code of ethics serves as a guide for conduct acceptable within the American Legion Auxiliary. Members are expected to abide by all laws and demonstrate their ongoing commitment to core values of integrity, honesty, fairness, openness, responsibility, and respect.

Now sometimes your members make mistakes. And sometimes your members don’t pay attention to your code of ethics. And that’s not surprising. I see that in every organization that I work for or that I’ve been a member of. So what happens when a member behaves contrary to your standards? Well, it’s important that you address that inappropriate behavior and that you do it in a very timely manner. You can’t talk to somebody and say, well, eight months ago you did, da, da, da, da, da. You have to do it in a timely manner.

Now my suggestion would be that you start with a conversation. Now there is a process, and I’ll be talking about this in a few minutes, about a trial or a hearing and all that. But really what you’re trying to do is make sure that members’ behavior comes back in congruence with your, with your standards. You want that member to be a good member and to change their behavior and to help them address that. So you can just start with a conversation. Inform that member of her inappropriate behavior. And then listen to the member, hear what that member has to say. And then ask for a commitment to not, so that that member will not continue that inappropriate behavior.

But then when you are having that type of conversation, all you can do is ask. And hopefully they will listen, hopefully they will change their behavior. They might have a different story. There might be an explanation that you don’t know about. Maybe what you heard was not correct to begin with. It can be more of a counseling session. However, if that’s not successful, or the member refuses to change, or you see a continual disregard for your standards, then there is a more formal process that you can take of disciplinary procedures. And so let’s talk about that and what you need.

The American Legion Auxiliary Standing Rules state that the unit has the responsibility to discipline its members. So in order for that to happen your unit bylaws have to have certain provisions, such as for any violation of unit, department, or national governing documents, or for conduct improper or prejudicial to the welfare of the Auxiliary or the American Legion, any member may be subject to disciplinary procedures, including suspension or expulsion from membership, or any officer removed from office, as long as the member or officer has been afforded due process and the procedures in the standing rules of this unit have been followed. So let me explain a little bit about that.

You’re setting up reasons why, causes that can lead to disciplinary action. You are also setting up that there can be disciplinary action, including suspension and expulsion. It doesn’t mean you have to go that far. It could include something as simple as an apology. It could include probation, and probation could include something like that they have to complete a course in anger management. You are
trying to, what you really want to do before you go to suspension or expulsion, you want to see if this member will change their ways. And hopefully they will. But unfortunately some people do not change. Some people are not good members of a member organization. They are just not wired to be that. And so you do include that, a possibility for suspension.

Suspension means that they, all their rights have been taken away for a certain amount of time. Normally it should not exceed one year. Expulsion means they are no longer a member. Now whether or not they are able to reapply to be a member at some time in the future could be also put into your governing documents.

Also, you want to deal with dealing with members or dealing with officers. And so you want to be able to just to remove somebody from office. So those need to be set up within your governing documents.

Also it talks about that you are going to afford the member or the office due process. And it’s important to understand what due process means. Due process is that the member is informed of the charge and they have to be given specifics. You can’t just say you had inappropriate behavior, because that doesn’t tell anybody anything. They have to be informed of the charge and given enough time to prepare their defense. So if you are giving them some real sketchy thing of what they might have done, they have no idea in some cases what they did. And they have to be given enough time to prepare for their defense. That amount of time if you are an incorporated entity is usually dictated by state statutes. So you have to look what your state statutes say. In most cases it’s a minimum of 15 days. Okay?

And then you have to give the member an opportunity to appear and defend herself. If the member does not appear, you continue on without her. But you have to give her the opportunity to come. And she needs to be able to defend herself. That means she gets to state her case, she gets to ask questions of any witnesses that are being presented. And they need to be treated fairly, as what any reasonable person would consider fair. So that is what constitutes due process. It’s not a court of law. You don’t have to follow laws, but you need to follow your own process. And that’s why I stated in here that you need to make sure you follow the process that is in your standing rules.

So let’s talk about what that process could be. There is a sample process within the unit handbook. You can adopt those. You can modify those. Robert’s Rules of Order has a process, too. You can adopt that.

Let me talk to you a little bit about what elements of disciplinary process are, especially a fair process. First would be that there is an investigation by a committee, more than one person would be helpful. Then the committee reports and charges can be preferred if they are warranted. The investigation might look into it and find out there’s nothing warranted there. But if there is then charges can be preferred. If that’s the case then you have to notify the accused. And it’s important that you document notifying the accused. You can do it in person. If you do it in person, I would suggest you have two people notifying so you can testify to that. Otherwise by mail is a good way, certified or registered mail so you have documented that you have notified the person.

Then there is either a, what you might call a hearing or a trial where the facts are presented. People get to ask questions about that, both the accused and the accuser. And then a decision is made. The trial can either be held by a committee, depending on your procedures, or by the whole unit. If it’s held by a committee,
then the committee makes a report to the entire unit and suggests what the outcome, what the penalty, what the sanctions, whether or not you are trying to put this person on a probation, or if you are trying to suspend them, or you’re trying to expel them. And so a decision is made there. Those are the main elements of the formal process.

Now disciplinary procedures for departments are in the National Standing Rules under Article 9. And those must be followed. Departments can discipline their department leaders, their officers. Also departments are the appeal board for any disciplinary action in a unit.

So now let’s talk a little bit about what provisions need to be in your governing documents, and I’m going to talk about the unit first. Too many times when I work with organizations I see in governing documents there are eligibility requirements to be elected to a position. And like Dubbie said, we have some differing opinions on that. I am going to suggest that you do put some but they are so very basic they are not really into getting too defined. But I see that they put them in for election, but then something happens afterwards. The person has been elected but they don’t cover serving as the officer in the position. So I suggest you put into your governing documents qualifications for election and service as an officer. And I will explain that.

And what I suggest that you do, and these are just very basic, is that the person be a member of the American Legion Auxiliary, and that they be in good standing as defined in the National governing documents. And I will explain why you can get yourself into trouble if you don’t have that very simple thing in there. Now let me explain, too, good standing is now defined in your National governing documents and it is defined as a member whose dues are paid up to date and who is not subject to suspension or membership revocation under due process. So that’s good standing. If you have someone who you’ve had some issues with, and let’s say she is an officer in your unit, and you’ve had a disciplinary hearing and you decide to expel her, and you don’t have a clause in there that they, to serve as an officer that they have to be a member, you’ve expelled her, she still retains her position as an officer even though she might not be a member. And I’ve dealt with that with some different organizations. So if you don’t have this within your governing documents, that they qualifications for election and service, that they be a member and that they be a member in good standing, that’s very important.

Also it’s important that you have, that officers, that you define what their term is. If you just put in there that an officer shall be a certain officer for one year, then that is taken literal, for 365 days and so you can’t remove them. It’s more important that you put in there, if they, if you want to put in there that they serve for a year, let’s say a term of one year, you need to put in there or until their successors are duly elected or appointed or are otherwise provided in these governing documents. You need to put that or in there so you can allow to remove them. That is another important thing.

Another important provision, and this is just from my own experience of working with groups in this, is to say that any member subject to disciplinary procedures shall recuse herself from all deliberations concerning charges against her. I think in, if you look at the sample for disciplinary procedures in the unit handbook, it says that the unit, the members of the unit will serve as, will make the decision on that. Well the member who is accused is also a member of the unit, so she would sit then too. It becomes very awkward to have those deliberations when that member is
sitting right there. So my suggestion to you is to put in there that she will recuse herself from all deliberations. She still gets to come and present her own side, her own testimony, and all that. But when it comes down to the decision making process, then she cannot be a part of that process.

Now along the lines of provisions for departments, they are pretty much the same. Except that departments besides also having officers also have sometimes directors or trustees, different classes of people that serve on the board other than officers. So you want to make sure you cover all those, of what they say, all the different classes of types of people. If you have chairmen that sit on your, in your department, you might not, but some of you have directors that sit on your, and so you want to cover all those within these areas.

Now once you’ve put, made sure that you have adopted good provisions within your governing documents, the important thing is that you address inappropriate behavior in a very consistent and fair manner. Because only then will you live up to your standards. In parliamentary procedure there is a saying that silence gives consent and it gives consent in a lot of different ways. You can say if there’s no objection we’re going to take a break, and if nobody objects then you’ve given your consent to do it. You can, if you, if you are absent from your, a meeting, you have given your consent for other people to vote on your behalf. When you are silent about inappropriate behavior, then you’ve given your consent for that to be your standard of behavior. And so the only way to really enforce your standards and your ethics that you have within your code of ethics is not to be silent to it, but is to address it. And like I said, address it first very simply as a conversation. If that doesn’t work then make sure you have provisions in your governing documents and can do it that way.

I’ve also been asked to talk about electronic meetings because sometimes understanding that has been an issue. First of all, let’s understand what a meeting is. Robert’s and most state statutes that I’ve read define meetings as a gathering that provides an opportunity for simultaneous oral communication among all participants. So let’s understand that. Simultaneous, that’s all at the same time, that we can all hear each other at the same time, by all participants. It doesn’t mean all members but all the people who are participating in that gathering. Okay? So that would include face to face meetings like we are right here, okay? It would also include telephone conference calls, because you can all hear each other at the same time. And any voice over internet type of thing, like Skype, GoToMeeting, any of those types of things. Or any combination of those. You could have some people in a room like this, you could have some people Skyping in, we had Kris Nelson calling in today. We could hear her, I think she could hear us for the time that she was on there. Okay? If that could happen then that is a meeting.

Now sometimes there is a need to conduct some business without a meeting, so that means when you don’t have a meeting that means that people can’t all hear each other at the same time. And so if you want to do that you have to have provisions in your bylaws to do that. And those provisions in your bylaws must be consistent with your state statutes. State statutes cover that. So you have to know what’s in your state statutes. Now examples of methods for conducting business without a meeting would be like doing things over email, because you, it’s not all happening at the same time. Somebody might send an email and two hours later you get it and then you answer back. Or in a chat room, or sending out a mail ballot by
the Postal Service, or by email. Or sending something over fax machines. So you have to understand how that works.

Now there are different provisions in governing documents that deal with boards, how you do business without a meeting for boards, and there’s different provisions how you do that for your membership. So if you are talking about doing it within your unit or your department. So you have to look in two different sections of your state statutes to know that. But there’s common requirements in the state statutes. One of them is the vote threshold. That is what percentage of members must vote in order for the vote to be valid. Depending on the state, it can vary from anywhere from being a totally unanimous vote that every one on your board has to respond and they have to respond in the affirmative, anywhere down to what might be the same vote threshold if you were all here together, just like a majority of those participating. More state statutes that I’ve read than not require a total unanimous vote. So you have to know what that requires. That’s for boards. General membership can be different.

Documentation, how do you document that vote? A lot of them say that you have, each member has to have that question on a piece of paper and their signature has to be on it. They just can’t type their name on an email. They have to have their signature on it. But you have to know what it says in the state statutes. And then how do you record those, that, that motion within your minutes? Most of them say that in your next meeting you would list that, that motion had been taken. Just like Dubbie said you had a summary of motions that had passed, you would have a summary of motions that had passed since the last meeting without a meeting.

So that’s pretty much the thing on electronic meetings or doing business without a meeting. It depends on state statutes so I can’t stand up here and tell you one way to do that.

So I think now, Dubbie, we’re open for some questions. Is that right?

SECRETARY BUCKLER: I’m going to ask one question, and that is if you have a burning question right now we’ll take it. My request is, can you hold your questions? Because I think the next presentation is going to feed right into some of the things we’ve said, and I think it would be better for you to hear the next presentation, and then let’s have questions after all of that. I’m sorry, Madam President, is that okay? I should have -- in the interests of time I just went ahead and said that. So turning it back over to you, sorry.

PRESIDENT JEFFORD: No, that was perfect because we are getting -- all right. So now our next presentation takes the same theme but in another direction. To be a better organization we need to understand our roles as fiduciary stewards. Not just as the NEC at the national level, but at the department and unit level the governing board has a big responsibility. Given some of the things that have happened recently in some of our departments, it is really important that you listen carefully to our next presentation. So we have, please welcome our National Finance Chairman Nicole Clapp. And back by popular demand, Mr. Mike Alerding.

MR. ALERDING: Just up for one more time, thank you.

(Please of applause.)

CHAIRMAN CLAPP: Good morning.

MR. ALERDING: I’m going to start off. Nicole is going to work together with me and we’re going to kind of divide this up a little bit. And we’re a little bit later in the day than we thought, but we don’t want to lose any of the context here
because it is very important. There’s a lot of stuff going on, as you well know, and yesterday in my comments I mentioned that we were going to get a little bit deeper into some things today. So what we’ll talk about are the definitions of fiduciary and stewardship. And they should be mantras for all of you. Each of you should understand what they mean, and should be practicing stewardship and fiduciary duty each time you do anything relating to governance.

Fraud in the not for profit sector, we’re going to talk about fraud. We’re going to talk about the types of fraud. How does it happen? Where does it happen? And some of those issues. Why is it so prevalent? I’m going to walk you through. There are reasons why, I hit on them yesterday a little bit, we’ll get a little deeper today. But there are reasons why in the not for profit sector in general, I’m not talking about ALA specifically but in general. Common types of frauds in not for profit organizations, we’ll actually give you some examples and some of them will shake you to the bone because they are so simple. Others are so complex they are simple. You just, you can’t believe what goes on. Best practices regarding to safeguards assets and establishing internal controls, what are the best practices? What are the easiest, best, we understand that you can’t go out and hire 71 people in every unit to be able to make sure you’ve got all the segregation of duties covered but there are some things you can do. And then just, the talk we just had will cover a lot of this in the last bullet, protecting your organization. And I will cover some things later in the audit side and some of the things we can do in the audit side.

First of all, just a little bit of background. I gave you some of this yesterday but to kind of update you, there are 2.3 million not for profit entities and over a million 501(c)(3)s out there today. Most of those were created from 1963 to today. So very few, if you want to go all the way back to the Revolutionary War era, and that’s when not for profits started, that’s when the government didn’t have any money and couldn’t afford to provide its citizens with healthcare and charity. It couldn’t afford it. So what it did it enabled organizations, not for profit, to be able to provide those services. And as a result, there were only excise taxes back then, the government said we won’t make you pay taxes. And that’s the deal, that’s how it got started. So it was done initially to keep the government alive and now it’s flipped. The government gives us the ability to work as a not for profit, and we best follow their rules. So part of following their rules is what we’re going to talk about today.

I said yesterday 87 percent of the not for profits out there, the (c)(3)s have less than $25,000 worth of revenue a year, 87 percent. Which I know includes a lot of the organizations we’re talking about. Not for profit entities, listen to this, employ 14 million people and $1.5 trillion in revenues. That’s a T. It’s big, big, big business. And it’s getting business. Private donations just to (c)(3)s in 2012 were $323 billion. That’s how much private donation was made to them. Associations of certified fraud examiners, which our firm is and has on staff, estimates that over five percent of the revenues were lost to fraud, or $75 billion a year. But really we all know is that that’s only a fraction of what actually is going on. But it’s what gets reported and you have to have that.

Accordingly 23 percent of all private donations are lost to fraud. That’s a horrible thing. For every dollar you give, 25 percent of it is being stolen or otherwise misused. And that’s just not, that’s not good.
SECRETARY BUCKLER: Not in this organization.
MR. ALERDING: I’m sorry?
SECRETARY BUCKLER: Not in this organization.
MR. ALERDING: No, no, no. That’s for sure.

(Laughter.)
MR. ALERDING: Yeah. Did I imply it was? Because I apologize if I did. Fiduciary stewardship, I’m just going to, I’m not going to run you through definitions, you can read. But it applies to a duty, and fiduciary is one that I think is near and dear to my heart especially when you spend as much time in not for profits as I have spent. It applies to a duty that you all have to your organization, all of you. And it’s not exclusive to certain roles that you might play or certain titles. All of you have this duty. It’s a duty of trust, it’s a duty of loyalty, and it’s a duty of dedication. And those sound like flowery kind of words but they are really powerful words. I’m in the middle of a trial right now in a larger city in the Midwest where an accountant is being sued because he lacked fiduciary care in the performance of his duties, and he could lose his license over this. Because he didn’t follow the first of those, the trust. He broke his trust with his client. You have the same duty. Okay? It’s a legal duty, as well as a moral and ethical duty.

Stewardship, you probably all know what that means. When you look up the definition it gets kind of crazy. So I didn’t want to get real crazy with those. But it’s the shepherding or safeguarding of assets. That’s what that really means. If you are a steward, and that goes back to the old stewards who served you, you shepherded and you protected assets. What are the assets that you all are protecting? What are the valuables that are in your command? The name and brand and the goodwill of this organization. You have a duty to protect that brand. So everywhere you go, everything you do, everyone you talk to, that’s part of your duty, is to protect that brand. The assets are both tangible, cash and equipment and computers, but they are also intangibles. And those are including goodwill and some of those others. And lastly, if not most importantly, reputation. We talked yesterday two or three times. If you blow it and the reputation gets soured, you are in big trouble.

CHAIRMAN CLAPP: So when you look at fraud and you look at not-for-profits, looking at what does that mean in your organization. I know you’ve been sitting for a long time. And so I’m not going to have you get up and down. But just kind of in your mind, or raise your hand, if some of the things apply to you. So in your organization, how many of you get handed a donation, pass the hat, at a meeting, all the time, right? Well we here at National adopted a policy a few years back that we no longer allow for passing the hat at meetings because I give, and Ms. Delaware? Okay, Carol. I give you five dollars. What are you going to do with the money?

VOICE: (Indiscernible).

CHAIRMAN CLAPP: Okay. So if she would be at home, she’d take it up to the safe, put a note on, put it in there, and who it was from. But we’re at a Convention, so it gets stuck in your purse, it gets stuck in your pocket, you find it and think, oh that $5, what was that for? Or who was that for? Who was that from? So realizing that every one of those donations, I myself would say I gave a $5 donation to X project. We have no track of that, no record of that. So when you look at that cash donations, handling that cash in those situations. And it happens, I mean we all have the good donations. We want, oh we, spur of the moment, oh,
someone is ill, or you know, we want to help with the K-9 project or whatever it is. But realizing that we have to be able to track every one of those donations. So it’s really, if it gets, even it can be, just like I said, a simple $5 bill. Okay?

But then when you track that are you sure that that donation actually ends up in that safe and gets accounted for for the right person? So when you think through those steps it can be very simple but that can lead to a bigger problem down the line. So just, it’s, we don’t want to, you know, shank or goodwill by any means, but more importantly we just have to make sure that we’re doing it in a proper fashion. So like I said, you may want to consider that at your department level or even at your unit about passing the hat. That’s just a policy we put in place on no solicitation. Okay? Does that make sense? All right.

So then other effects are, as Mike talked about reputation. I’m a hospital CEO. So all the time I am worried about what’s going to be in the newspaper next week. And for a couple weeks we were in there three out of five weeks, and it was really good because we were in the process of buying ourselves from the city. So that was great news. But every week, and we made the top of the fold and we were the headline two of those five weeks. But every other week I’d be like, okay, are we in the paper? Okay. I’m glad we’re not. So when you look at what can happen to your reputation, it can be as simple as someone thinking they made a donation and now not being able to get credit for it because on their own tax return now they got audited and there’s no way to validate that. So realizing that it does have long ranging, and I hate to say, negative publicity. We hear the news, we hear the 60 Minutes. That’s one thing I always say to my staff, is I don’t look good in stripes. I’ll wear stripes once in a while, but not often, but I know they’re not going to be black and white stripes and they are not going to be an orange jumpsuit, okay?

So realizing that it also affects your employee morale, because it happens. We are humans. We know things are going to happen, things are going to go wrong. We are going to figure out how to correct them and we are going to figure out how to move on from that. But it does affect your morale. Because as Mike talked about, trust, trust is affected. Because I’m not going to trust you the same way I did yesterday with that five dollars I gave you. Okay?

Looking at your human assets and your resources and economics, it takes a lot of time and energy to do an investigation. We heard in detail, the copious amounts of documentation and work that go into an investigation and then the due process and then the trial. All of that. Hopefully we don’t have to get there. That’s not why we joined this organization, was to have to police each other. But I hate to say in society today, we have to. All right?

Then looking at it does take away your focus. It diverts your focus from what you are here to do. You are here to serve veterans and their families. As I said, you wouldn’t have joined this organization if you weren’t. So realizing that that one instance can really have a lasting effect. And that negative image then, if other people, oh, I think I heard about that organization on the news. Or if you recall years ago, Heaven forbid, The American Legion and what did you always hear them associated with? Legionnaire’s Disease, okay, and then sometimes some establishments where you can consume beverages, everyone has a social club. Well, sometimes that has a negative connotation as well. So realizing that for us it’s not only our local people, it’s the regulators, it’s our potential larger donors.
You heard that we have to work on planned giving. Well planned giving, those are the types of people that we want to want to be associated with us, and we want them to be associated with us. But if we have a black cloud then sometimes it’s pretty hard to turn that around. Okay? All right.

MR. ALERDING: The question always becomes why is it so prevalent, why are controls so lacking? And they are. Just so you know, they really are. I commented yesterday how fortunate we have been at the Headquarters and how well organized it is that we have had no reported material weaknesses in the last five years, that’s amazing.

Unfortunately there is a founder syndrome in many not for profits, this is not one of them. But in many not for profits, there is a founder syndrome or power is sucking in one individual and that individual tends to be tempted for personal inurement issues to use the not for profit for reasons that are not appropriate and therefore controls, and they don’t hire management people that can have the expertise or provide them the trust. Too few resources are allocated. I just mentioned yesterday, when you go down the list and it used to be (indiscernible) --

CHAIRMAN CLAPP: Okay, Michael.

MR. ALERDING: Okay. It used to be that people would say, well wait a minute. If you’ve got all these resources that you are using for your, your programs, that makes you good. Now we’ve switched it around and the more resources you are allocating, within limits to management and administration are better because it is now protecting those assets. And let’s don’t kid ourselves. Not for profit employees are paid less than not for profit employees so there is a rationalization that comes with stealing. And I’m not suggesting it’s a good rationalization and I didn’t say it was a good reason, I said it was a rationalization. And that’s what happens.

Volunteers provide a lot of assistance in many not for profits. But volunteers aren’t paid. And for those of you who do a lot of volunteer work, again up here you don’t feel quite as obligated or connected if you are not getting paid for it. So you also have an incentive to say well I give them all this time, I should get something for this. It really should make sense.

Insufficient funds are spent on internal controls. Internal controls are not that expensive. One of the best internal controls you could every do is free, and that is in the cash area an individual, usually the top executive, who is not involved and cannot sign checks -- Dubbie, can you sign checks?

SECRETARY BUCKLER: Not over a certain amount and only with another signature.

MR. ALERDING: She has to have someone else do it. She can’t do anything without them. Dubbie would be a person who could get the bank statement online or in paper copy directly to her for her to review. Now what does she have to review for? What is she looking for? It doesn’t matter. It doesn’t matter what she’s looking for. What matters is everyone knows that that is a deterrent to anyone playing games with that cash account. It’s called a deterrent control. Those kinds of controls are free. They take no time. They are simple. And yet they are too often not used.

Frauds go undetected because of the fear of repercussion. We talked about this in our Finance Committee meeting yesterday. That so many not for profits when they do finally discover a fraud, they don’t want to say anything to anybody. The board meets secretly and they go, oh my God, let’s don’t tell anybody because
our donors will give up on us. And then what happens? It perpetuates it. And then once it gets perpetuated, it never stops. This is rampant. And we’re going to talk about insurance later and this will come up again in the insurance area.

These are yours. No, these are mine. Sorry about that. We keep switching these things around. Okay. Here’s the kind of things, the frauds against the organization. First of all, skimming. We just talked a little bit about skimming. Skimming is so easy, if, you know auditors can do a lot of things. They can audit what’s recorded. It’s a little bit harder to audit something that never got recorded. And that’s what skimming does. It happens a lot. I think we can get these slides, Dubbie can we get these slides out or posted or something? Okay, good.

Credit card abuse, my number one hang up. Half the fraud we run into in not for profits is credit card abuse. It’s unbelievably bad. And if, if your organization gives someone a credit card on behalf of the organization, beware. I will just tell you, beware. There are all kinds of issues with that. You must establish a good internal control policy, or control that card so that no one else can use it and that number.

Fictitious vendors, nobody talks about this much. This one is again, I think it’s my second favorite, no it’s third. Payroll is my second. The fictitious vendor is pretty simple. You set up a vendor and the account that is your name, if my name is Mike it would be Mike’s Supply Company, or MP Supply Company. And then the checks go written to that organization and it happens all the time. And I’m telling you, this one we do as auditors now we have a huge test that we go through all the vendors to see if we recognize them.

Conflict of interest, we’ve talked about that. Where there is a hidden reason why we are using certain vendors and that conflict is a board member, someone in control, someone in governance, has a company that we are buying from or selling to.

Payroll schemes, again, one of the biggest frauds we ran into, probably the biggest, was an individual for 15 years who was using Paychex, that’s the automated system, and instead of writing a number in the, in the withholding account for his health insurance and other things in his paycheck, instead of putting a whole number in there, he put a negative number. Now what does that do? I know. So you just hit it, too. You went, oh, that’s pretty good, isn’t it? That’s what we thought. We all got in a room and said how did he do this? And then when we figured it out we went, whoa, that’s pretty good. This guy was sharp. Fifteen years he did that. Fifteen years, got away with a little over a million dollars doing it. Fifteen years, and he did it negative, and he put a negative number where it should be a whole number and instead of deducting from his check it added to his check. And he did it for 15 years. Almost a million dollars. He was, the FBI got involved because it was so, it was so bad.

Fictitious reimbursement on expense reports. I won’t get into subrecipient fraud because it’s not as, not as big a deal here, but that’s also another one that’s pretty significant.

All right. Frauds committed by the organization. So when you are looking at what the organization then in turn does. Instead of someone doing something to it, flip side, what does the organization do? So deceptive fundraising practices, meaning what you say you are raising the money isn’t really what the money goes towards. Okay? You’ve heard of designated funds or restricted funds, unrestricted
funds. So what you said you were going to use it for, did you use it for? And was the true value of that donation represented? A lot of times in that fine print you'll see maybe only 80 percent of that donation, you know, is tax deductible. So all of those things are all IRS laws that can ultimately get you down a path of looking at, back at yourself, of uh-oh.

Under recording of expenses and cost to make the bottom line look better. As you know, we look at those three main areas that we talked about last night. So if we skip down a couple there, of allocation of expenses, to program, general administrative, and fundraising. You know, we love, last night I heard you all cheer when we do so much for our programs and our purpose, and then we had a little bit, a little bit in management in general, and then we had a really little bit in fundraising. Fundraising is that area that we’re just not really comfortable with. I mean, honestly, how many of you like to go ask for money? There’s a couple of hands in the back. It’s not me. I have a, I have a foundation that does that. I, I’ll be the figurehead of the company but I’m not going to ask you for money, most likely. Okay? So realizing that all those things, and it can be not just on the intake. It can be on the expenses as well. So when you look at those things make sure, you know, you can match it up one for one. And then looking at the inaccurate reporting on your governmental forms. Sometimes you just think, oh, they’re not going to, why would they look at me? I’m just one of how many million citizens. How many, as Mike said, how many corporations are there? So the thing is that yes, we all can be picked out. I remember in college, I was in college, I was a freshman in college, I got audited as a freshman in college, I was like, what? It was scholarship money that wasn’t recorded properly that I got. So I was like, I called my mom, I was like, (indiscernible), you know? So we got the attorney on the phone, and the audit, and our -- and it was something very simple. It was just a typo. But still, I’ll be honest, I was shaking in my boots at 18 years old. So realizing that, you know, the misreporting is what happened. But you have to look at the fine print. All right? And then again, reporting back to those other organizations because they want their credit. Because if we don’t return that we’re not going to get that donation next year. Okay?

MR. ALERDING: Best practices, and best practices we talk about these aren’t necessarily rules. These are the practices that good organizations use consistently. And we talked a great deal about governance so I won’t go through a lot of that. But it’s really important that we understand the difference between governance and management. They are not the same. And too many boards, especially in smaller organizations, want to try to do both. They want to get too active. And they really think they are doing something good, that it’s the passion. They want to get, and they really want to help save animals. But we don’t need animal savers. We need some, but if you are all animal savers we’re going to go broke.

Governing body composition and tenure, governing body composition and tenure. When we looked at different committees here at Headquarters they do a marvelous job of looking and saying not just who, show me who wants to be on this committee, they say who do we need involved in these committees from an expertise, from a background standpoint? Because you need to have a good balance of people on there. And you also need to have tenures, that we’re going to talk about here in a little bit, appropriate policies for rotation. I think I mentioned yesterday,
sometimes the issue is the other way, you can’t get rid of these people. Especially
the real passionate ones. My father once told us, my father raised seven kids and we
were all pretty active and stuff and he was extremely active. He used to tell us all
the time the real secret to a good not for profit board are the three Ws, some blend of
these three Ws, and that’s work, wisdom, and wealth. And if you were good, you’ve
got good workers, and good workers are the passionate people who want to save
animals. You need some gray hair, for the wisdom piece. People who have been
there and done that who know other people. And then of course, as we talk about,
you’ve got people who are wealthy. And it would be nice if they showed up to a
meeting every once in a while but just make sure their checkbook shows up ahead of
them. Those are the, those are the best ones. I won’t go there.

Establish appropriate committees, executive committee, finance committee,
and audit committee. Look at the terms we have suggested, especially finance and
audit. You really need to have consistency there because things turn on a longer
term. Just a good example is the dues change. How long was that tail? How long
was that hockey stick to be able to get that done? A good five-year, three-year
tenure gives those members the ability to see how that winds itself out.

And then don’t stop training, don’t stop training. I know the hospital
industry is perhaps the best I think at this. The board has to go constantly to
training. And I think part of what you do, and I applaud you every year, is you do go
through a great deal of training every year and it’s really healthy for you.

CHAIRMAN CLAPP: Okay, well this is my area, the Finance Committee.
So yes, we are accountable to the governing body. So NEC, we are accountable to
you, all right? We are, as you heard me say last night, our responsibilities are the
internal controls and the financial reporting, that it’s appropriate and accurate. Also,
the investments. To some people investments are a scary thing. We have, every
time we meet we have our investment individuals from Valeo either physically here
with us or on the phone. We spend 20 to a half hour, maybe 40 minutes going over
every one of our investment accounts and then changes, in this, like this meeting we
just went over our year end summary as well as where are we three-year, five-year,
ten-year, and then you heard Mike say last night 8.8 return on the last so many years.
So realizing that every aspect of our business is not just the cash that we see it’s, I
always call it our savings account and our checking account.

As I tell my employees, we’re not going to pay our bill out of the savings
account, we’re going to pay them out of the checking account. If we’re going to dip
into savings there’s a good reason for it. It’s something we’ve wanted or something
we needed to save for, or something happens. Just like the water heater went out at
my house last week so I had to dip into the other account to get that money. So
realizing that as you are preparing these documents and realizing that the budget, it is
a guide. There will be things that will happen. But you have to have the guide. And
that’s done by management and then we, we review the budget process, the proposal.
We meet with the national chairmen, and then for you as your department chairs you
figure out what’s the appropriate budget and what can we live with within our realm.
We know we don’t have endless coffers. Okay? And then realizing that that budget
gets presented to you, the governing body. You will not hear me at National
Convention ask the Convention body for approval of the budget. That will be your
Department Executive Committee, your DEC, for us it’s our NEC. That’s the
difference again between oversight and the management piece.
And then the communication of the financials and the data. The staff prepare them, they send them to us on a regular basis. We review them, we comment on them. I sign off on credit cards slips for the four national officers. They have all their credit cards receipts, they, then they email me the statements, and I match them up and I review them. Technology can be your friend in that because I’m Wisconsin and they are in Indianapolis or all over the world depending on where the National President is at that time.

And then lastly looking at your board membership in finance, do any of you have members on your finance committee who are not Auxiliary members? Okay. Mike talked about expertise and he talked about having the wisdom. That’s something for you to consider. Sometimes they are just in an advisory capacity as well. And how many of you have past department presidents serving on your finance committees? Have to be? Okay. And how many of you have more past department presidents and non-past department presidents on your committees? Okay. All right. At the national levels we have currently four PNPs and myself serving. So just looking at your makeup, you’ve your wisdom, as Mike talked, and the wealth, but also realizing you want to make sure that you have a good balance of expertise as well. All right?

MR. ALERDING: Now just to carry on a little bit, it is, there is nothing wrong with having non-members on your committees. I am an independent audit committee chair for a number of organizations. I’m not a part of the board. And the reason I’m not a part of the board is I don’t want to be a part of the board. I want to serve them independently and objectively. I don’t want to be too deeply involved in it, compassionately, because sometimes you lose your, so it’s not bad. You have to look at your bylaws, you’re going to have to determine what all that legal mumbo jumbo is. But I’ll tell you, from a practical standpoint I’m a pretty good audit committee chair when I don’t have anything but the organization from the outside to be concerned about.

And the audit committee is one that I’m so absolutely thrilled that so many of you have put together an audit committee. It really is important and the last bulletin and the last point is the one that started a good part of this. The IRS basically said you’d better do this. You’d better do this because if you don’t we’re just going to come in and we’ll take care of business, you don’t want that to happen. It has to be as arms length as it can. It can’t be completely at arms length but it needs to be a standoffish committee. This isn’t about power, this is about independence and the ability to see things at a broader scale. Remember, the audit committee serves you. It serves the governing board. Instead of all of you acting as an audit committee of the whole, is what it’s called, or a finance committee of the whole, you elect committees that have specific expertise and have specific focus that are able to help your, help you get through your duties.

The audit committee is responsible for long term risk assessment. They look at risks in a much broader sense. They also look at whistleblower policy. Does anybody, well I’ll just say it. Whistleblowers came out of Sarbanes-Oxley, and a whistleblower, each state now has separate statutes on this. Every organization should have a policy and this organization certainly does, where if anyone that works at Headquarters has got an issue and wants to say ringy-dingy-ding, I think Joyce is stealing money, or I think Joyce is walking off with something, or I don’t think Joyce is doing this. There is a process for that. The audit committee hears that, the
results of that process and in two of my organizations that I chair, or the audit committee, I am the one that gets those calls. So they call someone completely outside the organization to let them know. It’s a whistleblower. And it’s very necessary. Most of the frauds, they get caught with whistleblowers. That’s where most of it comes. You can’t audit enough to be able to catch a lot of these.

The people, it requires not just accounting and finance. This is where it gets a little bit hairy. Accounting is to auditing as a dog is to a horse. They both are animals and they both run on tracks, but they are very different animals. Same with auditing and accounting. They are similar, they are both animals. But auditing is a skeptical approach toward looking at information. Not just accounting information, but all kinds of information, and rendering an opinion. For those of you that are old enough, probably not many of you, to remember Columbo, the detective, that’s what the auditors, that’s what they do. Their little trench coat and they run around and ask really stupid questions.

(Laughter.)

MR. ALERDING: Great. It can be as few as three members, or even as few as one. I am on one small little league, I am the audit committee member, I am the audit committee, I’m the whole committee, just me. And I do it because it’s a good, it’s an organization I’ve been involved with for 30-some years and we started some things. I want to do that. And they should be as independent of the organization as you can. Honestly it can’t be totally independent in some cases but the further away they are from all the mixing up the better off an audit committee chair is. Yes.

Okay, me. Protecting your organization, internal controls. Segregation of duties, I know you’ve probably heard this term. Segregation of duties, making sure that a person does not have conflicting duties. Which means that they can’t both sign the checks, produce the information that backs it up, and record them. Well, that’s kind of stupid, folks. That means you’re just leaning into a left hook. So let’s don’t lean into left hooks. Stop it. I mean, be sensible. You wouldn’t do it in your own account, you just wouldn’t. Think a little bit when you do it.

Secretary and treasurer cannot be the same person and have the same responsibilities and hold the same -- right, okay. Do you want to talk a little bit about that?

CHAIRMAN CLAPP: Right. We’re going to -- yeah, if you want to flip to the next slide, Tim, we can do that right now. For your organization, you’ve heard today from the secretary survey that Dubbie was talking about that some of you now have treasurer and secretary, separate roles. Remember that the secretary still can be the department executive at headquarters. The treasurer doesn’t have to be a paid position, it can be a volunteer. So if you start to think of it just a little bit more outside the box of who do you need, and it doesn’t have to be someone that lives right by headquarters. You executive committee can nominate and select someone that lives in the area so that it isn’t a hardship to come and have to look for that, or make a special trip in for the checks. But also realizing that as you are doing that make sure you talk, as Dubbie just said, something about a threshold. How much money does it take to have two signatures? Because there are times, obviously, that the secretary is going to have to be the one but realizing that the treasurer, you’ve got that secondary signature then. So just think of it a little differently than we always
used to. You’ve got some potential there. So if you can go back to that other slide, Tim?

MR. ALERDING: Independent reconciliation of the bank account monthly. How simple is this? Reconcile the account. It’s pretty simple. It doesn’t take long. If it doesn’t reconcile, er, you have a problem. That would be your first clue. Independent review of expense reports and credit card statements, and the word independent is what’s most important there. Deposits made independent of recording. You should not have the same person making the deposit as who is recording it in the accounting, basic accounting records. They can make a list of what the deposit was, someone else should be recording it. Use automated integrated bookkeeping systems like QuickBooks. I’m not selling QuickBooks, I don’t get any money from them. I don’t care what you use. But use an automated system. And why do I want you to use an automated system? Because it’s foolproof. We call it idiot proof, but it’s foolproof. You can’t make a one-legged entry. For those non-accountants in here it doesn’t mean much. You can picture it and it probably looks pretty ugly, but you can’t make a one-legged entry in a QuickBooks system. What it does it forces a discipline and you need that discipline inside your organization.

CHAIRMAN CLAPP: And we’ve gone over this information.

MR. ALERDING: Budgetary controls, I’m glad, I just want to kind of finish up with a couple of these. The most important control you can do, the most important. In the organizations that are smaller, $50,000, $25,000, a budget if it’s done correctly is the best control you can have. But to do it correctly you should be doing zero based budgeting. What does zero based budgeting mean? It means you start your budget with zero, you build it. Because if not the fellow that stole the million dollars over 15 years, they had a very strong budget. You know what he did every year? He budgeted the theft in. He was budgeting the fraud. And the owners were going, oh, that’s pretty good, we’re right on budget. Duh. So you kind of want to do it from a zero base. Build it. And then once it’s done pay attention to it. Monitor it every month. Make sure you are looking at it. And the best control as a governing body you can have is when it’s presented to you, the financial statements, and they are not close to or they are different substantially from budget, your questions need to be, well wait a minute. I remember going through this. Why are we so far off? Did we hire an additional person? Did we not meet our goal in this fundraiser? Whatever it was it will give you a lot.

I strongly advise purchasing fidelity insurance. And a fidelity bond, you may have heard, or fidelity insurance, is on a person. You would be writing a bond on this individual who then will be insured and if that individual is caught stealing you can recover on that bond. So it’s a fidelity bond. And the other kind of insurance that you will see in many of if not all of your organizations, we hope, is you will have a policy in your general liability, a section called theft. Now, you need to read that. You need to talk to your insurance agent and you need to understand and you have to ask the stupid questions of your insurance carrier. What happens if someone steals money? Talk to me. Tell me what happens. Let them explain to you what the risks are and how the coverages go and if it turns out your deductible is bigger than any amount of money you ever have, you probably ought to review that. Because you are just getting, you know, you’re just getting screwed. You just don’t want to do that.
There’s a lot going on in those policies. The second and most important thing, I think, or one of the most important things is you must, absolutely must prosecute the person who steals in order to collect on a bond, or on liability, period. Do you understand that? So you may want to hide it, you may want to say, oh, God, I feel, I’m so embarrassed, let’s just let it go. You do that and you can’t collect.

Now, remember the stewardship and the fiduciary duty. We have a fiduciary duty to the members. We have a fiduciary duty to the donors, past and present and future. We have a fiduciary duty to the public. Well your fiduciary duty as a governing body is to collect on that bond, which means you’ve got to prosecute. So, you know, it’s one of those things. If you’re going to get into the insurance game make sure you’re in it because it, it doesn’t pay not to be.

Okay. Annual audit, I know you all talk about how expensive they are, and how ungodly expensive we are. And I’ll tell you, it’s just, it’s insane how expensive we are.

CHAIRMAN CLAPP: Just like healthcare, insanely expensive.
MR. ALERDING: Yes. Healthcare, same way. And it’s even worse when we audit a healthcare, you should see us. We just lather each other up.
(Laughter.)
CHAIRMAN CLAPP: Touché.
MR. ALERDING: That didn’t quite come out the way I wanted it to, but you get the point.
(Laughter.)
CHAIRMAN CLAPP: Good thing he’s got a plane to catch at 2:00.
MR. ALERDING: That just, I feel blushing, I think I have --
CHAIRMAN CLAPP: Uh-huh.
MR. ALERDING: Okay. First of all, insist on having an independent audit. Insist on it. Now I know you’re going to get this crap, oh my God, it’s so expensive. Listen, trust me when I tell you it is worth every dime of it. There’s a bullet point down here, the fourth one down or fifth one down, that said the cost benefit test is met. What that means is you as a governing board get more back than what it costs you every year. Every year you get more back. And I think what in addition to just feeling more comfortable, go back to the first slide. You have a fiduciary duty to be stewards of all these funds. And if you have a fiduciary duty to be good stewards you’d better be doing something, folks. There was a major, major issue in Indianapolis not long ago where it was blatantly negligent, in my view, on the part of the board for not having had an audit. And they rationalized it because it was too expensive and in this case the audit might have been a $5,000 to $7,500 audit a year, probably. And they lost tens of -- well, millions. Maybe not tens of millions, but millions, because they didn’t want to spend $7,500.

So somewhat like insurance but you get more than just an insurance policy. You get things, every year at the Headquarters we have a long closing meeting with Dubbie and Tim and Marta and we walk through everything that goes on and provide recommendations and we help develop things as they go forward.

A couple of other things here, the tools. You have, we don’t have that picture up anymore, the seven-pound --
CHAIRMAN CLAPP: The red book?
MR. ALERDING: -- yeah, show us that.
CHAIRMAN CLAPP: The big red book?
MR. ALERDING: That baby weighs seven pounds. I asked and it weighs seven pounds, and it looks like it. This is outstanding. Now I didn’t get paid to say that. That stuff is really good stuff. As I said the other day, I steal as much as I can. I’ve stolen some of that from there. It’s really good. If you need it, for goodness’ sakes use it. It’s there. I don’t know why you wouldn’t. It is a lot of work but it’s really well organized, it’s got search capabilities to it, and I think it’s great. There are tools on the internet for governance as well. They aren’t quite as tailored as I’d like to see them, but there are some good ones on there.

Final comments, each of you have this duty. You can’t escape it. You, when you put yourself in this position you put yourself in a position of being liable legally for what goes on in that organization. You assumed a personal liability, not just as an organization but each of you have that liability. Many of us who do a lot of these boards, I carry an umbrella that’s cheap, $150 a year for $8 million or something, because it is such an important liability that you have. And it sounds good when you become elected and you’re kind of cool and you’re standing there with all the badges on and stuff. But when you’re sitting in a courtroom and you’re raising your right hands and it’s not fun, trust me it’s not fun. Keep that in mind.

You have a duty that you have assumed. Like it or not, you have a duty for fiduciary care and for stewardship of assets. The constituency to which you owe these duties is so broad you cannot imagine it. You could go on all day listing all the, those people including and not limited to and in fact most importantly those men and women who have served our country and in the future will serve it and in the past served it and who are members today. You have a duty to them and you carry that emblem and that banner around. It is your responsibility. It’s a legal responsibility. It’s a moral responsibility. And it’s an ethical responsibility to do it. Not easy, I know everyone thanks you for all your leadership and all your willingness to do this. But just keep in mind, there is a cost that goes with it. If you do follow those skills, everything will be fine and the organization will prosper. Any other final comments?

CHAIRMAN CLAPP: I just want to say thank you, and if you have any questions obviously I’ll be here the rest of the week. And we appreciate Mike staying on an extra day to be with us this morning.

MR. ALERDING: Very good. Thank you.

CHAIRMAN CLAPP: Thank you.

MR. ALERDING: Thank you, Madam President.

(APPLAUSE.)

PRESIDENT JEFFORD: Thank you. I know we’re running over time and it’s late, but we really felt that it was important for you to have these presentations. I saw you taking so many notes. Was it worthwhile?

ALL: Yes.

PRESIDENT JEFFORD: All right. We’re going to, we’re going to hold questions off, you know, because we could always, always ask them of the presenters later, or by email. But if we have a minute, we’ll allow that. But right now -- do we have Kris? Okay. All right. Dubbie is, Kris got off the phone right away because she went to Mass and --

SECRETARY BUCKLER: She’s on.

PRESIDENT JEFFORD: She’s on? Kris?

SECRETARY BUCKLER: Well, we’re going to do it this way. Because --
PRESIDENT JEFFORD: Kris? Kris, can you hear us?
CHAIRMAN NELSON: Good morning.
SECRETARY BUCKLER: Hang on.
PRESIDENT JEFFORD: Oh, put it on speaker, yeah.
SECRETARY BUCKLER: Operator error on my part.
PRESIDENT JEFFORD: Can you hear us, Kris?
CHAIRMAN NELSON: I can hear you.
PRESIDENT JEFFORD: Oh, good. We wanted to just personally thank you for being such a trooper and doing such a great job on the Strategic Plan. And everybody here wants to just give a shout out for you.
   ALL: Hey!
   (Cheering.)
   (Laughter.)
CHAIRMAN NELSON: Thank you.
PRESIDENT JEFFORD: You’re welcome. And listen, be a good patient, do your exercises, and you’d better be in Baltimore with us.
CHAIRMAN NELSON: I will. God bless you all. And thanks for the prayers.
PRESIDENT JEFFORD: Oh, you’re welcome. We’ll keep praying for you. Thank you. Thank you, everybody.
   (Applause.)
PRESIDENT JEFFORD: And Mike and Nicole, thank you. And just very quickly, we finally have all our officers here. Lori Skallerud.
   (Cheering.)
   (Applause.)
PRESIDENT JEFFORD: Northwestern Division Vice President. We’re so glad you’re here. All right. Is there any new business to come before this meeting?
MS. EPPERSON: Toni Epperson, Department of Oregon. We have a resolution. Should I read the resolution, or just know that they all have a copy of it?
PRESIDENT JEFFORD: Everybody has a copy of it. Has everybody read the resolution? Then you can just move for its adoption if you wish to.
MS. EPPERSON: I move for the adoption of this resolution.
PRESIDENT JEFFORD: All right. Is there a second? Second, I’m hearing a second. Is there any discussion?
MS. CONATSER: Madam President, I speak in opposition of this resolution only because every department has a special place in their heart for someone in their state or their surrounding states. I do believe it’s an awesome, awesome opportunity for departments to do it if they wish but I feel that if we send out information to all departments to support a facility that we would lose track of where everyone is soliciting for funds. I also believe that a lot of veterans do move to be near their families in other departments and so I do feel that those departments, say if someone from New Hampshire would move to Illinois, that that New
Hampshire connection would still be supporting in Illinois without the need of soliciting for funds in other departments.

PRESIDENT JEFFORD: Is there any other discussion?

MS. HERMAN: Jennifer Herman, Department of Montana. I am for this resolution. Being in Montana, we do not have a kidney and liver transplant VA place, Oregon is a great place for us. And I would be more than happy to contribute to the Department of Oregon for this project.

PRESIDENT JEFFORD: Thank you. Is there any other discussion?

MS. KOKERNAK: Madam President, my question is are all our departments not allowed to use their VA&R funds in any manner that they see fit? So if a department would choose to make a donation to this, whether they were obligated to or not, would they still not be free to do so?

PRESIDENT JEFFORD: All right. So I just wanted to clarify with the national secretary. Back in 1929, there was a resolution that did not allow departments to solicit for funds outside of their department for a facility or a project within their department. So Cindy, the question, so the answer to your question would be yes. Did everybody get Cindy’s question?

MS. KOKERNAK: But my point is the department could make a donation without being for this resolution if they chose to do so. So if that’s said then I’m opposed to this resolution because we already have the freedom to make a donation.

PRESIDENT JEFFORD: Yes, they can. The current resolution prohibits overtly soliciting outside the department. All right, the parliamentarian has pointed out that this resolution does not allow or is not asking to have them solicit funds. The clause is therefore be it resolved that above mentioned states be allowed to help fund the food program by sending donations. So -- excuse me? If you want, if you want to speak you have to go to the microphone or speak loud enough so we can hear.

VOICE: It’s still monetary. It’s still monetary either way. Whether you are purchasing food or whether you are donating money. So I mean, either way they are still asking for some sort of monetary donation.

PRESIDENT JEFFORD: The resolution does not say they are asking. They are asking that states be allowed to help fund the food program. I’m just reading how the resolution is written.

Okay. All right. The background is that why this resolution was brought forward is that the department did send out letters requesting donations. Other departments then called the national organization complaining that they were receiving letters asking for donations for this project in Oregon, and so they were, it was suggested that they bring forth a resolution or a motion in front of this NEC meeting. And so that’s why this resolution was brought forward. Did you want, do you want to tell them? Sure. Excuse us.

(Laughter.)

PRESIDENT JEFFORD: All right. This, if this is adopted you still do not have the authority to solicit funds. Because the way this is written you are not asking to do this. So you are still not allowed then, I would say, to be sending out those letters asking for funds. So I don’t know --

MS. EPPERSON: We understand that, that we can’t --

PRESIDENT JEFFORD: So how does --
Okay. So what they were told is if they wanted to do this they had to ask the NEC for permission to solicit funds. But the way they wrote the resolution and the way it was sent out to the NEC does not accomplish that purpose. So, so even if this passes, they can still not be sending out any materials asking for funds from other departments.

MS. TRAHAN: Okay. That’s okay.

PRESIDENT JEFFORD: Yes, you are recognized. I recognize -- yes.

MS. TRAHAN: Okay, Madam President, a clarification. Christine Trahan, Department of Texas. Okay. Therefore be it resolved that the abovementioned states -- okay, you are asking NEC, all the states, okay to vote on this, but it’s only mentioning the abovementioned states. So it’s a good cause, I’m not saying it’s not a good cause --

PRESIDENT JEFFORD: Yes we have, that, you’ll have to address that, you’ll have to address, you’re addressing that to the NEC representative from Oregon through the chair.

MS. EPPERSON: There is a map that has where the, where the veterans come from. And it’s mostly the West Coast. There are some, a few East Coast. There are only five transplant units in the United States now. One is in New Jersey. They just opened a new one in Houston. We are by far the biggest and busiest. We have housing for 30 veterans. They must come with a spouse. The federal government puts this program together through the VA. However, they don’t feed them. So if we don’t feed them, they are not going to get food. And it costs the Department of Oregon over $12,000 a year.

PRESIDENT JEFFORD: So, the issue that was, was not whether, the worth of this program. We are not questioning the worth of the program. The problem was, or the complaint was, that the Department of Oregon was soliciting funds to other departments which is not allowed.

MS. EPPERSON: Right.

PRESIDENT JEFFORD: And so this resolution still does not allow you to solicit funds.

MS. EPPERSON: Okay. Now can these mentioned states donate if they choose?

PRESIDENT JEFFORD: Anybody can donate to anything they --

MS. EPPERSON: Okay.

PRESIDENT JEFFORD: But you cannot send out letters soliciting that donation, correct?

MS. EPPERSON: I understand that one. We know we can’t do that.

PRESIDENT JEFFORD: Right. It’s not receiving the donations you need permission for, it’s going out to ask for the donations. Yes. I’m going to do New York first, and then California.

MS. CORKER: (Indiscernible) --

PRESIDENT JEFFORD: Shh.

MS. CORKER: -- call for the vote.

PRESIDENT JEFFORD: A call for the vote? Is there a second?

VOICE: Second.

PRESIDENT JEFFORD: All right. It has, it has been moved and seconded to stop discussion and call for the vote. I need a two-thirds majority, all those in favor please say aye.
VOICES: Aye.
PRESIDENT JEFFORD: Opposed?
VOICES: No.
PRESIDENT JEFFORD: All right. I’m going to call that that we, the motion failed. Right, so that motion failed to end debate. No -- did everybody understand what they were voting for? You were voting to stop debate. So all those in favor of stopping debate, say aye.
VOICES: Aye.
PRESIDENT JEFFORD: All those opposed to stopping debate, say nay.
VOICES: Nay.
PRESIDENT JEFFORD: Okay. Now that motion passes. So I will call for the vote. All those in favor of this resolution as presented please signify by saying aye.
VOICES: Aye.
PRESIDENT JEFFORD: All those opposed, say no.
VOICES: No.
PRESIDENT JEFFORD: Motion fails, thank you. All right. Is there any other new business to come before this meeting?
MS. HOBBS: Madam President, Virginia Hobbs, Department of Kentucky. In the packets our NECs received a copy of a proposed Electronic Communications Internet and Social Media Policy. On behalf of the Audit Committee I move the adoption of this policy.
PRESIDENT JEFFORD: Thank you. Is there a second?
VOICES: Second.
PRESIDENT JEFFORD: Second. Is there any discussion on this motion? Is there any discussion? All right. Hearing none, we will proceed to the vote. All those in favor of the passage of this resolution as it was presented to you please signify by saying aye.
VOICES: Aye.
PRESIDENT JEFFORD: Opposed, say no.
(No response.)
PRESIDENT JEFFORD: Motion carries, thank you. All right. Now is there any burning questions you need to ask about the presentations? All right. Remember that you are welcome to email any of the presenters, send your questions to Dubbie or to Marta and they will get them to the right person.
Okay. So thank you so much. I know it’s late. Thank you for your participation in this meeting and for the important roles that you each play. I know you have lots of notes and lots of things to bring back to your departments. Please do that. We would really appreciate that.
I look forward to seeing all of you at the World War II Memorial. I have my button here, it has my dad on it, I honor his service by serving in the American Legion Auxiliary. So even though we are going to the World War II Memorial, all of you if you have your buttons, wear them. Because when we give honor to one veteran we are giving honor to all our veterans, no matter what war they fought in. So you have a chance to wear your buttons, wear the scarves and mittens, and that’s one, we will, 12:45 back in this room? Back in this room. All right. And this evening we really have a good program opening planned for you. I hope you all will be there. Invite everyone from your department and the Legionnaires that are here,
and any Sons of the Legion that might be here. I think they will all be interested in the program that we do have this evening.

Okay. One more announcement, tickets for the Public Spirit Award Luncheon, if you don’t have any and you want some make sure to swing by the registration table. You don’t want to miss out on this event.

Now, Madam National Secretary, do you have any announcements? Okay.

SECRETARY BUCKLER: Thank you, Madam President. I’ll do these real quick. Information about the presentations, when we go back we’re going to assimilate your questions and we’re going to polish the presentations and we’ll get them all out. It will not happen the week after we get back from D.C. So be patient.

Scarves, those going to the World War II Memorial, I said this last night but since new people have come in, just to remind you if you signed up for the World War II Memorial, the ceremony and wreath laying, you got the scarf, you got the gloves which are screen friendly. If you didn’t sign up, there are no extras. There will be no extras. So maybe next year you might want to sign up.

Third thing, I just want to say, Janet, thank you for a great meeting. And I want to thank you for allowing us to do these trainings. I was watching, I think they were helpful, and you allowed us to take extra time to do that. Thank you very much, Madam President.

PRESIDENT JEFFORD: You’re welcome.

(Applause.)

PRESIDENT JEFFORD: All right. I now call upon National Chaplain Karen Boehler to offer the benediction, and I ask that you remain standing for the retirement of the colors. Karen?

CHAPLAIN BOEHLER: Would you bow your heads? We thank you, Father, for these individuals willing to give of themselves, their time, their energy to support the guardians of America’s freedoms. As we depart this meeting, remind us of your direction to be of good comfort, to be of one mind, to live in peace. And if we do all those things the God of love and peace shall be with us. You’re a good God and we love you, Amen.

ALL: Amen.

PRESIDENT JEFFORD: Will the pages please retire the colors of our country?

(Retiring of colors.)

PRESIDENT JEFFORD: This meeting of the 2015 National Executive Committee meeting is now adjourned.

(Whereupon, at 11:45 a.m. on Sunday, February 22, 2015, the above-entitled meeting was concluded.)
I am excited to say that after a review of the Plan of Action objectives and reading the wonderful Mid-Year reports, all departments are doing fantastic work with the Americanism program.

Departments across the nation report that members are actively working on educating the community on the flag. Many are going to the local schools and hosting flag retirement ceremonies, flag folding ceremonies, and flag education programs. Departments are using coloring sheets and books as tools for teaching and then passing out small flags to the children. Some departments utilize President George Washington, Betsy Ross, Uncle Sam and other special dignitaries when visiting the local elementary schools. One department uses a coloring book designed by a member in memory of her father, a WWII veteran, which is distributed to children showing them proper flag etiquette. Other departments use the book “America’s White Table” to help explain the significance of the table and how important it is to remember our POW and MIA’s.

Units share their Americanism in the communities by sending thank you cards and appreciation certificates to businesses in the community who fly flags, presenting new flags when needed, visiting local cemeteries and placing flags on veterans’ graves and participating in parades, memorials, Veterans Day and other patriotic holiday ceremonies and community events. Juniors in one department invited their veterans to school for a special lunch and honored them with small gifts. Members set up patriotic displays, distribute flag etiquette brochures and cheerfully answer questions. They are also wearing “Honor Their Service” buttons as well as Auxiliary logo or patriotic clothing to spread the word about who we are and what we do. One unit in the Southern Division joined forces with Habitat for Humanity to present each homeowner with a new flag and a bracket to hang the flag.

The pocket flag project is still going strong. Many units involve local schools and scout troops in the assembly of the pocket flags. Flags are folded and personalized notes are added to the packet. Over 5000 pocket flags have been assembled and delivered to our service members so far this year.

Units supported the “Get out and Vote” campaign by hosting candidate nights at their posts or inviting candidates to speak at their meetings. Members also worked the polls, made refreshments for poll workers, offered rides to those who needed them and assisted with the “Kids Vote” initiative. Units held mock elections at meetings and at local schools. One chairman borrowed a voting booth and stickers from the local city hall, printed up mock voting sheets and held a mock election among the juniors.

Letter writing, email and phone campaigns were initiated to discuss the flag amendment with state and federal representatives. One unit reports over 50 letters were sent, numerous phone calls and emails were made along with over 20 personal visits to representatives to discuss the flag amendment.
The majority of units report that they have contacted local schools and are actively encouraging participation in the Essay contest. Some units and departments have added extra incentives such as trophies, gift certificates and even monetary prizes and scholarships. All are eagerly looking forward to reading what the children have written. Some departments and units also host Patriotic Poem Contests and Patriotic Poster contests. All of these contests are designed to engage the children and remind them of the heroes who gave us our freedom.

Units are working in conjunction with their legion counterparts and are participating in the Oratorical contests, Legion Baseball and Junior shooting sports. Auxiliary members are volunteering as judges, scorekeepers, ticket takers and concession workers. They are also providing refreshments, transportation, monetary support or whatever else is needed to make these events successful. Units are sponsoring legion baseball teams and students who want to participate in other Americanism Programs. Baseball theme raffles, cake walks, carnivals and other fundraisers are being held to support the various events. More importantly, auxiliary members are working together with the Post members to benefit the children. Units and Departments are utilizing social media, newspapers and news media to get the word out to the communities about special events and other newsworthy ideas. Americanism Facebook pages have been created and members post pictures of events for others to see. They are also using the National American Legion Auxiliary Americanism Facebook page to share their ideas with other department members and to learn new ideas.

The Americanism chairmen are working hard with their members on all initiatives as seen in the mid-year reports. I would like to see more units reporting their wonderful activities. As of this writing, forty one thousands flags have been handed out in communities with over twenty seven thousand volunteer hours being reported. We know the members are working hard in their communities. Can you imagine the numbers we would see and the ideas we could share if more units reported? I am proud to say that every department has contributed to this report and I am confident that we will also be 100% for year end. Americanism is alive in every department and I am looking forward to reading the final reports.
AUXILIARY EMERGENCY FUND
CHAIRMAN: BRENDA COLLINS

Members helping members is the best description for the Auxiliary Emergency Fund (AEF). Division Chairmen have maintained contact with the departments, sending letters of introduction, bulletins, monthly newsletters and In the Know articles. As we read the reports from the divisions, we became more excited than ever about AEF. Our units are working to spread the word about our program.

As of December 31st we are behind in donations received at national headquarters for 2014, for the same period in 2013. Although it seems the departments have been raising money for the fund, they reported they had raised $70,750.00 since September 1, 2014. A large portion of the funds have not yet been received at national headquarters, in that many of the departments are waiting for the end of the year. We are contacting these departments and requesting they send the funds in now as there are always needs to be met.

After issuing a challenge to the departments in the Eastern Division, Chairman Jeri Greenwell was 100% on the initial report she submitted. The challenge in her words, “In an effort to start the momentum, a special award will be presented at the Washington Conference to the department in the Eastern Division that has the greatest increase in contributions transmitted to National Headquarters prior to February 6, 2015.” The challenge seems to be working, their donations are well above where they were for this time period last year.

The Northwestern Division, Chairman Raleen Tozmann, has departments encouraging their members to set a goal of $1.00 per member. Another department is encouraging members to each donate $5.00. Silent auctions were held and there was a Celebration Bell Donation wall with all of the funds going to AEF. Raffles and auctions were held, to help their own members who were having medical difficulties. Judy Zimmerman, Chairman for the Central Division, has a department president using the AEF for her Presidents Project, what a great idea. Another department sells cheese & peanut butter crackers and also candy bars. Another department chairman passed out little piggy banks to members and she collects money in a big piggy bank she carries with her to all meetings. The bank has been quite a topic of conversation along with helping raise funds for the AEF. Her piggy is named “Precious”. We see others using a change purse to collect money. Another department in the division held a wine raffle.

The Belles of the south have Rose Blanchard as the Southern Division Chairman. We find units collecting money for birthdays, anniversaries, love offerings and coin collections. Other departments donated for memorials when friends or family members passed away. Other used 50/50’s, bake sales and containers in the public areas for collecting funds for this worthy project. Other departments have yard sales, “Bakeless Bake Sales” and one department passes around a box decorated with the letters AEF at each meeting to collect money for the fund.

Due to illness, the Western Division Chairman asked to be removed. We have communicated with these departments sending them information in bulletins and
newsletters. Departments were inspired by Vice Chairman Barbara Wong’s article “Members helping Members”. One chairman said, “I was guilty of overlooking the AEF, not on purpose, but in just not giving credence to the importance of it. Then a member of my family faced a catastrophe and needed help. AEF came to the rescue. Now I will work to promote funding for this excellent program.” Another chairman asked the units in her department to each hold a special fundraiser for AEF. Chairmen were holding 50/50’s, asking members to donate $1.00 each and also many raffles were held.

The AEF Vice Chairman Barbara Wong and Committee Member Joan Reinoehl have been a great asset to this committee. When the initial reports came in we were at 50% reporting but due to the efforts of these two ladies and our working as a team, we now have the other four (4) divisions at 100%, thanks to their phone calls. We are continuing to reach out to departments and asking them to do the same to their units. We’re also asking units to submit their donations now instead of waiting for the year end.

There have been numerous request for grants received by national headquarters, and they have presented forty (40) grants as of 12/31/14. We, as a committee have worked to keep the Faith, for our Families and for our Freedom, without these we are nothing. Celebrating Faith Family and Freedom!
All departments reported.
The new "Star Spangled Kids" program to educate Children & Youth on the history of the United States from the aspect of patriotism, Americanism and the U.S. Constitution was launched successfully in eleven departments. Auxiliary members enjoyed partnering with veterans to meet students and discuss the Constitution and the Veterans' experiences. The targeted grades were mostly 4th - 5th in grade school and Junior - Senior in high school. Many copies of the U.S. Constitution have been provided to eager students.

Children & Youth in our communities have been well taken care of. Military and veterans' children and children from the local community have been protected on Halloween evening through the efforts of Auxiliary members who distributed Halloween safety brochures, sponsored parties at post homes so children would not be walking the streets in the dark, and held Trunk and Treat parties so children could safely fill their candy bags. Easter egg hunts and Christmas parties complete with gifts and a visit from jolly old St. Nick also brought smiles to children in almost every department.

Safety is also of concern for children who play out of doors or walk home from school without adult supervision. The Child Identification Program has brought comfort to both children and parents.

Military and veterans' children and children from the local community have been supported by Auxiliary members when home situations have made it impossible for parents to provide some of the necessities of life. Clothing drives have given students presentable items to wear to school and collecting hats, gloves, and socks in colder areas of the country have kept children warm. Collected blankets and bears brought further comfort to children in shelters. Books and supplies have filled backpacks that were passed out to students who otherwise would not have the items necessary for a successful school year. Children needn't be in school to receive support from Auxiliary members, however. Operation Stork and baby showers for military moms provided the necessities for the smallest among us. Auxiliary members also step in to take children to after-school lessons when parents are too busy or are not finished with work, volunteered for after-school programs, and helped with activities set up for special needs children.

Tight budgets and hard times make life difficult for families. Units and departments have come to the rescue by supplying food baskets for the family or a backpack filled with food for the children to take home for the weekend so they can have meals on Saturday and Sunday while they are not in school. On Monday the empty backpack is returned to school so it can be prepared for the next weekend. Special holidays are supported with groceries befitting a banquet and extra funds for the purchase of children's gifts. Military and veterans' families and community neighbors have also been given emergency financial assistance so a family crisis will not result in the loss of the family. Children in violence shelters also feel the outreach of the Auxiliary through donated items.
Both Josh dogs and GI Josh dogs were purchased and distributed to children who had health challenges and to the children in military families who were missing a parent. To further support military children, Operation Military Kid and camps are supported by the Auxiliary.

Children in communities who have set themselves apart through the performance of good deeds or have performed heroic feats of courage have been recognized through the submission of their outstanding deed to American Legion Auxiliary National Headquarters. Numerous exceptional youth have been presented with National's Good Deed Award or Youth Hero Award. A number of local units have also established their own Citizenship Award to present to a noteworthy school child who has shown the qualities of leadership, good will, and helpfulness toward others, both classmates and adults.

Children & Youth is a beloved program of many units and departments. Unit members have made themselves an asset in their communities, coming to the aid of military and veterans' children and neighborhood children, and in turn, the parents of those youngsters. The gift of purchased and/or collected items, monetary support, and the love of children has made Auxiliary members indispensible to their communities.

Though a number of units/ departments have successfully launched "Star Spangled Kids," it is an underutilized program. A worthy goal is to introduce "Star Spangled Kids" in a few units in every department. An upcoming conference call will center on "Star Spangled Kids." Units will again be encouraged to ask school administrators for the opportunity to meet with children in the classrooms to present the "Star Spangled Kids" program. Many Auxiliary units already have a working rapport with their local school systems, and "Star Spangled Kids" will enhance the experience of students, Auxiliary members, and Veterans when they get together in the classroom to discuss the Veterans' experiences, and the relationship of those experiences to Americanism, patriotism and the U.S. Constitution.

Departments that have not reported to date are: Alabama, Arkansas, Florida, Georgia, Hawaii, Louisiana, Maryland, New Hampshire, Pennsylvania, Puerto Rico, Rhode Island.
COMMUNITY SERVICE
CHAIRMAN: CORAL MAY GROUT

We began the year of Celebrating Faith, Family and Freedom with a revised	
Community Service Program. The first of our two objectives was the same as in the	
past, “Invite other organizations to join in community service projects for mission-
related projects and activities.” Reports showed that Units completed a long list of	
activities in conjunction with this objective. The major activities included:

Sponsoring a Walk, Run and Roll
Developing CARE packages to send to veterans and enlisted
Wreaths Across America
Projects for Homeless Veterans
Making and distributing lap robes and quilts to veterans
Making and distributing buddy baskets
Providing refreshments after funerals for veterans
Completing repairs to homes occupied by veterans
Planning and holding Welcome Home activities for troops
Purchasing and donating Welcome Home activities for troops

As departments sent the Plan of Action to their units, members of our committee	
heard really supportive comments about the second objective, “Become visible	
within your community by working with other organizations on service projects, so	
that people will recognize the American Legion Auxiliary’s local efforts.” Some of	
the many projects included:

Sponsoring blood drives
Supporting community activities (Halloween activities, holiday meals, floats for	
celebrations, marching in parades, and booths at fairs)
Adopting a child or family
Volunteering to complete projects for fire department and law enforcement
Helping at shelters, hospitals, hospices and nursing homes
Volunteering at senior centers
Cooking for needy families
Participating in Neighborhood Watches
Working with community groups (ringing bells for the Salvation Army, helping with
the Ronald McDonald House, Coats for Kids, Adopt a Highway)

There were so many exciting and helpful activities reported from our departments	
that there will be one or more articles in the eBulletin. Hopefully, the listing will help	
units to offer more community service projects in their areas.

The Community Service Program is working well in most departments, partly due to	
the fact that the second objective was added. But, we have six departments that only	
reported on the work of one or two units. The Community Service Program is one of	
the easiest ways to get the name of the American Legion Auxiliary out into our	
communities. For nearly 100 years, people have recognized the ALA for its	
community efforts. So, to that end, it is really important that department chairman
contact units with three goals in mind:

1. Provide information about the Community Service Program regularly;
2. Work with units to promote the Community Service objectives; and
3. Maintain contacts with units to ensure that they report their activities in time for the department’s annual report. Department chairmen need to be willing to put in the time and effort to promote the program and be willing to report.

The other area where all departments really address involves the national awards. The bottom line is that if you do not apply, you won’t win. And, it is very disappointing to see awards not given because not one unit in an entire division applied. At this point, the Community Service has yet to receive one application for the “Share What You’re Doing” Award. The application is so easy; it can be completed at any point during the year; and it gives us all a chance to share our activities across our land. Let’s not be embarrassed at National Convention by having the National Chairman report that some of our awards received no submissions! The awards are listed on the Facebook page for Community Service. They are also listed in the Plan of Action. The Community Service Committee is always available to answer questions and offer advice.

I am happy to report that the Community Service Program received a report from all 52 departments at the mid-year. We are looking forward to another 100% reporting at year’s end.
What is this program, and why do we have it?

The Education Program promotes the American Legion Auxiliary’s role in providing quality education for children and adults through classroom activities, literacy programs, scholarship promotion and support of education beyond high school, especially for military and veteran’s children.

What Can You Do?

1. Enhance respect for the sacrifices of our military heroes among school children by scheduling Veterans in the Classroom programs at local schools. Veterans in the classroom project is being promoted and publicized. Many units center this project around Veteran's Day. In Michigan they reached over 1700 students with 30 volunteers. One unit in the Eastern Division had two veterans visit middle/high school student with artifacts that dated back as far as WWI for a "hands on" educational experience. A unit in the Northwestern Division provides a carnation for the veterans to present to the teacher at the end of his presentation. In the Southern Division $1,000 was spent on this activity. In the Western Division veterans not only spoke on their experience, but showed the students the proper way to "Post the Colors".

2. Promote American Legion Auxiliary scholarships and award local scholarships at the department and unit levels. Almost every department who reported indicated units work in coordinating scholarship information and distribution with local school personnel. Information is published in post/unit newsletters, department mailings and in local newspapers so anyone who is eligible will have access to the information. Units and departments are having fundraisers to support scholarships on every level.

3. Build a relationship with your local schools-focus attention on "Give 10 to Education" and American Education Week. Almost every department who reported indicated units are participating in these two objectives of the education program. Units work hard raising funds to purchase backpacks, school supplies, collect box tops for education is a continuous effort. In some departments units donate hats, scarves and mittens. Some schools have their own food shelves and Kody's Klossets for personal products to be distributed to students in need and units provide funds and items to help stock them. American Education week is recognized in many ways by units. Activities range from teas, luncheon, brunches, give apples, candy, cookies, thank you cards, certificates, donating to the school library, the list goes on and on ways to honor those involved in the education of students.

4. Assist and support veterans pursuing higher education and vocational education. Units are collaborating with Student Veterans of American chapters and other campus student veterans groups to share information on the ALA and the many scholarships available. Websites and brochures have been provided. Some units
have partnered with the Legion to provide their post home as a meeting place for off
campus events and meetings.

The Education program is, as a rule on tract of where we need to be at this time of
year. We must continue to support "Give 10 to Education" as the school year goes
on, as supplies get low and the need is there for more assistance.

I am asking all division chairmen to continue to do monthly articles to the
department chairmen to keep the lines of communication open and encourage them
to do the same with the units.

Departments not submitting a mid-year report:

Central Division - 100%
Eastern Division - Maine, Massachusetts, Maryland, New York, Pennsylvania and DC
Northwestern Division - Colorado, Montana, North Dakota
Southern Division - 100%
Western - Alaska, Hawaii, Oregon, Utah
ALA GIRLS NATION
CHAIRMAN: MARTHA LEE THATCHER

ALA Girls Nation is frequently referred to as the “premier” program of the American Legion Auxiliary. Auxiliary units in forty-nine states proudly host ALA Girls State, an amazing week that is educational, informative inspirational, patriotic, and can truly be a week to change a lifetime. And even though these forty-nine programs vary greatly in size, from 25 delegates to 900 plus delegates, their fundamental principles and focus remain the same; responsible citizenship, dedicated volunteerism, love of God and Country.

This year, ALA National President Janet Jefford asked that the following three subjects be addressed:
1. After reviewing the Plan of Action objectives, here’s where we are so far.
2. Here’s where we need to be.
3. This is what you need to do to reach our goals.

Please continue reading the responses received in Mid-Year reports from across the spectrum of Girls State programs, and make note that the 100% reporting was achieved in all five divisions. I believe you will find their reports interesting, educational and provocative.

Shown below are the (6) objectives listed in the 2014-2015 POA:

Objective 1. Instill a commitment of volunteerism
Objective 2. Encourage all eligible delegates to join the ALA
Objective 3. Increase scholarships and funding
Objective 4. Increase awareness/visibility of the ALA
Objective 5. Promote the Samsung scholarship
Objective 6. Stay up to date on the latest GS programming new and best practices

1. After reviewing the Plan of Action objectives, here’s where we are so far. In mid-winter reports, many departments detailed plans for changes to their ALA program.
   • Mississippi GS is moving to another host school where they have set goals to increase participation by 30% and enroll every eligible delegate as a junior ALA member.
   • In 2015, the Dept of Michigan plans to include information in their delegate’s packets relating to the history of ALA GS on both state and national level.
   • Many units reported examples of their focus on members: recognize ALA junior members at opening session, hosting an ALA program fair, posting National Media brochure in schools, recognizing a huge interest in eUnits from former alumni on their Face book page.
   • In the Dept of South Dakota brochures are distributed to all schools and are also included in their application packet, in addition, they plan a Q&A information session by Skype.
In many department Opening Sessions, delegates learn “Who We Are and Why We Matter” from a variety of presenters and also by viewing the ALA Public Service Announcement video.

In the Dept of Tennessee, delegates are presented a powerful history of the ALA followed by a veteran program that emphasizes the ALA’s Mission.

2. Here’s where we need to be.

- Several departments reported the need to form an Alumni Association to increase awareness and as a source of funding.
- The Dept of Michigan reached out and found a huge interest in an e-Unit that needed to be addressed.
- While many units reported the need to be financially stable.
- In contrast, several GS programs are held on the campus of Universities who offer GS delegates who complete the program and later choose to attend that University (such as the University of Mount Union in the Dept of Ohio) a $2000/year scholarship for each year they attend.
- Delegates who attend Colorado GS and complete the week will receive a full ride scholarship from the Boettcher Foundation if they choose to attend a Colorado University. The majorities of units which sponsor delegates in the Dept of Virginia encourage and receive outside funding for Girls State. An estimate of this would be over 90 outside sponsors.

3. This is what you need to do to reach our goals.

- We need to ask our units to develop a variety of fundraisers or to research potential donors in their schools and communities.
- To investigate online registration.
- Consider replacing hard copy newspapers with available electronic tools (blog, twitter, and Facebook) to post daily events or live feed at special events.
- Step up to electronic voting.
- Emphasize mock trials and legislative writing.

Allow me to close with a true story reported by the Dept of Tennessee GS committee: “Several years ago, when units were becoming less active, we reached out to the schools directly. Today, more than half of our delegates come directly from the schools. However, they are told that they can nominate delegates, but that Unit 210 will have to approve their nominee. We have three home school delegates each year and have most of the private schools in the state represented. Our Girls State can only accommodate 575 delegates and we have a wait list from schools that want to send more than their quota. About 70% of our delegates are paid for by entities other than ALA units.”
The Junior members have been very busy helping to carry out the Mission of the American Legion Auxiliary. After reviewing the objectives that were set forth in the Plan of Action the department chairman and members have stepped up and included the Juniors in many of their departments, units and districts events. The girls have been attending meetings, fundraising events, conferences and conventions. Senior members are mentoring the girls in many aspects from running a meeting to the responsibilities of being a member, chairman and a future officer. In the Department of South Carolina a 4 year old member has sung God Bless America at a State meeting while another Junior participates by playing the National Anthem on the piano. In the department of Louisiana the Juniors started their year with an installation with the Senior members, while in Kansas a group of Juniors acted out a skit about bullying at their Department’s Annual convention.

Some of the more popular programs that the girls are involved in most states are VA&R, Americanism, Poppies, Education, Girls’ State and National Security. Most departments had their Juniors join them in the annual Christmas Shops, the girls were involved in all aspects from shopping to wrapping and delivering the gifts. Junior members in Oregon played Santa’s helpers at the VA homes. While many more Junior members made cards and favors for hospitalized veterans for Veteran’s Day, Thanksgiving, Make a Difference Day and Christmas. One Junior member raised $1300 to buy socks for the veterans at her local VA. In the department of Virginia the Juniors made 17 no sew pillows and gave them to the veterans in their local VA facility. Other Juniors worked with their posts and schools to help get Veterans in the Classroom. The department of Texas Juniors placed 1800 flags on veteran’s graves for Veterans Day.

Junior members worked together with Senior members to fold Pocket Flags and pack Ditty Bags. The Juniors attended sendoffs with their units and distributed the bags to the troops. The girls volunteered at OMK events, babysitting, helping in group activities, making stockings for the children of deployed service personal and packing Hero Packs. One department made scrapbooks for the deployed parent so that they didn’t miss special moment of their children’s lives while they were away. The girls work in their units with Senior members clipping coupon to send to the commissaries overseas.

Many girls participated in the Poppy program in their units, some were Miss Poppy while others helped make and distribute them. One Junior group made a display board to teach people the meaning of the Poppy and what their donations are used for.

Juniors held fundraisers to help raise money for scholarships. They collected soup labels, box tops for their schools and Give 10 for Education. In the Department of Puerto Rico Junior members acted as tutors and teacher’s aides.

One department Junior group held a fund raiser to send a girl to Girls’ State while many more attended or are planning on attending this year or in the future.
The department Juniors from Iowa have opened up their hearts and used their hands for service not self supporting their honorary Junior President’s project of collecting pull tabs for the Ronald McDonald House. Another group helped the Salvation Army ring the bell for Christmas. Juniors from many departments have raised money to purchase Josh dogs both for children of deployed soldiers and children in their local Children’s Hospitals. A Junior member from the department of New Mexico saved up her money to purchase 7 turkeys for a homeless shelter for Thanksgiving. Two Juniors from different departments have donated their hair to Lock of Love. Juniors in the department of Maryland held a Picnic/ Crab Feast; this is a day of food, fun and fellowship. The Juniors are encouraged to bring a friend who is eligible to become a member. This event was established to bring the Juniors together to socialize and have a great time.

The Junior girls along side of the senior members have marched in Memorial Day, 4th of July, VJ Day and Veteran’s Day Parades. They have participated in POW/MIA ceremonies, Stand Downs, Hall of Flags, Walk-a-thons, Food Drives and many other unit and department functions.

We have Juniors participating in the Patch Program but we need to get more girls involved. Too many reported that the problem is that the Juniors live in other states and many don’t even realize that they are members. We need to reach out to all our Juniors and let them know what a privilege it is to belong to our organization and get them involved. The Patch program is designed so that girls can work on them in groups or individually. In order for us to reach our goals we must encourage our senior members to sign up their eligible Juniors. We have more units now including their Junior members in their meeting and events what better way to instill in our youth the satisfaction of volunteering and giving back to our veteran’s active duty military and their families. The involvement and lack of awareness in the Children of Warriors, National Presidents’ Scholarship is a big concern. We need to get more information and awareness to the senior members so that it can be passed down to our Juniors.

We had 8 departments that did not report, Arkansas, Florida, Hawaii, Maine, Oklahoma, Washington, West Virginia and The District of Columbia. When the Divisional Chairman could not reach them I reached out to the chairman and if no response to the department offices. I was successful in reaching and receiving reports from some but not all. We had 2 departments that contacted me but did not have a report. Too many of the emails and phone numbers were no longer current as well as department chairman not being updated. The information that is passed down to the chairman and divisions is only useable when the departments update each year. In order to get the information from top to bottom we need to have better communication between the departments and National. I will be contacting the 8 departments so that we will have 100% reporting for the end of the year.
The objectives of the Leadership program are: develop future leaders at all levels; enhance leaders’ knowledge about the Auxiliary and its programs; encourage use of Auxiliary reference documents and materials; foster a mentoring program; and nurture a culture of goodwill at all levels of the organization.

Here’s where we are so far: Departments are holding Leadership trainings and mini-workshops on all levels. The departments of North Dakota, South Dakota, Alabama, and Arizona held workshops designed for specific groups, i.e., officers and program chairmen, and/or mini-workshop for the units on specific topics. By training leaders, they, in turn, hold training workshops on district and unit levels, sharing their knowledge about the Auxiliary and its programs. New York held 109 leadership workshops and training sessions. Maryland held a workshop for chairmen. Vermont held a round table discussion with their program chairmen. Wyoming presented a 5-Step Plan of Action at their Fall Conference. Idaho developed a comprehensive Training Manual. Tennessee held a Membership/Leadership Carnival.

A New Jersey unit chairman conducted mini-leadership workshops at each meeting. The departments of Massachusetts, New Hampshire and Oregon utilized the Auxiliary Basics Course for training. Kansas, Kentucky, Virginia and California also promoted the Junior Course. Missouri held training for new members. Ohio developed a Department Leadership PowerPoint Course that can be taken online. Maine held a “Member Development” workshop, and they are working on a development training program for Juniors. West Virginia developed a survey to identify barriers to leadership. Rhode Island and Arkansas promoted leadership by using the How-to sheets and the “In The Know Bulletins.”

New York, Pennsylvania, North Carolina, and Virginia held Legion and/or Auxiliary Colleges. Texas and Mississippi held “Boot camps” for their program chairmen and officers. Nebraska held a “Leadership 101 School” on ALA programs and more. Florida held nine ABC (Auxiliary Basic Concept) Schools of Instruction. Delaware and Ohio also offered Schools of Instruction. Connecticut had a motivational speaker at their Mid Winter Conference. Illinois certified fourteen instructors. Michigan used the “One” concept, agreeing to mentor one member. Georgia members were asked to train one member or become a mentor for others. Nurturing a culture of goodwill was promoted by many departments. Indiana developed a “Revitalization Pledge” asking members to sign and commit to a positive attitude. Colorado held a presentation, “Accentuate the Positive, Eliminate the Negative,” on nurturing goodwill. Washington held a training session on Conflict Resolution. The departments of Wisconsin, Minnesota, Montana, Oklahoma, Utah and Alaska developed programs, trainings and/or other ways to promote goodwill. Iowa asked their leaders to “lead by example.” Numerous departments promoted the Power Points on the National ALA website. The departments of South Carolina, Puerto Rico, Nevada and New Mexico encouraged use of resources available online. Texas provides a Unit Management Guide online.
The above is just a glimpse of the wonderful work reported. Although though much has been done to promote the leadership program, there is more work to do. Here’s where we need to be: Each department and unit should: a) have ongoing training for leaders in every capacity, i.e., officers, program chairmen, and members; b) have an active mentoring program; c) be promoting and utilizing the resources available, including those on the website; and d) be promoting a culture of goodwill. To accomplish where we need to be, this is what I am asking you to do: 1. All departments should have mandatory leadership workshops for all members, especially on the unit level. Units are the lifeline of this organization, and developing leaders to promote and work our mission is vital. 2. Every member should know what tools and materials are available and how and where to obtain them. 3. Departments, districts and units should have a mandatory mentoring program. 4. All members at all levels of this organization must strife to exhibit good will. If we are to survive another 95 years, every member should promote goodwill and kindness and adopt a “be nice” attitude.

I am proud to report all 52 departments submitted a report. Thank you, departments, for achieving the goal of 100% reporting!

A true leader has the confidence to stand alone, the courage to make tough decisions, and the compassion to listen to the needs of others. He does not set out to be a leader, but becomes one by the equality of his actions and the integrity of his intent.
—Douglas MacArthur
The primary purpose of the Legislative Committee is to provide information and assistance to American Legion Auxiliary members to advocate for the legislative agenda of The American Legion. Encouraging the education of members on the committee’s core priorities, communicating key elements of critical issues and urging activism at the grassroots level is the focus and objective of the team. Members embraced easy opportunities to play a role by securing and distributing the American Legion Auxiliary’s Legislative Advocacy Guide and working to empower all volunteers to “get connected.” Staying informed and taking action on legislative priorities of The American Legion is as easy as a mouse click with today’s technology and can be accomplished quickly and efficiently from mobile devices. Members embraced legislative efficiency “on the go” with rapid and critical response when American Legion “Action Alerts” were issued and found the provided templates a helpful tool when communication to Washington was urgent and necessary. Elected officials have embraced the social media revolution and this interactive opportunity continues to play a heightened role in the communication process. Senators and Representatives are using a variety of methods to align with their constituents and members are responding by staying linked to them with Facebook, Twitter and other evolving outlets that leverage technology as the means to connect. The ALA National Legislative Facebook site proudly boasts over 500 members and is growing its ranks every day. Members can post, comment and share important legislative stories and monitor the actions of those who impact critical legislation in Washington.

Working diligently to communicate and educate members about the mission of the Legislative Committee will remain a focus in the coming months. Members desire reinforcement on what falls within the sphere of the legislative committee and what does not, so reiterating key components and positively articulating the mission and focus will continue. Urging participation in the American Legion Auxiliary’s Legislative Council, a companion council to The American Legion’s council, is also a priority. The tag line “I’m On It” has been developed to help the legislative committee and council participants communicate to others the importance of the council and how each member can make a difference by signing up and playing an active role as a council member.

Success is defined by making a difference, serving The American Legion as companion legislative advocates at every level and impacting the outcome in a positive way for veterans, active duty servicemembers and their families. Understanding the process, gaining knowledge of the participants and arming the team with tools to be more effective and efficient will help all American Legion Auxiliary members achieve greater success in support of initiatives and legislative priorities. Each member is urged to research their elected officials and stay connected to understand and recognize their position on issues that face veterans and their families and gaining greater knowledge and understanding of this role is key to future success. Remaining diligent and promoting the team by keeping good records of activities that can be captured and reported will assure a favorable outcome that
can be documented and counted and urging membership among those who are eligible and share a like to desire to connect with elected officials is a natural and easy opportunity to grow our ranks and enhance our reach. Empowering and encouraging members to serve as partners to The American Legion, supporting their legislative initiatives and embracing the organizational outreach established by the American Legion Auxiliary is required to achieve and exceed established goals and objectives and will remain the focus and priority on behalf of those we serve.

Here’s where we are so far:
- Encouraged education on core priorities
- Urged activism at the grassroots level
- Advocated the importance of securing and distributing the ALA Legislative Advocacy Guide
- Articulated priorities and helpful tips and tools in monthly eBulletin blasts to include Action Alerts
- Communicated the importance of electronic communication for legislative advocacy
- Urged members to “Get Connected to their elected officials

Here’s where we need to be:
- Continued reinforcement of the priorities of the Legislative Committee: What it is and what it is not
- Actively encourage greater participation in the ALA’s Legislative Council
- Urge members to get familiar with their elected officials in the 114th Congress and become knowledgeable about upcoming legislation

Here is what we need to reach our goal:
- Promote greater understanding of alignment of the ALA Legislative Committee to The American Legion’s legislative priorities
- Encourage more members to sign up for their elected official’s communication options (traditional and electronic) for greater understanding and knowledge
- Advocate for improved documentation of activities and capturing of efforts to assure appropriate, accurate and detailed reporting

The Legislative Committee is proud to acknowledge 100% department response in support of this Mid-Year report.
MEMBERSHIP
CHAIRMAN: ANITA BIGGS

The National Membership Goal is to attain One Million members by our centennial anniversary, the 2019-2020 administrative year.

The National Membership Committee presented a lively colorful and melodic program at DLNC. Entering the room with matching coordinated outfits, the attendees were serenaded with our theme song, “One in a Million.” The committee sang about the revelation of finding someone to join the Auxiliary and how each of us is that “One in a Million” member. The One in a Million polo shirts were a big hit. All Division National Vice Presidents, Department Presidents and Membership Chairmen were allowed to order the shirts and Departments were given the template to offer shirts to all Unit members. All information including; Plan of Action, How to Sheets, Awards and a new monthly milestone sheet was given to all Department Chairmen, Secretaries and Presidents to help them stay on track with their annual membership goal. After the presentation, teams were selected and they challenged each other with the game, “Who Wants to be a Millionaire.” Both teams were winners since all the questions and answers provided everyone with an Auxiliary learning experience. Everyone left excited and ready to begin the million member challenge. The breakout session at the National Convention offered additional training and a spirited question and answer opportunity. We rolled out a new incentive to Honor Female Veterans that has been fully embraced. The session was going great, when lo and behold the meeting was interrupted with M&M sightings! Two M&M named ‘Million’ and ‘Member discussed working together to achieve our goals. They made a sweet impression and reminded us all how fun it is to belong to this organization.

This year’s objectives: engage to retain current members, rejoin former members and attract new members have provided a plan that will assist Departments in meeting the ultimate goal of one million members. National committee members, Division Chairmen and Division NVP’s have taken on their assignments with exceptional enthusiasm. The National Vice Chairman coordinates our monthly membership newsletter titled “Faith, Family and Freedom.” The Department Chairmen are reporting weekly e-mails, phone calls, conference calls, lively newslatters and countless M&M sightings! National committee member Joan Chwala set up a National Membership FaceBook page that currently has close to 700 members. This page highlights reports, success stories and plenty of pictures sharing membership events. The Southern Division also has a dedicated FaceBook page. The group recently hosted a virtual “Happy Hour” and encouraged FaceBook users to post selfies and pictures promoting membership.

Our first milestone, “I Love A Veteran,” 60% Renewals as of November 11th had the following Departments awarded $100.00: Iowa, Wisconsin, Nebraska, Minnesota and Mississippi. As we make our way to the next milestone, “Put Your Heart Into It” for 85% of Renewals by February 14th and $500.00 award; unfortunately no Departments has yet to make the target, however leading the pack are Iowa, Wisconsin, Minnesota, Nebraska and Delaware. They are so close!
The Department Chairmen are reporting that Units are working very hard to maintain and increase membership. The Department of Iowa has assigned 3 members to take on 3 districts each, using the President’s colors of blue, white and gold. The rejoin list has been distributed to each Unit; a new Unit was chartered from an informational meeting earning 53 new charter members by the end of the meeting. Minnesota is networking with other leaders in their division to increase and retain members by holding membership rallies as part of the plan. They are catching butterflies for their Department President; one for every 50 members is earned and allows the butterfly garden to grow. Nebraska relies on being positive and it works! Along with steady communication, each and every week the districts receive membership reports along with an encouraging note from the Department Chairman. These are just a few examples of the innovative ideas used to promote membership from Departments that have been successful. Departments are reporting newsletters, membership teams, challenges, caravans, rallies, training, “Saved for Service” which allows collections at each Unit meeting to pay dues to eligible members and of course many M&M sightings, along with photos for proof. The very successful Honor Female Veteran National dues waiver has gained the Auxiliary 328 new members as of January 21, 2015. Last year there were just 44 new female veterans. So far 40 Departments have used this promotion with most Departments reporting they, along with their Units, have waived their portion of per captia as well. California leads the pack with 74 new veteran Auxiliary members, with Texas 46, Wisconsin 27, Florida 16, Maryland 11, Ohio 11, Tennessee 11, Virginia 11 and Nebraska 10, Georgia 8, New York 8 rounding out the top 11. We expect this number to grow as the value of having female veterans in our Units immeasurable. Once these female veterans are members, we must continue to honor these women and request their leadership assistance in our Units.

As we close the gap of difference of our membership totals from this year versus last year, we need to remain vigilant. Although our gap is a little over 17,000, we have been chipping away at the usual 25,000 plus number. We need to continue our effort of personally contacting previous members and those who have not renewed to determine the reason they left us. Once we know why the member did not renewed, we need to quickly react as needed to attempt in getting this member back. There are multiple reasons and there are just as many solutions. Communication and Positivity are two key words that are important to retaining, rejoining and attracting new members. Units are encouraged to improve communications with their Posts and strengthen the relationships that bind us together. If we promote and actually practice good will, we will grow, it is that simple. The service we provide to veterans is unmatched and our members are the best. One million members, some would say a lofty goal, however as we already know It Can Be Done and each of us will be One In A Million by our Centennial Year.

We are proud to have 100% reporting from all departments and outstanding reports by the division chairmen.
The National Security Program maintains and promotes a strong national defense by strengthening and supporting military servicemembers and their families. The committee work encompasses a vast array of reportable activities making the numbers and values staggering. Divisional conference calls were held in November, 2014 to allow for sharing of action plan suggestions and idea exchanges between department chairmen.

Great emphasis is being placed this year on the recognition of accounted for returned remains of POW/MIA's. Several departments are planning memorial services and recognizing those servicemembers who have finally returned home. E-bulletins have been distributed on various issues of concern. Our Facebook group (ALA National Security) started fresh this year and now has nearly 200 members who follow updates and postings regarding our current military issues/concerns including underuse of military spouse scholarship programs, disaster preparedness for your pets, proposed military budget cuts, and postings from across the country sharing activities to support our military communities. It also shares postings for ways to become involved and participate in national security related activities. A recent Pentagon policy will soon change how we gain access to military families. This new policy will allow military non-profits, including Veteran Service Organizations (VSOs), to bring their services onto military bases so that direct contact with military families can be achieved. This is wonderful news that will allow for more expedient access to those we are looking to serve.

In regards to reporting at mid-year...

Where we are so far: Reporting to date has included:
- Presentations of Blue/Gold Star banners
- Participation in the Holiday Mail for Heroes project
- Time spent working with various USO sites (including cash/supply donations)
- Work with FRGs (Family Readiness Groups)
- Quilts of Valor for deployed troops
- Delivery of care boxes to the troops
- Adoption of military families for the holidays
- Military spouse job fairs and e-mentoring
- Military children Halloween and Christmas activities/programs
- Toasty Toes for our Troops slippers program
- Blood drive assistance and blood donations
- Welcome home/deployment events
- CERT trainings
- Manufacturer's coupon clipping
- JROTC and ROTC activity/accomplishment recognition
- POW/MIA remains returned recognition

Where we need to be: Several areas for improved/increased activity include:
• Increased military spouse e-mentoring involvement (sign up at: www.milspousementor.org)
• Supporting hiring events for military and veteran spouses
• Heightened awareness of The American Legion's Empty Chair Resolution 288 at all official meetings
• Promotion of emergency preparedness programs in our communities
• Improved distinction in reporting of National Security activity (active duty) vs. Veterans Affairs & Rehabilitation activity (non-active duty)
• Use of the $ value of grocery coupons clipped/sent to the troops
• Working with the Tragedy Assistance Program for Survivors (TAPS) (www.taps.org)

What we need to do to reach our goals: In order to fulfill our Plan of Action goals, there are several areas where we need to provide additional support. These include:

• Need to focus on continued support of the ongoing American Legion Operation Comfort Warriors program for wounded servicemembers (www.legion.org/operationcomfortwarriors)
• Increased Operation Homefront participation (www.operationhomefront.net)
• Additional CERT training due to increased nationwide natural disasters (www.fema.gov)
• Identifying candidates for the American Legion's National Law Enforcement Officer and National Firefighter of the Year awards (www.legion.org)
• Continued recognition of POW/MIA remains when accounted for and returned to the US
• Supporting transitioning servicemembers and families
• Increased activity with USO sites (www.uso.org)

National Security activity represents the heart of this organization and support of our military and their families is crucial. Every small activity is important and adds to our monumental reporting statistics.....report each and every activity...it all carries great value and helps to make a difference.

I am so very happy to report that the National Security Committee had 100% reporting from departments. My sincere thanks to all involved in making this happen.
Past Presidents Parley committee doesn’t require a mid-year report. The committee would like to thank the following departments for sending in a mid-year report sharing what they have been working on the first half of this administrative year.


The mission of the Past Presidents Parley Committee is to utilize the experience and knowledge of past Auxiliary leaders for the training and encouragement of future Auxiliary leaders.

Departments across the country have reported that Past Presidents at all levels are working with members to mentor and support seasoned and new members.

Texas Past Presidents at all levels are committed to a special year of service to inspire and encourage membership growth. Department PPP Chairman Marty Peters created a Plan of Action at the beginning of the year and included a Mentoring Gauge Point Progress Spreadsheet for Past Presidents to use and submit at the end of the year to determine the impact they have had on their units, districts, divisions and department during the year. They will be recognized for their special efforts at the end of the year.

In California Past Presidents are the “Master Canners” Department Chairman Linda Fercho gave each District Chairman a mason jar and asked them to fill it with recipes of success. She started them off with their first recipe, the Preamble for the Past President’s Parley.

Departments reported working on:

1. Nominating a Unit Member of the Year by working with their units to encourage each of them to submit a member to be honored as member of the year. They also have special activities planned to recognize the service of their Woman of the Year. National President Jefford would like to see all Department Women of the Year present at National Convention in Baltimore. You still have time to plan a fundraiser to make that a reality.

2. “Salute to Servicewomen Award Nomination” We continue to recognize the military service of female personnel including the National Guard and Reserve components, representing each branch of service at National Convention. Please review the rules in the Plan of Action. Remember a You Tube video can take the place of a written narrative. Departments reported working hard to reach out to activity duty servicewoman and plan to host special activities during their conventions.

4. PPP Scholarship – Departments have been busy fundraising for nursing and educational scholarships. Connecticut Parley gives approximately ten Education Grants to children and grandchildren of women veteran’s and nursing students.

This committee is looking forward to receiving your entries for Woman of the Year and Salute to Servicewomen Award Nomination.

Please check the POA for details about the woman of the year award and nomination forms Salute to Servicewomen Award Nomination.
The Poppy Committee’s responsibility is to advise, educate, and inform members about the poppy program, why we have one, and how to promote it.

(The biggest challenge) We’ve learned even after all the information from Resolution 20 and all the hard work put into the Plan of Action each year and updates on the national website, making things as informative as possible. Many members still do not know how to use funds about resolution 20, or that their department can schedule their own Poppy Day event. We were surprised at how many had never heard of the Poppy Poster or Miss Poppy and Little Miss Poppy. And we know the information is out there. The head is not sharing with the tail. There is a break in communication and many grassroots members are left in the dark. We still have a lot of work to do. The committee started a Facebook page called ‘Pick Your Poppy’. We share ideas, give accolades, answer questions, and post information that needs to be shared with our members about the Poppy program. This is also how we are learning about what people ‘do not know’ about the program.

To make the poppy ‘visible’, we shared information on how to purchase crepe poppy kits and patterns for the felt, crochet, and silk poppy. Poppy crafts and recipes have been shared with members. They have made poppy cookies, pillows, and other things to give to military families and wives in appreciation for the sacrifices of their loved ones. We encouraged them to give copies of ‘In Flanders Field’ bookmarks found on the website and invite them to any event they were hosting and promoting the poppy. The committee has kept in close contact with the author and the publishing company of ‘The Poppy Lady’ book, making sure members know how to order it and share their experiences with each other. We’ve shared ideas on how to contact local schools and form a relationship with teachers so units can go out and read the book to students and bring Poppy bookmarks for the kids. I hosted a Pennies, Poppies, and Pizza event with an elementary school. The 3rd grade teachers and their classes raised money by collecting pennies for Veterans and the winning class received a pizza party. I was able to reach 90 students, sharing the poppy story and the Poppy Lady book.

We are still encouraging members to establish relationships with businesses to hold their Poppy Day events. Making sure the poppy is as visible as possible. A suggestion was to make felt poppy corsages for teachers during teacher appreciation week. And that is also another opportunity to share the poppy story in the classroom. Many departments participated in the Texas Roadhouse poppy day event and will be doing a second one with the establishment at a later date. Many locations were excited and went the extra mile by creating coupons for units, offering additional discounts for ALA members, and scheduling multiple day events. Other establishments partnering with members of the ALA for Poppy Day events during Veterans Day were The Olive Garden and Golden Corral. Units have shared ‘If you asked, it may be given’.
Here are a few things our members have accomplished so far: The Department of Montana created a Poppy booklet with information the Poppy program for their members. South Dakota paid Veterans for making over 100,000 poppies. The Southern Division had a total of 55 Auxiliary members, 16 Legionnaires, 13 juniors, and 1 SAL member participate in Poppy Day events. The Department of California ordered 315,512 poppies by 264 units, working with Girl Scouts, Boy Scouts, and ROTC units. They contacted the local media to discuss the poppy and how it is made. This is just a few of the wonderful things our members are reporting about their poppy projects and promotion of the poppy program.

Since there are still so many questions about the program and members love a hands on approach, members of the Poppy Committee will be giving information and tutorials on poppy crafts at the DC Conference. We will have a list of FAQ’s and information for them to share with their departments.

The poppy committee is very grateful to work on such a special program. We have learned a lot and we are enjoying every moment. We are proud to report we received 100% reporting from departments.

We will continue to assist our members and work for our veterans, God and country.
The National Public Relations Committee challenged members of the American Legion Auxiliary to “Ring Your Bell” this year to promote a positive image of the ALA. As reflected in their mid-year reports, many departments have accepted the challenge.

Thanks to the diligence of the Public Relations divisional chairmen, the ALA Public Relations Committee is proud to announce 100% reporting from all 52 departments.

ALA members in units and departments spread the word about their events and activities through social media like Facebook and Twitter, Pinterest, in emails, on websites, in newspapers and on radio and TV, and with newsletters handed out at meetings and mailed to members. The ALA PR Facebook group has gained more than 300 members since September and more and more members are joining as news of events and veteran outreach programs are shared with friends and family and potential new members. Many departments have reported that their members are prominently wearing the official ALA emblem on shirts, buttons, pins and other apparel at events in their home posts, local communities, and VA centers.

Templates from the PR Toolkit were used to create letters to newspapers and news releases for patriotic holidays and events. Members shared ALA eNews and In the Know eBulletins electronically on their websites and Facebook pages. Departments have shared the ALA Branding Guide at their unit/district/department meetings.

Following are some department highlights, but by no means do they reflect all that the divisions do for the American Legion Auxiliary:

Central Division Highlights
Two departments, Ohio and Michigan, are conducting a “Ring Your Bell” contest challenging each district to see which one can ring them the “loudest” through active participation in community press. The Department of Indiana reported an amazing 42 articles published to local media outlets regarding events in their units and local communities.

Eastern Division Highlights
Four departments, Delaware, New Hampshire, Pennsylvania and Vermont, report holding “Ring Your Bell” contests. The Department of Massachusetts chairman, Mary Ellen Morissette, distributed a flash drive with all pertinent PR information to each chairman and has set up a PR Facebook group for members to post their events. Department of New York has amassed 572 minutes of radio time and 40,898 minutes aired on television.

Northwestern Division Highlights
The “Ring Your Bell” contest was presented by each department to their members. Department of South Dakota reports that some of their units have prepared and maintain a media contact list and their webpage is current with the Plan of Action, a
calendar and links to governing documents. The Department of Montana has initiated a newsletter for their members.

Southern Division Highlights
The Department of Florida raises more than $18M every year and reinvests those funds in 171 VA medical centers and community programs. Department of Virginia, South Carolina and Oklahoma use Facebook pages and websites to advertise their events and communicate regularly with their units with updated membership reports and eBulletins. Department of Kentucky Rings Their Bells on a daily basis and has embraced this year’s contest enthusiastically just as they did last year with Blow Your Horn.

Western Division Highlights
Two departments, Arizona and Idaho, are conducting “Ring Your Bell” contests. The Department of California created a Facebook group to increase communications throughout the department, and the PR chairman held a workshop about Facebook and Instagram. The Department of New Mexico publishes a newsletter that contains so much information it is like a mini-Plan of Action, and the Department of Washington posts information daily on Facebook that covers a wide variety of topics to educate their members and engage new members.

Public Relations Objective #1 – Promote a positive image by supporting efforts of the national public awareness campaign and use of materials and resources available online.

All of the departments reported visiting the website and using the PR materials available to them, making lists of media contacts, distributing Auxiliary magazine and brochures, but not many reported the use of the PSA’s. I will continue to promote the acquisition and availability of the DVD and PSA’s on Facebook and in emails, and advocate the use of the ALA brochures available through our website, www.ALAforVeterans.org.

Public Relations Objective #2 – Promote a positive image of the ALA by utilizing and promoting electronic communications and social media.

Thirty-four (34) departments have reported having Facebook groups and twenty-eight (28) have webpages that they use to communicate information to their units and for posting events and Auxiliary news. The departments are also sharing the ALA eNews and In the Know eBulletins with units and their members.

I will continue to encourage departments to create and maintain Facebook groups and/or Twitter accounts adhering to the brand standards and maintaining their relevancy.

I am hoping that more departments host a “Ring Your Bell” contest and will promote the “How To” sheet in the Plan of Action.
When contemplating the sacrifices those who have chosen to serve our country have made, the life altering conditions they face, it brings one to consider how life would have impacted veterans if the American Legion Auxiliary had not been in existence. In partnership with the American Legion for almost 100 years, members of the ALA have carried out traditional projects as well as new ones. The Veterans Affairs & Rehabilitation program promotes our mission to enhance the lives of veterans, military and their families. To this end, unit members find various avenues to volunteer.

Providing opportunities for Auxiliary members to serve veterans and their families as volunteers at VA health care facilities through the VA Voluntary Service (VAVS) is the Veterans Affairs and Rehabilitation program’s first objective. Members in almost every department work in concert with the Federal and State Department of Veterans Affairs to offer assistance at VA medical facilities and state operated Domiciliaries; ALA sponsored Christmas gift shops being a highlight of the year. VAVS volunteers spend many hours helping with comfort carts, locate clinics and services within the VA hospitals, provided movie tickets for domiciliary veterans, and excursions for those able to leave the facility. Members hold Bingo and birthday parties and various holiday celebrations for hospitalized veterans. They provide canteen books, reading glasses and enhance the living experience of hospitalized veterans by taking them on shopping or fishing trips. Several departments report providing comfort items and holiday gifts to veterans living in mental institutions. Female veterans were singled out for special care activities. For the partnership with the VA to fully make an impact on the services we render, we need to provide regularly scheduled and occasional volunteers in every VA facility. We aren’t there yet. We, periodically, make strides to recruit ALA volunteers but we tend to be complacent in our outright attempt to regularly find and recruit new volunteers. Additionally, we haven’t fully tapped into the junior member volunteer resources.

Service to Veterans is the second objective to the Plan of Action. Finding opportunities for Auxiliary members to provide volunteer hours in service to veterans and their families in local communities and from their homes is a means for auxiliary members reach out to local veterans. Service to Veterans provides members, who may not have an opportunity or access to a VA facility, an alternative means to volunteer. Previously Home Service and Field Service covered all aspects of Service to Veterans. Providing support to housebound veterans, veterans in local nursing homes, providing meals, making afghans and quilts are a few of the projects of members. Members held dinners, hosted picnics, and greeted veterans returning from Honor Flights.

Today, many of our veterans receive VA benefit information during their discharge process as they leave military service; this was not always the case. This is just a small part of the entire information they are provided. Many times this information is overlooked and the benefits not accessed. Assist veterans in accessing VA
benefits including, but not limited to, health care is another objective of this program. This objective should include coordinating with the local American Legion Post Service Officer for ideas that auxiliary members can best help. Maybe it includes talking to groups or individuals about places for veterans or surviving spouses to access help with benefits. Many times a veteran may not become homeless if they had the help accessing the benefits they earned by their service. One department has developed a specific program to help homeless women veterans. The Homeless Women Veterans Program services include helping the women apply for VA and state veteran’s benefits.

Assist in activities that help homeless veterans. Departments reported they were able to identify formerly homeless veterans with families who were moving into housing. The buddy baskets provided a significant step in giving these families a hand up. Also, holiday food baskets were distributed to local homeless veteran’s shelter for distribution. Stand downs are another avenue to help homeless veterans. Units reported they were able to distribute clothes, non-perishable food, blankets, sleeping bags and to help serve hot meals. Other units provided care packages at stand downs including a “thank you for your service” card in each package.

Objective 5: Support rehabilitation and healing of veterans through arts, crafts and hobbies. The American Legion Auxiliary is a main sponsor of the National Creative Arts Festival. Supporting the local VA hospital Creative Arts festivals has become a priority for many departments. To identify and send the winners to the national festival, much rehabilitation work must take place in the local VA hospitals. There are so many ways units have helped obtain this objective. Units do not need to be located within close proximity to a hospital to find a way to help. With the coordination of the department VA&R chairman, information can be disseminated giving all units the opportunity to contribute to the success of a local festival. Coordinating with representative at the local VA hospital is a great starting point to find out what is needed to support the local Creative Arts Festival. One unit sponsored a 5K walk to raise money for the National Creative Arts Festival. Donating funds allows veterans the means to purchase supplies for their projects. Once we have helped our homeless veterans obtain housing, or we have helped our veterans access VA benefits, the next step to ensure they do not become homeless again; we can help them obtain employment. Help the American Legion, State Department of Veterans Affairs and Chamber of Commerce promote job fairs for veterans and their families is our sixth objective. First step may be to contact the local Chamber of Commerce. Are they having an upcoming job fair? If so, what help is needed. If not, coordinate with your local post to schedule a job fair. This objective can be as extensive as your members have time to give. It may be just manning a table at a local job fair to distribute ALA family brochures, or it may mean providing cookies during the fair or helping the local post set up for the fair.

Assist and support veterans pursuing post-secondary and vocational education. Engage student veteran organizations on college campuses is objective seven. Units that have VA hospitals within close proximity may have easier access to helping at those facilities, so it can be with units that have institutions of higher education within close proximity. Only one unit reported that they reached out to help veterans
returning to school. This objective offers a wide variety of opportunities to assist veteran students.

Assist and support caregivers of veterans. Caregivers are the primary home support system for disabled veterans, day in and day out. The Elizabeth Dole Foundation has become the beacon of hope for these silent heroes. There were no reports that units have become involved with this objective.

Departments and Units have reported they are fully ingrained in volunteering within the VAVS system but if we remain complacent in obtaining new volunteers our support will not continue to grow. Members have stepped up to volunteer within the Service to Veterans and have shown in their reports the members in every community have the option to volunteer.

Identifying who we are, why we matter by what we do is an important aspect in every facet of this program. When members reach out to work new projects they expose society to who we are and what we do. Our newer veterans don’t know to what level we can assist them, most may not know we exist. Within the VA&R program, we have that capability to make a difference in veteran’s lives and for those who care for them; to be the example for which they desire to join us.

All departments sent reports, albeit some were beyond the requested date.
FINANCIAL STATEMENTS
AMERICAN LEGION AUXILIARY
NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY
FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014 AND 2013
## TABLE OF CONTENTS
### SEPTEMBER 30, 2014 AND 2013

<table>
<thead>
<tr>
<th>Section</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent Auditor's Report</strong></td>
<td>1-2</td>
</tr>
<tr>
<td><strong>Financial Statements:</strong></td>
<td></td>
</tr>
<tr>
<td>Consolidated Statements of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Consolidated Statements of Activities and Changes in Net Assets</td>
<td>4</td>
</tr>
<tr>
<td>Consolidated Statement of Functional Expenses for the Year Ended September 30, 2014</td>
<td>5</td>
</tr>
<tr>
<td>Consolidated Statement of Functional Expenses for the Year Ended September 30, 2013</td>
<td>6</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows</td>
<td>7</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>8-27</td>
</tr>
<tr>
<td><strong>Supplemental Information:</strong></td>
<td></td>
</tr>
<tr>
<td>Analysis of Deferred Revenue - PUFL</td>
<td>28</td>
</tr>
<tr>
<td>Consolidating Statement of Financial Position as of September 30, 2014</td>
<td>29</td>
</tr>
<tr>
<td>Consolidating Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2014</td>
<td>30</td>
</tr>
<tr>
<td>Consolidating Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2013</td>
<td>31</td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal Awards (2014)</td>
<td>32</td>
</tr>
<tr>
<td>Notes to Schedule of Expenditures of Federal Awards (2014)</td>
<td>33</td>
</tr>
<tr>
<td><strong>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards</strong></td>
<td>34-35</td>
</tr>
</tbody>
</table>
AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

TABLE OF CONTENTS (CONT.)
SEPTEMBER 30, 2014 AND 2013

Page

Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 36-37
Schedule of Findings and Questioned Costs 38-39
Summary Schedule of Prior Audit Findings (None Reported) Omitted
INDEPENDENT AUDITOR’S REPORT

National Executive Committee
American Legion Auxiliary National Headquarters and
American Legion Auxiliary Foundation, Inc.
Indianapolis, Indiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc. (collectively referred to as the “Organization”), which comprise the consolidated statements of financial position as of September 30, 2014 and 2013, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 consolidated financial statements are free of material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc. as of September 30, 2014 and 2013, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the 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 audit of the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 audit of the 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

In accordance with Government Auditing Standards, we have also issued our report, dated February 7, 2015, on our consideration of the Organization’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, 2014. 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.

February 7, 2015

[Signature]

2
### AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
### AND
### AMERICAN LEGION AUXILIARY FOUNDATION, INC.
### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
### SEPTEMBER 30, 2014 AND 2013

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$903,851</td>
<td>$785,671</td>
</tr>
<tr>
<td>Investments</td>
<td>28,892,983</td>
<td>26,451,828</td>
</tr>
<tr>
<td>Investments - PUFL</td>
<td>3,749,773</td>
<td>3,633,560</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>167,641</td>
<td>158,557</td>
</tr>
<tr>
<td>Furniture and equipment, net</td>
<td>317,242</td>
<td>514,884</td>
</tr>
<tr>
<td>Other assets</td>
<td>244,956</td>
<td>189,686</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$34,276,446</td>
<td>$31,734,186</td>
</tr>
</tbody>
</table>

#### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$903,084</td>
<td>$527,944</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>367,080</td>
<td>288,839</td>
</tr>
<tr>
<td>Accrued scholarships</td>
<td>45,750</td>
<td>70,500</td>
</tr>
<tr>
<td>Deferred revenue - dues</td>
<td>2,490,208</td>
<td>2,656,220</td>
</tr>
<tr>
<td>Deferred revenue - PUFL</td>
<td>3,771,806</td>
<td>3,663,385</td>
</tr>
<tr>
<td>Deferred revenue - other</td>
<td>46,549</td>
<td>45,189</td>
</tr>
<tr>
<td>Liability for pension benefits</td>
<td>597,637</td>
<td>466,321</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>8,222,114</td>
<td>7,718,398</td>
</tr>
</tbody>
</table>

#### Net Assets:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>23,808,265</td>
<td>21,872,322</td>
</tr>
<tr>
<td>Other unrestricted funds</td>
<td>1,101,359</td>
<td>1,040,122</td>
</tr>
<tr>
<td><strong>Total unrestricted net assets</strong></td>
<td>24,909,624</td>
<td>22,912,444</td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>609,545</td>
<td>512,957</td>
</tr>
<tr>
<td>Permanently restricted net assets</td>
<td>1,220,420</td>
<td>1,104,783</td>
</tr>
<tr>
<td><strong>Total net assets before accumulated other comprehensive loss</strong></td>
<td>26,739,589</td>
<td>24,530,184</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(685,257)</td>
<td>(514,396)</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>26,054,332</td>
<td>24,015,788</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$34,276,446</td>
<td>$31,734,186</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, 2014 AND 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue, Gains &amp; Other Support:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 892,848</td>
<td>$ 931,151</td>
</tr>
<tr>
<td>Federal grants and cost sharing</td>
<td>710,962</td>
<td>682,314</td>
</tr>
<tr>
<td>Membership dues</td>
<td>5,955,996</td>
<td>5,425,421</td>
</tr>
<tr>
<td>Advertising</td>
<td>450,098</td>
<td>489,506</td>
</tr>
<tr>
<td>Other</td>
<td>838,588</td>
<td>1,112,341</td>
</tr>
<tr>
<td><strong>Total revenue, gains, and other support</strong></td>
<td>8,848,492</td>
<td>8,640,733</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member services</td>
<td>5,138,216</td>
<td>5,548,689</td>
</tr>
<tr>
<td>Youth education services</td>
<td>820,504</td>
<td>726,996</td>
</tr>
<tr>
<td>Veteran and military family programs</td>
<td>2,041,027</td>
<td>1,995,259</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>7,999,747</td>
<td>8,270,944</td>
</tr>
<tr>
<td>Management and general</td>
<td>622,052</td>
<td>700,312</td>
</tr>
<tr>
<td>Fundraising</td>
<td>296,400</td>
<td>267,143</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>8,918,199</td>
<td>9,238,399</td>
</tr>
<tr>
<td>Change in net assets from operations</td>
<td>(69,707)</td>
<td>(597,666)</td>
</tr>
<tr>
<td><strong>Investment Income, Net of Expenses</strong></td>
<td>2,279,112</td>
<td>2,899,944</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>2,209,405</td>
<td>2,302,278</td>
</tr>
<tr>
<td><strong>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</strong></td>
<td>24,530,184</td>
<td>22,227,906</td>
</tr>
<tr>
<td><strong>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</strong></td>
<td>$ 26,739,589</td>
<td>$ 24,530,184</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, 2014

(WITH COMPARATIVE TOTALS FOR 2013)

<table>
<thead>
<tr>
<th>Management and Services</th>
<th>Program</th>
<th>General</th>
<th>Fundraising</th>
<th>2014 Totals</th>
<th>2013 Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel and related benefits*</td>
<td>$2,474,082</td>
<td>$329,373</td>
<td>$159,899</td>
<td>$2,963,354</td>
<td>$2,941,628</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>447,162</td>
<td>108,565</td>
<td>35,220</td>
<td>590,947</td>
<td>613,297</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>1,509,537</td>
<td>56,306</td>
<td>819</td>
<td>1,566,662</td>
<td>1,627,301</td>
</tr>
<tr>
<td>Occupancy</td>
<td>204,144</td>
<td>35,306</td>
<td>17,653</td>
<td>257,103</td>
<td>256,533</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>603,088</td>
<td>80,694</td>
<td>30,028</td>
<td>713,810</td>
<td>965,252</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>1,360,629</td>
<td>3,789</td>
<td>24,146</td>
<td>1,388,564</td>
<td>1,219,375</td>
</tr>
<tr>
<td>Postage and freight</td>
<td>750,982</td>
<td>2,381</td>
<td>28,635</td>
<td>781,998</td>
<td>754,961</td>
</tr>
<tr>
<td>Grants and scholarships</td>
<td>506,012</td>
<td>0</td>
<td>0</td>
<td>506,012</td>
<td>499,815</td>
</tr>
<tr>
<td>Other</td>
<td>144,111</td>
<td>5,638</td>
<td>0</td>
<td>149,749</td>
<td>360,237</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$7,999,747</strong></td>
<td><strong>$622,052</strong></td>
<td><strong>$296,400</strong></td>
<td><strong>$8,918,199</strong></td>
<td><strong>$9,238,399</strong></td>
</tr>
</tbody>
</table>

*Includes AmeriCorps National/VISTA member living allowances and related benefits of $588,371 in 2014 and $591,483 in 2013 relating to Federal grant awards.

See accompanying Notes to Consolidated Financial Statements.
### Consolidated Statement of Functional Expenses

**Year Ended September 30, 2013**

<table>
<thead>
<tr>
<th></th>
<th>Management Services</th>
<th>General</th>
<th>Fundraising</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel and related benefits*</td>
<td>$2,453,098</td>
<td>$388,116</td>
<td>$100,414</td>
<td>$2,941,628</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>465,505</td>
<td>117,104</td>
<td>30,688</td>
<td>613,297</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>1,558,965</td>
<td>65,259</td>
<td>3,077</td>
<td>1,627,301</td>
</tr>
<tr>
<td>Occupancy</td>
<td>206,210</td>
<td>37,742</td>
<td>12,581</td>
<td>256,533</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>853,436</td>
<td>74,739</td>
<td>37,077</td>
<td>965,252</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>1,170,002</td>
<td>7,020</td>
<td>42,353</td>
<td>1,219,375</td>
</tr>
<tr>
<td>Postage and freight</td>
<td>710,894</td>
<td>3,252</td>
<td>40,815</td>
<td>754,961</td>
</tr>
<tr>
<td>Grants and scholarships</td>
<td>499,815</td>
<td>-0-</td>
<td>-0-</td>
<td>499,815</td>
</tr>
<tr>
<td>Other</td>
<td>353,019</td>
<td>7,080</td>
<td>138</td>
<td>360,237</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$8,270,944</strong></td>
<td><strong>$700,312</strong></td>
<td><strong>$267,143</strong></td>
<td><strong>$9,238,399</strong></td>
</tr>
</tbody>
</table>

*Includes AmeriCorps National/VISTA member living allowances and related benefits of $591,483 in 2013 relating to Federal grant awards.

See accompanying Notes to Consolidated Financial Statements.
AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

2014  2013

Cash Flows From Operating Activities:
Change in net assets  $ 2,209,405  $ 2,302,278
Adjustments to reconcile change in net assets
to net cash provided by (used in) operating activities:
Depreciation and amortization  252,404  251,020
Gain on disposal of assets  (325)  (375)
Net realized (gain) loss on investments  (493,556)  (445,245)
Net realized (gain) loss on investments - PUFL  (252,941) -
Net unrealized (gain) loss on investments  (1,272,765)  (1,812,325)
Net unrealized (gain) loss on investments - PUFL  (30,448)  (402,443)
Net periodic pension expense  (14,545)  1,722
Changes in operating assets and liabilities:
Prepaid expenses  (9,084)  (36,497)
Other assets  (55,270)  7,224
Accounts payable  375,140  32,000
Accrued expenses and scholarships  53,491  (1,446)
Deferred revenue - dues  (166,012)  727,231
Deferred revenue - PUFL  108,421  241,359
Deferred revenue - other  1,360  (40,495)
Liability for pension benefits  (25,000)  (15,000)
Net cash provided by operating activities  680,275  809,008

Cash Flows From Investing Activities:
Fixed assets purchased or donated  (54,762)  (2,953)
Proceeds from sale of assets  325  375
Purchase of investments  (794,903)  (2,290,466)
Proceeds from sale of investments  120,069  1,515,930
Purchase of investments - PUFL  (88,173)  (95,655)
Proceeds from sale of investments - PUFL  255,349  215,654
Net cash used in investing activities  (562,095)  (657,115)

Net Increase in Cash and Cash Equivalents  118,180  151,893

Cash and Cash Equivalents, Beginning of Year  785,671  633,778
Cash and Cash Equivalents, End of Year  $ 903,851  $ 785,671

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 headquartered 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 accounting principles generally accepted in the United States of America (“U.S. GAAP”), 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 the Foundation and do not include the accounts of other independent affiliated Auxiliary locations including departments (state-level organizations) and units (community-level organizations).

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 net assets are classified as unrestricted net assets and are reported as net assets released from restrictions in the statement of activities and changes in net assets (Note 5). In addition, the temporarily restricted fund includes, in the absence of explicit donor restrictions, earnings on permanently restricted funds that have not yet been appropriated for expenditure.

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. GAAP 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**

Dues are recognized as income in the applicable membership period. Membership dues are paid annually based on a calendar year-end.
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. GAAP, including consideration of any unrelated business income tax. As of September 30, 2014, 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, 2011.

Subsequent Events

Subsequent events have been evaluated through February 7, 2015, which is the date the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS

U.S. 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. U.S. 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 U.S. 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, 2014 and 2013.
**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND AMERICAN LEGION AUXILIARY FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014 AND 2013**

**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, 2014 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>$903,851</td>
<td>$0</td>
<td>$903,851</td>
</tr>
<tr>
<td>Investments</td>
<td>27,179,903</td>
<td>1,713,080</td>
<td>28,892,983</td>
</tr>
<tr>
<td>Investments - PUFL</td>
<td>3,749,773</td>
<td>0</td>
<td>3,749,773</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$31,833,527</td>
<td>$1,713,080</td>
<td>$33,546,607</td>
</tr>
</tbody>
</table>

Assets measured at fair value at September 30, 2013 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>$785,671</td>
<td>$0</td>
<td>$785,671</td>
</tr>
<tr>
<td>Investments</td>
<td>24,731,479</td>
<td>1,720,349</td>
<td>26,451,828</td>
</tr>
<tr>
<td>Investments - PUFL</td>
<td>3,633,560</td>
<td>0</td>
<td>3,633,560</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$29,150,710</td>
<td>$1,720,349</td>
<td>$30,871,059</td>
</tr>
</tbody>
</table>

The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2014:

<table>
<thead>
<tr>
<th></th>
<th>Hedge Fund</th>
<th>Partnerships</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance, 9/30/13</td>
<td>$1,081,473</td>
<td>$638,876</td>
<td>$1,720,349</td>
</tr>
<tr>
<td>Additions</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>-0-</td>
<td>(77,103)</td>
<td>(77,103)</td>
</tr>
<tr>
<td>Realized losses</td>
<td>-0-</td>
<td>(26,128)</td>
<td>(26,128)</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>71,859</td>
<td>24,103</td>
<td>95,962</td>
</tr>
<tr>
<td>Ending Balance, 9/30/14</td>
<td>$1,153,332</td>
<td>$559,748</td>
<td>$1,713,080</td>
</tr>
</tbody>
</table>
The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2013:

<table>
<thead>
<tr>
<th></th>
<th>Hedge Fund</th>
<th>Partnerships</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance, 9/30/12</td>
<td>$1,004,447</td>
<td>$637,984</td>
<td>$1,642,431</td>
</tr>
<tr>
<td>Additions</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>-0-</td>
<td>(8,523)</td>
<td>(8,523)</td>
</tr>
<tr>
<td>Realized losses</td>
<td>-0-</td>
<td>(22,068)</td>
<td>(22,068)</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>77,026</td>
<td>31,483</td>
<td>108,509</td>
</tr>
<tr>
<td>Ending Balance, 9/30/13</td>
<td>$1,081,473</td>
<td>$638,876</td>
<td>$1,720,349</td>
</tr>
</tbody>
</table>

3. INVESTMENTS AND INVESTMENT RETURN

A summary of the Organization's investments and investment returns as of September 30, 2014 and 2013 and for the years then ended is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$6,089,954</td>
<td>$6,089,954</td>
<td>$509,684</td>
<td>$509,684</td>
</tr>
<tr>
<td>Exchange traded funds</td>
<td>6,126,136</td>
<td>8,636,788</td>
<td>6,542,492</td>
<td>8,588,837</td>
</tr>
<tr>
<td>Mutual funds and other</td>
<td>11,759,718</td>
<td>14,166,241</td>
<td>15,755,242</td>
<td>17,353,307</td>
</tr>
<tr>
<td>Total investments</td>
<td>$23,975,808</td>
<td>$28,892,983</td>
<td>$22,807,418</td>
<td>$26,451,828</td>
</tr>
</tbody>
</table>

13
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, 2014 and 2013:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Other Restricted Funds</td>
<td>Total Restricted Funds</td>
</tr>
<tr>
<td>Dividends and interest (net of expenses of $30,073)</td>
<td>$451,100 $36,247 $487,347 $16,692 $504,039 $8,752 $512,791</td>
<td>$586,825 $39,317 $626,142 $13,888 $640,030 $2,344 $642,374</td>
</tr>
<tr>
<td>Net realized gains (losses) on investments</td>
<td>489,786 19,313 509,099 (13,660) 495,439 (1,883) 493,556</td>
<td>303,366 52,111 355,477 89,768 445,245 -0- 445,245</td>
</tr>
<tr>
<td>Net unrealized gains (losses) on investments</td>
<td>1,150,969 55,198 1,206,167 46,413 1,252,580 20,185 1,272,765</td>
<td>1,819,228 46,916 1,866,144 (53,642) 1,812,502 (177) 1,812,325</td>
</tr>
<tr>
<td>Total investment income</td>
<td>$2,091,855 $110,758 $2,202,613 $49,445 $2,252,058 $27,054 $2,279,112</td>
<td>$2,709,419 $138,344 $2,847,763 $50,014 $2,897,777 $2,167 $2,899,944</td>
</tr>
</tbody>
</table>

4. FURNITURE AND EQUIPMENT

The Organization’s furniture and equipment for the years ended September 30, 2014 and 2013 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, office equipment and information technology</td>
<td>$1,429,492</td>
<td>$1,376,310</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>38,039</td>
<td>38,039</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>1,467,531</td>
<td>1,414,349</td>
</tr>
<tr>
<td>(1,150,289)</td>
<td>(899,465)</td>
<td></td>
</tr>
<tr>
<td>$317,242</td>
<td>$514,884</td>
<td></td>
</tr>
</tbody>
</table>
5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2014 and 2013:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auxiliary Temporarily Restricted Net Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undistributed endowment earnings</td>
<td>$125,045</td>
<td>$118,100</td>
</tr>
<tr>
<td>Spirit of Youth Fund</td>
<td>$338,608</td>
<td>$347,461</td>
</tr>
<tr>
<td>Other</td>
<td>$40,334</td>
<td>$37,308</td>
</tr>
<tr>
<td>Foundation Temporarily Restricted Net Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undistributed endowment earnings</td>
<td>$18,125</td>
<td>$(177)</td>
</tr>
<tr>
<td>Veteran Projects Fund</td>
<td>$64,162</td>
<td>$10,265</td>
</tr>
<tr>
<td>National and Local Veteran Creative Arts Festival(s)</td>
<td>$23,271</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$609,545</strong></td>
<td><strong>$512,957</strong></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></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose restrictions accomplished:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Veteran services capacity building</td>
<td>$716,905</td>
<td>$682,311</td>
</tr>
<tr>
<td>Emergency Fund grants and related expenses</td>
<td>$196,482</td>
<td>$231,194</td>
</tr>
<tr>
<td>Veterans Creative Arts Festival and related expenses</td>
<td>-0-</td>
<td>$93,733</td>
</tr>
<tr>
<td>Spirit of Youth Fund scholarships and related expenses, net of forfeitures</td>
<td>$30,569</td>
<td>$39,114</td>
</tr>
<tr>
<td>National President's Endowment Fund scholarships and related expenses, net of forfeitures</td>
<td>$42,500</td>
<td>$42,000</td>
</tr>
<tr>
<td>Foundation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment distributions in support of Auxiliary operations</td>
<td>$8,752</td>
<td>$2,550</td>
</tr>
<tr>
<td>Veteran Projects Fund Grants</td>
<td>$11,456</td>
<td>-0-</td>
</tr>
<tr>
<td>National and Local Veteran Creative Arts Festival(s)</td>
<td>$73,404</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,080,068</strong></td>
<td><strong>$1,090,902</strong></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 revenue 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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 9,395</td>
<td>$ 21,507</td>
</tr>
<tr>
<td>Investments</td>
<td>3,749,773</td>
<td>3,633,560</td>
</tr>
<tr>
<td>Other</td>
<td>12,638</td>
<td>8,318</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 3,771,806</td>
<td>$ 3,663,385</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue - PUFL</td>
<td>$ 3,771,806</td>
<td>$ 3,663,385</td>
</tr>
</tbody>
</table>

The cost and market value of investments in the PUFL Membership trust as of September 30, 2014 and 2013 are as follows:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$ 26,375</td>
<td>$ 26,375</td>
</tr>
<tr>
<td>Exchange traded funds</td>
<td>1,202,330</td>
<td>1,528,353</td>
</tr>
<tr>
<td>Mutual funds and other</td>
<td>1,809,464</td>
<td>1,413,713</td>
</tr>
<tr>
<td>Total investments</td>
<td>$ 3,038,169</td>
<td>$ 2,952,404</td>
</tr>
</tbody>
</table>

The following schedule summarizes the PUFL Membership trust investment income for the years ended September 30, 2014 and 2013:
Notes to Consolidated Financial Statements

SEPTEMBER 30, 2014 AND 2013

Dividends and interest (net of expenses) $ 68,717 $ 78,002
Net realized gains on investments 252,941 -0-
Net unrealized gains on investments 30,448 402,443
Total investment income $ 352,106 $ 480,445

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>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected benefit obligation $ (3,146,529)</td>
<td>$ (2,929,944)</td>
</tr>
<tr>
<td>Fair value of plan assets 2,548,892</td>
<td>2,463,623</td>
</tr>
<tr>
<td>Funded status $ (597,637)</td>
<td>$ (466,321)</td>
</tr>
<tr>
<td>Accumulated benefit obligation $ (3,146,529)</td>
<td>$ (2,929,944)</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>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability for pension benefits $ 597,637</td>
<td>$ 466,321</td>
</tr>
<tr>
<td>Unrecognized losses (Note 15) (636,792)</td>
<td>(460,637)</td>
</tr>
<tr>
<td>Unamortized prior service cost (Note 15) (48,465)</td>
<td>(53,759)</td>
</tr>
<tr>
<td>Net periodic pension cost (14,545)</td>
<td>1,722</td>
</tr>
<tr>
<td>Employer contributions 25,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Benefits paid 129,870</td>
<td>128,907</td>
</tr>
</tbody>
</table>
Weighted-average assumptions used to determine benefit obligations are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.55%</td>
<td>4.55%</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>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.02%</td>
<td>3.94%</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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$133,974</td>
</tr>
<tr>
<td>2016</td>
<td>142,469</td>
</tr>
<tr>
<td>2017</td>
<td>160,605</td>
</tr>
<tr>
<td>2018</td>
<td>180,947</td>
</tr>
<tr>
<td>2019</td>
<td>181,539</td>
</tr>
<tr>
<td>2019-2023</td>
<td>935,905</td>
</tr>
</tbody>
</table>

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, 2014 and 2013 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>20 - 30%</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Debt securities</td>
<td>70 - 80%</td>
<td>69%</td>
<td>65%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>0%</td>
<td>4%</td>
</tr>
</tbody>
</table>

The market values of the investments are measured by a Level 1 input in accordance with U.S. 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 $45,127 and $40,011 in 2014 and 2013, respectively.

10. OPERATING LEASES

The Auxiliary leases its National Headquarters’ office under an agreement that calls for monthly lease payments ranging from $18,880 to $20,042 through January 2019 plus the Auxiliary’s proportionate share of operating costs. Total lease expense for the National Headquarters’ Office was $223,503 and $222,933 in 2014 and 2013, respectively.

The Auxiliary also leases certain office equipment under terms in excess of one year. The leases require minimum monthly lease payments of $2,187 expiring at various dates through July 2016. Lease expense for these leases and other short-term cancelable leases was $24,733 and $32,365 for the years ended September 30, 2014 and 2013, respectively.
Future minimum lease payments under the terms of all noncancelable operating leases at September 30, 2014 are as follows:

<table>
<thead>
<tr>
<th>Year Ending September 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$256,355</td>
</tr>
<tr>
<td>2016</td>
<td>243,425</td>
</tr>
<tr>
<td>2017</td>
<td>235,852</td>
</tr>
<tr>
<td>2018</td>
<td>239,338</td>
</tr>
<tr>
<td>2019</td>
<td>80,167</td>
</tr>
<tr>
<td></td>
<td><strong>$1,055,136</strong></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, 2014 and 2013 are summarized below:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disbursements to Legion:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conferences and convention</td>
<td>$ 57,131</td>
<td>$ 58,093</td>
</tr>
<tr>
<td>Legal services</td>
<td>87,353</td>
<td>7,500</td>
</tr>
<tr>
<td>National emblem sales</td>
<td>10,535</td>
<td>12,866</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>8,178</td>
<td>17,467</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 165,697</strong></td>
<td><strong>$ 98,426</strong></td>
</tr>
</tbody>
</table>

| **Receipts:**              |            |            |
| National emblem sales     | $ 62,306   | $ 47,879   |
| **Total**                 | **$ 62,306** | **$ 47,879** |

12. NATIONAL PRESIDENT’S SCHOLARSHIP ENDOWMENT

Composition of Endowment Net Assets

The Auxiliary created the National President’s Scholarship Endowment Fund (the “Endowment”) in 2008 to provide funding for scholarships awarded by the Auxiliary. The endowment consists of quasi endowment funds set aside by the National Executive Committee (NEC) and donor-designated funds. In 2008, the NEC designated $280,810 of unrestricted net assets as a component of the endowment. The NEC-designated and donor-designated portions of the endowment are 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, 2014 include the following:

<table>
<thead>
<tr>
<th></th>
<th>NEC</th>
<th>Donor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic gift value</td>
<td>$312,948</td>
<td>$643,230</td>
<td>$956,178</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>99,871</td>
<td>118,100</td>
<td>217,971</td>
</tr>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>412,819</td>
<td>761,330</td>
<td>1,174,149</td>
</tr>
<tr>
<td>Additions to endowment</td>
<td>-0-</td>
<td>11,432</td>
<td>11,432</td>
</tr>
<tr>
<td>Scholarships paid, net of forfeitures</td>
<td>-0-</td>
<td>(42,500)</td>
<td>(42,500)</td>
</tr>
<tr>
<td>Interest and dividends, net of fees</td>
<td>8,976</td>
<td>16,692</td>
<td>25,668</td>
</tr>
<tr>
<td>Realized losses</td>
<td>(2,163)</td>
<td>(13,660)</td>
<td>(15,823)</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>19,783</td>
<td>46,413</td>
<td>66,196</td>
</tr>
<tr>
<td>Change in endowment net assets</td>
<td>26,596</td>
<td>18,377</td>
<td>44,973</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$439,415</td>
<td>$779,707</td>
<td>$1,219,122</td>
</tr>
</tbody>
</table>

Historic gift value $312,948 $654,662 $967,610
Accumulated earnings 126,467 125,045 251,512
Endowment net assets, end of year $439,415 $779,707 $1,219,122
Endowment net assets at September 30, 2013 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>$572,020</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>71,718</td>
<td>110,086</td>
</tr>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>384,666</td>
<td>682,106</td>
</tr>
<tr>
<td>Additions to endowment</td>
<td>-0-</td>
<td>71,210</td>
</tr>
<tr>
<td>Scholarships paid, net of forfeitures</td>
<td>-0-</td>
<td>(42,000)</td>
</tr>
<tr>
<td>Interest and dividends, net of fees</td>
<td>7,798</td>
<td>13,888</td>
</tr>
<tr>
<td>Realized gains</td>
<td>51,999</td>
<td>89,768</td>
</tr>
<tr>
<td>Unrealized losses</td>
<td>(31,644)</td>
<td>(53,642)</td>
</tr>
<tr>
<td>Change in endowment net assets</td>
<td>28,153</td>
<td>79,224</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$412,819</td>
<td>$761,330</td>
</tr>
</tbody>
</table>

<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>$643,230</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>99,871</td>
<td>118,100</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$412,819</td>
<td>$761,330</td>
</tr>
</tbody>
</table>

**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 $42,500 and $42,000 were made during the years ended September 30, 2014 and 2013, respectively, 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 provide a sustainable level of income to support the Auxiliary's national scholarships awarded from this fund while also striving to preserve the inflation adjusted purchasing power of the fund.

Investment Objectives

The objectives of this policy are to invest funds in a method that will generate a return of at least 4.5% over the Consumer Price Index. This model is based on an investment horizon of greater than ten years. Within this model, the parameters of the asset allocation should be as follows:

<table>
<thead>
<tr>
<th>Target</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>55%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>28%</td>
</tr>
<tr>
<td>Cash and Equivalents</td>
<td>2%</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>15%</td>
</tr>
</tbody>
</table>
AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

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, 2014 and 2013 include the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic gift value</td>
<td>$ 461,553</td>
<td>$ 346,270</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>(177)</td>
<td>206</td>
</tr>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>461,376</td>
<td>346,476</td>
</tr>
<tr>
<td>Additions to endowment</td>
<td>104,205</td>
<td>115,283</td>
</tr>
<tr>
<td>Endowment distributions</td>
<td>(8,752)</td>
<td>(2,550)</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>8,752</td>
<td>2,344</td>
</tr>
<tr>
<td>Realized losses</td>
<td>(1,883)</td>
<td>0</td>
</tr>
<tr>
<td>Unrealized gains (losses)</td>
<td>20,185</td>
<td>(177)</td>
</tr>
<tr>
<td>Change in endowment net assets</td>
<td>122,507</td>
<td>114,900</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$ 583,883</td>
<td>$ 461,376</td>
</tr>
<tr>
<td>Historic gift value</td>
<td>$ 565,758</td>
<td>$ 461,553</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>18,125</td>
<td>(177)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$ 583,883</td>
<td>$ 461,376</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

Endowment draws during the years ending September 30, 2014 and 2013 were $8,752 and $2,550, respectively.

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, 2014 and 2013 includes the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$2,209,405</td>
<td>$2,302,278</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrecognized losses, beginning of year</td>
<td>460,637</td>
<td>716,257</td>
</tr>
<tr>
<td>Unrecognized losses, end of year</td>
<td>636,792</td>
<td>460,637</td>
</tr>
<tr>
<td>Change in unrecognized losses</td>
<td>(176,155)</td>
<td>255,620</td>
</tr>
<tr>
<td>Unamortized prior service cost,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>beginning of year</td>
<td>53,759</td>
<td>59,053</td>
</tr>
<tr>
<td>Unamortized prior service cost,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>end of year</td>
<td>48,465</td>
<td>53,759</td>
</tr>
<tr>
<td>Change in unamortized prior service</td>
<td>5,294</td>
<td>5,294</td>
</tr>
<tr>
<td>cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(170,861)</td>
<td>260,914</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>$2,038,544</td>
<td>$2,563,192</td>
</tr>
</tbody>
</table>

16. STRATEGIC PLAN

In 2014, the National Executive Committee adopted the vision and five goals of a 5-year strategic plan to help ensure that by the Auxiliary’s 100th anniversary in 2019-2020, the Auxiliary is effectively serving its mission in every community. The American Legion Auxiliary 5-Year Centennial Strategic Plan states the Auxiliary’s vision, mission, and is the map for achieving five primary “strategic” goals so the Auxiliary can meet the needs of its veterans and military families in the community for another 100 years. The national strategic plan depends on the organization at all levels achieving the five strategic goals by 2020: 1) Attain 1 Million Members; 2) Create an Internal Culture of Good Will; 3) Develop Leadership at All Levels; 4) Strengthen Departments and Units; and 5) With The American Legion Build Brand Loyalty.

Some 200 members developed 25 national strategies crucial to accomplishing the five goals. Departments are developing statewide plans customized to achieving the five goals. With overwhelming member support, the National Executive Committee budgeted $1 million in 2015 to resource the Centennial Strategic Plan, recognizing the critical need to invest in the future growth of the Auxiliary.
SUPPLEMENTARY INFORMATION
<table>
<thead>
<tr>
<th>Increase/Decrease</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>$123,258</td>
<td>$126,335</td>
</tr>
<tr>
<td>Investment income</td>
<td>352,106</td>
<td>480,445</td>
</tr>
<tr>
<td></td>
<td>475,364</td>
<td>606,780</td>
</tr>
<tr>
<td>Decreases:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to departments</td>
<td>317,820</td>
<td>319,370</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>49,123</td>
<td>46,051</td>
</tr>
<tr>
<td></td>
<td>366,943</td>
<td>365,421</td>
</tr>
<tr>
<td>Net Increase</td>
<td>108,421</td>
<td>241,359</td>
</tr>
<tr>
<td>Deferred Revenue, Beginning of Year</td>
<td>3,663,385</td>
<td>3,422,026</td>
</tr>
<tr>
<td>Deferred Revenue, End of Year</td>
<td>$3,771,806</td>
<td>$3,663,385</td>
</tr>
</tbody>
</table>
AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS  
AND  
AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2014

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Auxiliary</th>
<th>Foundation</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$ 704,404</td>
<td>$ 199,447</td>
<td>$ -0-</td>
<td>$ 903,851</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>28,330,717</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investments - PUFL</strong></td>
<td>3,749,773</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prepaid expenses</strong></td>
<td>167,641</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Furniture and equipment, net</strong></td>
<td>317,242</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>319,407</td>
<td>-0-</td>
<td>-0-</td>
<td>244,956</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 33,589,184</td>
<td>$ 761,713</td>
<td>$ (74,451)</td>
<td>$ 34,276,446</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>Accounts payable</strong></td>
<td>$ 899,082</td>
<td>$ 78,453</td>
<td>$ (74,451)</td>
<td>$ 903,084</td>
</tr>
<tr>
<td><strong>Accrued expenses</strong></td>
<td>367,080</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accrued scholarships</strong></td>
<td>45,750</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred revenue - dues</strong></td>
<td>2,490,208</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred revenue - PUFL</strong></td>
<td>3,771,806</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred revenue - other</strong></td>
<td>46,549</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liability for pension benefits</strong></td>
<td>597,637</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>8,218,112</td>
<td>78,453</td>
<td>(74,451)</td>
<td>8,222,114</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><strong>Unrestricted net assets</strong></td>
<td>23,796,321</td>
<td>11,944</td>
<td>-0-</td>
<td>23,808,265</td>
</tr>
<tr>
<td><strong>Other unrestricted funds</strong></td>
<td>1,101,359</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Temporarily restricted net assets</strong></td>
<td>503,987</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Permanently restricted net assets</strong></td>
<td>654,662</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets before accumulated other comprehensive loss</strong></td>
<td>24,897,680</td>
<td>11,944</td>
<td>-0-</td>
<td>24,909,624</td>
</tr>
<tr>
<td><strong>Accumulated other comprehensive loss</strong></td>
<td>(685,257)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>25,571,072</td>
<td>683,260</td>
<td>-0-</td>
<td>26,054,332</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$ 33,589,184</td>
<td>$ 761,713</td>
<td>$ (74,451)</td>
<td>$ 34,276,446</td>
</tr>
</tbody>
</table>

## AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Auxiliary</th>
<th>Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Operating Fund</td>
<td>Other Unrestricted Funds</td>
</tr>
<tr>
<td>Revenue, Gains &amp; Other Support:</td>
<td>$ 462,103</td>
<td>$ 564</td>
</tr>
<tr>
<td>Contributions</td>
<td>-0</td>
<td>-0</td>
</tr>
<tr>
<td>Direct grants and cost sharing</td>
<td>-0</td>
<td>-0</td>
</tr>
<tr>
<td>Membership dues</td>
<td>450,298</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>825,146</td>
<td>13,446</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>-0</td>
<td>-0</td>
</tr>
<tr>
<td>Total revenue, gains, other support</td>
<td>7,683,337</td>
<td>1,000,456</td>
</tr>
</tbody>
</table>

| Expenses:                      |           |           |           |           |           |           |           |           |           |           |           |
| Member services                | 4,861,414 | 226,602   | 5,088,016 | 0         | 0         | 5,088,016 | -0        | -0        | -0        | -0        | -0        | 5,088,016 |
| Youth education services       | 666,197   | 122,601   | 788,806   | 0         | 0         | 788,806   | -0        | -0        | -0        | -0        | -0        | 788,806   |
| Veteran and military family programs | 1,061,743 | 1,005,160 | 2,066,903 | 0         | 0         | 2,066,903 | -0        | -0        | -0        | -0        | -0        | 2,066,903 |
| Total program services         | 6,568,354 | 1,354,862 | 7,923,216 | 0         | 0         | 7,923,216 | -0        | -0        | -0        | -0        | -0        | 7,923,216 |
| Management and general         | 683,733   | 0         | 683,733   | 0         | 0         | 683,733   | 0         | 0         | 0         | 30,002   | 67,673    | 622,308 |
| Fundraising                    | 252,907   | 0         | 252,907   | 0         | 0         | 252,907   | 0         | 0         | 0         | 44,593   | 0         | 298,493 |
| Total expenses                 | 7,504,344 | 1,354,862 | 8,859,206 | 0         | 0         | 8,859,206 | 105,205   | 0         | 105,205   | 155,205  | 30,002    | 67,673    |
| Change in net assets from operations | 186,930  | 204,104   | (1,271)   | 48,327    | 11,432    | (242,116) | (222)     | 96,410    | 104,210   | 172,399   | -0        | (97,707) |
| Investment Income, Net of Expenses | 2,061,835 | 110,766   | 2,172,601 | 42,445    | 0         | 2,252,055 | 0         | 27,050    | 0         | 27,050    | 0         | 2,252,055 |
| Change in net assets           | 2,280,808 | 203,408   | 2,484,216 | 1,118     | 11,432    | 2,300,952 | (222)     | 96,470    | 104,210   | 199,853   | -0        | 2,300,952 |
| Net Assets Before Accumulated Other |        |           |           |           |           |           |           |           |           |           |           |
| Comprehensive Loss, Beginning of Year | 21,860,136 | 1,040,122 | 22,900,258 | 522,869  | 543,230   | 24,446,972 | 12,198    | 10,098    | 461,553   | 483,507   | -0        | 24,930,164 |
| Interfund Transfer             | (344,043) | (944,643) | 344,600   | 0         | 0         | 344,600   | 0         | 0         | 0         | 0         | 0         | 344,600   |
| Net Assets Before Accumulated Other |        |           |           |           |           |           |           |           |           |           |           |
| Comprehensive Loss, End of Year | $ 23,726,371 | $ 1,103,750 | $ 24,830,120 | $ 532,672 | $ 596,452 | $ 26,056,582 | $ 11,944 | $ 105,558 | $ 565,758 | $ 883,260 | -0 | $ 26,739,899 |

# AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND AMERICAN LEGION AUXILIARY FOUNDATION, INC.

## CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED SEPTEMBER 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>Auxiliary</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General</td>
<td>Other</td>
<td>Total</td>
<td>Temporarily</td>
<td>Permanently</td>
<td>Auxiliary</td>
<td>Foundation</td>
<td>Total</td>
<td>Temporarily</td>
<td>Permanently</td>
<td>Foundation</td>
</tr>
<tr>
<td></td>
<td>Operating</td>
<td>Unrestricted</td>
<td>Restricted</td>
<td>Restricted</td>
<td>Restricted</td>
<td>Total</td>
<td>Restricted</td>
<td>Total</td>
<td>Restricted</td>
<td>Restricted</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Fund</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
</tr>
<tr>
<td><strong>Revenue, Gains &amp; Other Support:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 369,934</td>
<td>$ 666</td>
<td>$ 200,022</td>
<td>$ 357,201</td>
<td>$ 71,210</td>
<td>$ 790,612</td>
<td>$ 101,000</td>
<td>$ 19,245</td>
<td>$ 152,283</td>
<td>$ 2,277,153</td>
<td>$ (91,915)</td>
</tr>
<tr>
<td>Federal grants and cost sharing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Membership dues</td>
<td>5,425.421</td>
<td>-</td>
<td>5,425.421</td>
<td>-</td>
<td>-</td>
<td>5,425.421</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,425.421</td>
</tr>
<tr>
<td>Advertising</td>
<td>499,506</td>
<td>-</td>
<td>499,506</td>
<td>-</td>
<td>-</td>
<td>499,506</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>499,506</td>
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<tr>
<td>Other</td>
<td>1,199,774</td>
<td>11,567</td>
<td>1,118,201</td>
<td>-</td>
<td>-</td>
<td>1,118,201</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,118,201</td>
</tr>
<tr>
<td><strong>Total Revenue, Gains, and Other Support</strong></td>
<td>$ 7,381,033</td>
<td>$ 1,066,652</td>
<td>$ 6,314,380</td>
<td>$ 1,068,032</td>
<td>$ (1,066,352)</td>
<td>$ 6,058,959</td>
<td>$ 106,155</td>
<td>$ 7,715</td>
<td>$ 115,283</td>
<td>$ 2,277,153</td>
<td>$ (91,915)</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue, gains, and other support</strong></td>
<td>$ 7,381,033</td>
<td>$ 1,066,652</td>
<td>$ 6,314,380</td>
<td>$ 1,068,032</td>
<td>$ (1,066,352)</td>
<td>$ 6,058,959</td>
<td>$ 106,155</td>
<td>$ 7,715</td>
<td>$ 115,283</td>
<td>$ 2,277,153</td>
<td>$ (91,915)</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member services</td>
<td>6,192,167</td>
<td>361,622</td>
<td>5,830,545</td>
<td>-</td>
<td>-</td>
<td>5,830,545</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,830,545</td>
</tr>
<tr>
<td>Youth education services</td>
<td>562,934</td>
<td>162,166</td>
<td>724,763</td>
<td>-</td>
<td>-</td>
<td>724,763</td>
<td>-</td>
<td>2,293</td>
<td>-</td>
<td>2,293</td>
<td>726,056</td>
</tr>
<tr>
<td>Veteran and military family programs</td>
<td>851,337</td>
<td>1,126,716</td>
<td>1,976,047</td>
<td>-</td>
<td>-</td>
<td>1,976,047</td>
<td>-</td>
<td>7,762</td>
<td>-</td>
<td>7,762</td>
<td>(2,556)</td>
</tr>
<tr>
<td>Total program services</td>
<td>6,998,038</td>
<td>1,652,401</td>
<td>8,650,439</td>
<td>-</td>
<td>-</td>
<td>8,650,439</td>
<td>-</td>
<td>14,695</td>
<td>-</td>
<td>14,695</td>
<td>(2,556)</td>
</tr>
<tr>
<td>Management and general</td>
<td>715,126</td>
<td>705,126</td>
<td>1,420,252</td>
<td>-</td>
<td>-</td>
<td>1,420,252</td>
<td>-</td>
<td>33,672</td>
<td>-</td>
<td>33,672</td>
<td>203,312</td>
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<tr>
<td>Fundraising</td>
<td>279,759</td>
<td>-</td>
<td>279,759</td>
<td>-</td>
<td>-</td>
<td>279,759</td>
<td>-</td>
<td>45,384</td>
<td>-</td>
<td>45,384</td>
<td>224,365</td>
</tr>
<tr>
<td>Total expenses</td>
<td>7,640,631</td>
<td>1,463,401</td>
<td>9,104,032</td>
<td>-</td>
<td>-</td>
<td>9,104,032</td>
<td>-</td>
<td>96,061</td>
<td>-</td>
<td>96,061</td>
<td>(91,915)</td>
</tr>
<tr>
<td>Change in net assets from operations</td>
<td>(399,327)</td>
<td>(561,864)</td>
<td>(961,191)</td>
<td>(762,221)</td>
<td>(48,757)</td>
<td>(820,978)</td>
<td>9,104</td>
<td>7,715</td>
<td>115,283</td>
<td>132,102</td>
<td>-</td>
</tr>
<tr>
<td>Investment income, Net of Expenses</td>
<td>2,739,419</td>
<td>156,344</td>
<td>2,895,763</td>
<td>50,024</td>
<td>-</td>
<td>2,895,763</td>
<td>-</td>
<td>2,187</td>
<td>-</td>
<td>2,187</td>
<td>2,897,946</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>2,509,092</td>
<td>(412,566)</td>
<td>2,096,526</td>
<td>1,257</td>
<td>71,210</td>
<td>2,168,660</td>
<td>9,104</td>
<td>9,892</td>
<td>115,283</td>
<td>134,283</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets Before Accumulated Other</td>
<td>19,781,408</td>
<td>1,392,745</td>
<td>21,174,153</td>
<td>132,195</td>
<td>572,030</td>
<td>28,736,185</td>
<td>3,062</td>
<td>206</td>
<td>348,270</td>
<td>349,538</td>
<td>-</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>(439,348)</td>
<td>66,827</td>
<td>(392,797)</td>
<td>(309,417)</td>
<td>399,417</td>
<td>(309,417)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets Before Accumulated Other</td>
<td>18,342,060</td>
<td>1,325,918</td>
<td>19,669,293</td>
<td>132,287</td>
<td>572,030</td>
<td>28,436,768</td>
<td>3,062</td>
<td>206</td>
<td>348,270</td>
<td>349,538</td>
<td>-</td>
</tr>
<tr>
<td>Comprehensive Loss, Beginning of Year</td>
<td>$ 21,589,156</td>
<td>$ 1,040,122</td>
<td>$ 22,629,278</td>
<td>$ 592,959</td>
<td>$ 643,730</td>
<td>$ 24,873,927</td>
<td>$ 12,395</td>
<td>$ 19,988 $ 481,553</td>
<td>$ 483,837</td>
<td>$ 24,530,184</td>
<td>-</td>
</tr>
</tbody>
</table>

- **Total:**
### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
#### YEAR ENDED SEPTEMBER 30, 2014

<table>
<thead>
<tr>
<th>Corporation for National and Community Service</th>
<th>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>AmeriCorps National</td>
<td></td>
<td>94.006</td>
<td>$142,057</td>
</tr>
<tr>
<td>VISTA State</td>
<td></td>
<td>94.013</td>
<td>$486,187</td>
</tr>
<tr>
<td>Total Expenditures of Federal Awards</td>
<td></td>
<td></td>
<td>$628,244</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.
National Executive Committee
American Legion Auxiliary National Headquarters and
American Legion Auxiliary Foundation, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the
United States of America and the standards applicable to financial audits contained in
Government Auditing Standards issued by the Comptroller General of the United States, the
consolidated financial statements of the American Legion Auxiliary National Headquarters and
the American Legion Auxiliary Foundation, Inc. (the "Organization"), which comprise the
consolidated statement of financial position as of September 30, 2014, and the related
consolidated statements of activities and changes in net assets, and cash flows for the year
then ended, and the related notes to the consolidated financial statements, and have issued our

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the
Organization's internal control over financial reporting (internal control) to determine the audit
procedures that are appropriate in the circumstances 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. Accordingly, we do not express an
opinion of the effectiveness of the Organization's internal control.

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 and correct, 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 entity's consolidated financial statements will not
be prevented, or detected and corrected, on a timely basis. A significant deficiency is a
deficiency, or a combination of deficiencies, in internal control that is less severe than a material
weakness, yet important enough to merit attention by those charged with governance.
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free from 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 consolidated 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.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Indianapolis, Indiana
February 7, 2015

[Signature]

Indianapolis, Indiana
February 7, 2015
AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

National Executive Committee
American Legion Auxiliary National Headquarters and
American Legion Auxiliary Foundation, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc.’s (the “Organization”) compliance with the types of compliance requirements described in the 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, 2014. 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.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’s major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 that could have a direct and material effect on a major Federal program occurred. 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of the Organization’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of 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, 2014.

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization’s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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. A significant deficiency in internal control over compliance is a deficiency, or combination of control deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Indianapolis, IN
February 7, 2015

[Signature]

Indianapolis, IN
February 7, 2015
Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

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: Unmodified

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>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>
<td></td>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>

Findings Required to be Reported by OMB Circular A-133

<table>
<thead>
<tr>
<th>Reference Number</th>
<th>Finding</th>
<th>Questioned Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>
AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY
NATIONAL HEADQUARTERS)

FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013
# Table of Contents

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

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2014 AND 2013**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor’s Report</td>
<td>1-2</td>
</tr>
<tr>
<td>Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Statements of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Statements of Activities and Changes in Net Assets</td>
<td>4-5</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>7-12</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

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

We have audited the accompanying financial statements of the American Legion Auxiliary Foundation, Inc. (the “Foundation”), which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Legion Auxiliary Foundation, Inc. as of September 30, 2014 and 2013, and its changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matter

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

February 7, 2015
# AMERICAN LEGION AUXILIARY FOUNDATION, INC.
## (AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)

## STATEMENTS OF FINANCIAL POSITION
### SEPTEMBER 30, 2014 AND 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$199,447</td>
<td>$71,442</td>
</tr>
<tr>
<td>Investments</td>
<td>562,266</td>
<td>414,915</td>
</tr>
<tr>
<td>Total assets</td>
<td>$761,713</td>
<td>$486,357</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$4,002</td>
<td>$-0-</td>
</tr>
<tr>
<td>Due to related party</td>
<td>74,451</td>
<td>2,550</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>78,453</td>
<td>2,550</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets</td>
<td>11,944</td>
<td>12,166</td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>105,558</td>
<td>10,088</td>
</tr>
<tr>
<td>Permanently restricted net assets</td>
<td>565,758</td>
<td>461,553</td>
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<tr>
<td>Total net assets</td>
<td>683,260</td>
<td>483,807</td>
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</table>

<table>
<thead>
<tr>
<th>Total liabilities and net assets</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$761,713</td>
<td>$486,357</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
## AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2014

<table>
<thead>
<tr>
<th>Unrestricted Funds</th>
<th>Temporarily Restricted Funds</th>
<th>Permanently Restricted Funds</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Revenue, Gains &amp; Other Support:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 91,448</td>
<td>$ 162,028</td>
<td>$ 104,205</td>
</tr>
<tr>
<td>Temporarily Restricted Net Assets Released From Restrictions</td>
<td>93,612</td>
<td>(93,612)</td>
<td>-0-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>185,060</td>
<td>68,416</td>
<td>104,205</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and related benefits</td>
<td>17,439</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>136</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Grants and scholarships</td>
<td>93,612</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Total program services</td>
<td>111,187</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Management and general:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and related benefits</td>
<td>10,082</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>3,391</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>4,397</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>12,132</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Total management and general</td>
<td>30,002</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Fundraising:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and related benefits</td>
<td>32,558</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>1,204</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>563</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>9,748</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Total fundraising</td>
<td>44,093</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>185,282</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Change in net assets from operations</td>
<td>(222)</td>
<td>68,416</td>
<td>104,205</td>
</tr>
<tr>
<td>Investment Income, Net of Expenses</td>
<td>-0-</td>
<td>27,054</td>
<td>-0-</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(222)</td>
<td>95,470</td>
<td>104,205</td>
</tr>
<tr>
<td>Net Assets, Beginning of Year</td>
<td>12,166</td>
<td>10,088</td>
<td>461,553</td>
</tr>
<tr>
<td>Net Assets, End of Year</td>
<td>$ 11,944</td>
<td>$ 105,558</td>
<td>$ 565,758</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
### AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)  

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds</th>
<th>Temporarily Restricted 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>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$101,605</td>
<td>$10,265</td>
<td>$115,283</td>
<td>$227,153</td>
</tr>
<tr>
<td><strong>Temporarily Restricted Net Assets Released From Restrictions</strong></td>
<td>2,550</td>
<td>(2,550)</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>104,155</td>
<td>7,715</td>
<td>115,283</td>
<td>227,153</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and related benefits</td>
<td>7,445</td>
<td>-0-</td>
<td>-0-</td>
<td>7,445</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>5,000</td>
<td>-0-</td>
<td>-0-</td>
<td>5,000</td>
</tr>
<tr>
<td>Grants and scholarships</td>
<td>2,550</td>
<td>-0-</td>
<td>-0-</td>
<td>2,550</td>
</tr>
<tr>
<td>Total program services</td>
<td>14,995</td>
<td>-0-</td>
<td>-0-</td>
<td>14,995</td>
</tr>
<tr>
<td>Management and general:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and related benefits</td>
<td>11,338</td>
<td>-0-</td>
<td>-0-</td>
<td>11,338</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>4,181</td>
<td>-0-</td>
<td>-0-</td>
<td>4,181</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>9,835</td>
<td>-0-</td>
<td>-0-</td>
<td>9,835</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>8,318</td>
<td>-0-</td>
<td>-0-</td>
<td>8,318</td>
</tr>
<tr>
<td>Total management and general</td>
<td>33,672</td>
<td>-0-</td>
<td>-0-</td>
<td>33,672</td>
</tr>
<tr>
<td>Fundraising:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and related benefits</td>
<td>26,304</td>
<td>-0-</td>
<td>-0-</td>
<td>26,304</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>4,507</td>
<td>-0-</td>
<td>-0-</td>
<td>4,507</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>2,593</td>
<td>-0-</td>
<td>-0-</td>
<td>2,593</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>12,980</td>
<td>-0-</td>
<td>-0-</td>
<td>12,980</td>
</tr>
<tr>
<td>Total fundraising</td>
<td>46,384</td>
<td>-0-</td>
<td>-0-</td>
<td>46,384</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>95,051</td>
<td>-0-</td>
<td>-0-</td>
<td>95,051</td>
</tr>
<tr>
<td><strong>Change in net assets from operations</strong></td>
<td>9,104</td>
<td>7,715</td>
<td>115,283</td>
<td>132,102</td>
</tr>
<tr>
<td><strong>Investment Income, Net of Expenses</strong></td>
<td>-0-</td>
<td>2,167</td>
<td>-0-</td>
<td>2,167</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>9,104</td>
<td>9,882</td>
<td>115,283</td>
<td>134,269</td>
</tr>
<tr>
<td><strong>Net Assets, Beginning of Year</strong></td>
<td>3,062</td>
<td>206</td>
<td>346,270</td>
<td>349,538</td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$12,166</td>
<td>$10,088</td>
<td>$461,553</td>
<td>$483,807</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
### Cash Flows From Operating Activities:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$199,453</td>
<td>$134,269</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net realized loss on investments</td>
<td>1,883</td>
<td>-0-</td>
</tr>
<tr>
<td>Net unrealized (gain) loss on investments</td>
<td>(20,185)</td>
<td>177</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from related party</td>
<td>-0-</td>
<td>83,031</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>4,002</td>
<td>104</td>
</tr>
<tr>
<td>Due to related party</td>
<td>71,901</td>
<td>-0-</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>257,054</td>
<td>217,581</td>
</tr>
</tbody>
</table>

### Cash Flows From Investing Activities:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of investments</td>
<td>-0-</td>
<td>210,608</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(129,049)</td>
<td>(415,494)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(129,049)</td>
<td>(204,886)</td>
</tr>
</tbody>
</table>

### Net Increase in Cash

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Increase in Cash</td>
<td>128,005</td>
<td>12,695</td>
</tr>
</tbody>
</table>

### Cash, Beginning of Year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Beginning of Year</td>
<td>71,442</td>
<td>58,747</td>
</tr>
</tbody>
</table>

### Cash, End of Year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, End of Year</td>
<td>$199,447</td>
<td>$71,442</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
1. SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

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

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

Financial Reporting

The accounts of the Foundation are reported on a consolidated basis with those of the Auxiliary in a separate document. The accompanying financial statements include only the accounts and disclosures related to the Foundation. Related party transactions with the Auxiliary are reported in Note 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. In addition, the temporarily restricted fund includes, in the absence of explicit donor stipulations, earnings on permanently restricted funds that have not yet been appropriated for expenditure.
Permanently Restricted Fund

Assets held inviolate and in perpetuity are held in the permanently restricted fund and are held for the donor-designated purposes of the endowment. The net income from these investments and all non-restricted contributions are available for release to the unrestricted fund.

Estimates

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

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 statements of activities and changes in net assets.

Functional Expenses

Functional expenses for Management and General, Program and Fundraising Expenses are included in the accompanying statements of activities and changes in net assets for the years ended September 30, 2014 and 2013.

Income Taxes

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

Management of the Foundation evaluates all significant tax positions to ensure compliance with the exempt purposes of the Foundation as required by U.S. GAAP, including consideration of any unrelated business income tax. As of September 30, 2014, 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, 2011.
Subsequent Events

Subsequent events have been evaluated through February 7, 2015, 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, 2014 and 2013 is as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Cost</th>
<th>Market</th>
<th>Cost</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$121,681</td>
<td>$121,681</td>
<td>$116,256</td>
<td>$116,256</td>
</tr>
<tr>
<td>Exchange traded funds</td>
<td>169,745</td>
<td>191,316</td>
<td>79,246</td>
<td>84,689</td>
</tr>
<tr>
<td>Mutual funds and other</td>
<td>250,832</td>
<td>249,269</td>
<td>219,590</td>
<td>213,970</td>
</tr>
<tr>
<td>Total investments</td>
<td>$542,258</td>
<td>$562,266</td>
<td>$415,092</td>
<td>$414,915</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. GAAP, defined as quoted prices in active markets for identical investments that can be accessed as of the measurement date.

Investment income for the years ended September 30, 2014 and 2013 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$8,752</td>
<td>$2,344</td>
</tr>
<tr>
<td>Net realized losses</td>
<td>(1,883)</td>
<td>-0-</td>
</tr>
<tr>
<td>Net unrealized gains (losses)</td>
<td>20,185</td>
<td>(177)</td>
</tr>
<tr>
<td>Total investment income</td>
<td>$27,054</td>
<td>$2,167</td>
</tr>
</tbody>
</table>
3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2014 and 2013:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undistributed endowment earnings</td>
<td>$18,125</td>
<td>$(177)</td>
</tr>
<tr>
<td>Veteran Projects Fund</td>
<td>$64,162</td>
<td>$10,265</td>
</tr>
<tr>
<td>National and Local Veteran Creative Arts Festival(s)</td>
<td>$23,271</td>
<td>-0-</td>
</tr>
<tr>
<td>$105,558</td>
<td>$10,088</td>
<td></td>
</tr>
</tbody>
</table>

4. 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></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment distributions in support of Auxiliary operations</td>
<td>$8,752</td>
<td>$2,550</td>
</tr>
<tr>
<td>Veteran Projects Fund Grants</td>
<td>$11,456</td>
<td>-0-</td>
</tr>
<tr>
<td>National and Local Veteran Creative Arts Festival(s)</td>
<td>$73,404</td>
<td>-0-</td>
</tr>
<tr>
<td>$93,612</td>
<td>$2,550</td>
<td></td>
</tr>
</tbody>
</table>

5. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2014 and 2013, the Foundation received contributions of $91,673 and $88,465 from the Auxiliary to fund certain organizational and other costs incurred by the Foundation. In addition, the Foundation granted $8,752 and $2,550 to the Auxiliary in 2014 and 2013, respectively, for program support and the Foundation granted $19,156 in 2014 to affiliated Auxiliary departments and units.
6. 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 statements of financial position.

Endowment net assets at September 30, 2014 and 2013 include the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic gift value</td>
<td>$461,553</td>
<td>$346,270</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>(177)</td>
<td>206</td>
</tr>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>461,376</td>
<td>346,476</td>
</tr>
<tr>
<td>Additions to endowment</td>
<td>104,205</td>
<td>115,283</td>
</tr>
<tr>
<td>Endowment distributions</td>
<td>(8,752)</td>
<td>(2,550)</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>8,752</td>
<td>2,344</td>
</tr>
<tr>
<td>Realized losses</td>
<td>(1,883)</td>
<td>-0-</td>
</tr>
<tr>
<td>Unrealized gains (losses)</td>
<td>20,185</td>
<td>(177)</td>
</tr>
<tr>
<td>Change in endowment net assets</td>
<td>122,507</td>
<td>114,900</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$583,883</td>
<td>$461,376</td>
</tr>
<tr>
<td>Historic gift value</td>
<td>$565,758</td>
<td>$461,553</td>
</tr>
<tr>
<td>Accumulated earnings (losses)</td>
<td>18,125</td>
<td>(177)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$583,883</td>
<td>$461,376</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

Endowment draws during the years ending September 30, 2014 and 2013 were $8,752 and $2,550, respectively.

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.
SUMMARY OF MOTIONS/RESOLUTIONS
ADOPTED

February 21-22, 2015
Washington Hilton Hotel
Washington, D.C.

2014-2015 NEC MEETING
Summary of Motions/Resolutions Adopted

M/S/C = Moved/Seconded/Carried

M/S/C to approve the items on the Consent Agenda as circulated in advance.

- to grant the American Legion Auxiliary Unit Charter
  Cancellations for the period August 2014 – January 2015 (as listed in the published 2/23/15 NEC Agenda/Meeting Packet)

- to adopt the updated Endorsement Policy (as recommended by the National Finance Committee and included in the 2/23/15 NEC Agenda/Meeting Packet)

- to adopt the updated Protection of the National President’s Signature Policy (as recommended by the National Finance Committee and included in the 2/23/15 NEC Agenda/Meeting Packet)

- to adopt the updated Record Retention Policy (as recommended by the National Audit Committee and included in the 2/23/15 NEC Agenda/Meeting Packet)

M/S/C to adopt the external auditor’s fiscal year 2014 audit reports of both the American Legion Auxiliary and the ALA Foundation, as orally presented by Mike Alerding, CPA

M/S/C to confirm Cathi Taylor as Cavalcade of Memories national committee chairman

M/S/C to adopt the new Electronic Communications, Internet, and Social Media Policy (as circulated in advance, and available on the ALA national website)