



**AMERICAN LEGION AUXILIARY NATIONAL
HEADQUARTERS AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2025 AND 2024

CPAs / ADVISORS



**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.**

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Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the National Executive Committee
American Legion Auxiliary National Headquarters and
American Legion Auxiliary Foundation, Inc.
Indianapolis, Indiana

Opinion

We have audited the accompanying consolidated financial statements of American Legion Auxiliary National Headquarters and American Legion Auxiliary Foundation, Inc. (collectively referred to as the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

REPORT OF INDEPENDENT AUDITORS (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 33 to 36 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, 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,

REPORT OF INDEPENDENT AUDITORS (Continued)

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.

Blue & Co., LLC

Carmel, Indiana
March 17, 2026

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025 AND 2024

ASSETS

	2025	2024
Cash and cash equivalents	\$ 1,942,253	\$ 2,091,848
Investments	58,853,541	52,344,252
Investments at cost	4,410,713	4,004,324
Investments - PUFL	5,798,328	5,425,586
Prepaid expenses	105,866	178,351
Property and equipment, net	2,603,317	2,490,361
Other assets	179,491	73,168
	\$ 73,893,509	\$ 66,607,890

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 834,921	\$ 1,081,217
Accrued expenses	365,542	331,278
Accrued scholarships	173,000	134,250
Deferred revenue - dues	4,354,840	4,175,851
Deferred revenue - PUFL	6,199,903	5,656,043
Deferred revenue - other	23,835	17,545
Liability for pension benefits	496,990	632,917
Total liabilities	12,449,031	12,029,101

Net assets

Net assets without donor restrictions		
General operating	49,197,071	43,077,708
Board-designated	7,615,106	7,283,986
Pension plan (Note 9)	(1,013,419)	(1,158,510)
Total net assets without donor restrictions	55,798,758	49,203,184
Net assets with donor restrictions	5,645,720	5,375,605
Total net assets	61,444,478	54,578,789
	\$ 73,893,509	\$ 66,607,890

See accompanying notes to consolidated financial statements.

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025
(With Comparative Total for the Year Ended September 30, 2024)

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and support				
Membership dues	\$ 9,225,093	\$ -0-	\$ 9,225,093	\$ 8,529,253
Contributions	-0-	894,935	894,935	1,387,917
Advertising	70,553	-0-	70,553	87,948
Other	718,949	-0-	718,949	688,282
Net assets released from restrictions	<u>1,071,691</u>	<u>(1,071,691)</u>	<u>-0-</u>	<u>-0-</u>
Total revenue and support	11,086,286	(176,756)	10,909,530	10,693,400
Expenses				
Member and department support services	5,619,121	-0-	5,619,121	5,010,282
Youth and education services	1,230,365	-0-	1,230,365	1,192,073
Veterans and military families programs	<u>1,081,252</u>	<u>-0-</u>	<u>1,081,252</u>	<u>981,701</u>
Total program services	7,930,738	-0-	7,930,738	7,184,056
Management and general	2,229,032	-0-	2,229,032	1,650,436
Fundraising	<u>463,712</u>	<u>-0-</u>	<u>463,712</u>	<u>839,730</u>
Total expenses	<u>10,623,482</u>	<u>-0-</u>	<u>10,623,482</u>	<u>9,674,222</u>
Change in net assets from operations	462,804	(176,756)	286,048	1,019,178
Investment return, net	5,987,679	446,871	6,434,550	10,062,102
Pension plan (Note 9)				
Change in unrecognized losses	140,286	-0-	140,286	(68,180)
Change in unamortized services costs	<u>4,805</u>	<u>-0-</u>	<u>4,805</u>	<u>5,624</u>
Total pension plan	<u>145,091</u>	<u>-0-</u>	<u>145,091</u>	<u>(62,556)</u>
Change in net assets	6,595,574	270,115	6,865,689	11,018,724
Net assets, beginning of year	<u>49,203,184</u>	<u>5,375,605</u>	<u>54,578,789</u>	<u>43,560,065</u>
Net assets, end of year	<u>\$ 55,798,758</u>	<u>\$ 5,645,720</u>	<u>\$ 61,444,478</u>	<u>\$ 54,578,789</u>

See accompanying notes to consolidated financial statements.

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Membership dues	\$ 8,529,253	\$ -0-	\$ 8,529,253
Contributions	448,341	939,576	1,387,917
Advertising	87,948	-0-	87,948
Other	678,282	10,000	688,282
Net assets released from restrictions	<u>782,082</u>	<u>(782,082)</u>	<u>-0-</u>
Total revenue and support	10,525,906	167,494	10,693,400
Expenses			
Member and department support services	5,010,282	-0-	5,010,282
Youth and education services	1,192,073	-0-	1,192,073
Veterans and military families programs	<u>981,701</u>	<u>-0-</u>	<u>981,701</u>
Total program services	7,184,056	-0-	7,184,056
Management and general	1,650,436	-0-	1,650,436
Fundraising	<u>839,730</u>	<u>-0-</u>	<u>839,730</u>
Total expenses	<u>9,674,222</u>	<u>-0-</u>	<u>9,674,222</u>
Change in net assets from operations	851,684	167,494	1,019,178
Investment return, net	9,284,146	777,956	10,062,102
Pension plan (Note 9)			
Change in unrecognized losses	(68,180)	-0-	(68,180)
Change in unamortized services costs	<u>5,624</u>	<u>-0-</u>	<u>5,624</u>
Total pension plan	<u>(62,556)</u>	<u>-0-</u>	<u>(62,556)</u>
Change in net assets	10,073,274	945,450	11,018,724
Net assets, beginning of year	<u>39,129,910</u>	<u>4,430,155</u>	<u>43,560,065</u>
Net assets, end of year	<u>\$ 49,203,184</u>	<u>\$ 5,375,605</u>	<u>\$ 54,578,789</u>

See accompanying notes to consolidated financial statements.

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2025
(With Comparative Totals for the Year Ended September 30, 2024)

	2025			Total Expenses	2024 Totals
	Program Services	Management and General	Fundraising		
Personnel and related benefits	\$ 1,908,932	\$ 1,594,418	\$ 193,484	\$ 3,696,834	\$ 3,263,068
General operating expenses	805,309	303,620	49,825	1,158,754	1,032,532
Travel, conferences and meetings	2,064,407	81,921	22,322	2,168,650	2,002,092
Occupancy	55,989	43,372	5,504	104,865	87,198
Professional services and fees	457,583	178,944	59,167	695,694	693,100
Printing, publicity and awards	840,731	12,008	67,731	920,470	1,078,806
Postage and freight	890,658	9,936	65,642	966,236	1,015,311
Grants and scholarships	901,023	-0-	-0-	901,023	483,230
Other	6,106	4,813	37	10,956	18,885
Total expenses	<u>\$ 7,930,738</u>	<u>\$ 2,229,032</u>	<u>\$ 463,712</u>	<u>\$ 10,623,482</u>	<u>\$ 9,674,222</u>

See accompanying notes to consolidated financial statements.

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2024

	Program Services	Management and General	Fundraising	Total Expenses
Personnel and related benefits	\$ 1,973,843	\$ 1,109,828	\$ 179,397	\$ 3,263,068
General operating expenses	705,223	282,955	44,354	1,032,532
Travel, conferences and meetings	1,917,919	66,726	17,447	2,002,092
Occupancy	51,743	30,526	4,929	87,198
Professional services and fees	471,364	141,802	79,934	693,100
Printing, publicity and awards	696,285	9,099	373,422	1,078,806
Postage and freight	870,602	4,475	140,234	1,015,311
Grants and scholarships	483,230	-0-	-0-	483,230
Other	13,847	5,025	13	18,885
Total expenses	\$ 7,184,056	\$ 1,650,436	\$ 839,730	\$ 9,674,222

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, 2025 AND 2024

	2025	2024
Operating activities		
Change in net assets	\$ 6,865,689	\$ 11,018,724
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	128,016	121,761
Net realized gains on investments	(1,474,977)	(29,319)
Net unrealized gains on investments	(3,066,423)	(8,656,234)
Contributions restricted for Mission Endowment (Note 12)	(95,277)	(208,977)
Net periodic pension cost	33,385	49,155
Pension liability adjustment	(145,091)	62,556
Changes in operating assets and liabilities:		
Prepaid expenses	72,485	(78,240)
Other assets	(106,323)	43,694
Accounts payable	(246,296)	(95,188)
Accrued expenses and scholarships	73,014	9,598
Deferred revenue - dues	178,989	783,617
Deferred revenue - PUFL	171,118	(101,424)
Deferred revenue - other	6,290	3,095
Liability for pension benefits	(24,221)	(15,711)
Net cash flows from operating activities	2,370,378	2,907,107
Investing activities		
Capital expenditures	(240,972)	(228,873)
Purchase of investments	(5,528,035)	(2,884,507)
Proceeds from sale of investments	3,560,146	52,308
Purchase of investments at cost	(1,198,867)	(692,811)
Return of capital on investments at cost	792,478	413,849
Net cash flows from investing activities	(2,615,250)	(3,340,034)
Financing Activities		
Contributions restricted for Mission Endowment (Note 12)	95,277	208,977
Net change in cash and cash equivalents	(149,595)	(223,950)
Cash and cash equivalents, beginning of year	2,091,848	2,315,798
Cash and cash equivalents, end of year	\$ 1,942,253	\$ 2,091,848

See accompanying notes to consolidated financial statements.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND AMERICAN LEGION AUXILIARY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

1. PRINCIPLES OF CONSOLIDATION AND NATURE OF ACTIVITIES

Principles of Consolidation

The accompanying consolidated financial statements include the American Legion Auxiliary National Headquarters ("Auxiliary") and the American Legion Auxiliary Foundation, Inc. ("Foundation"). Collectively, the two entities will be referred to as the "Organization." The Foundation was organized by the Auxiliary exclusively for the benefit of 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 National 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).

All significant intercompany balances and transactions have been eliminated in the consolidation.

Nature of Activities

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. The Auxiliary members are the female and male spouses, grandmothers, mothers, sisters and direct and adopted female descendants of members of The American Legion. Some members are veterans themselves. 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 assists in fundraising and offers support in carrying out educational, charitable, and other programs sponsored by the Auxiliary.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements net assets, revenue, support, gains and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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- Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of the net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environments in which it operates, the purposes specified in its corporate documents and its applications for tax-exempt status, and any limitations resulting from contractual agreements with creditors and others entered into in the course of its operations.
- Net assets with donor restrictions – Net assets with donor restrictions are net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions which require the net assets be held in perpetuity or for a specific term with investment return available for operations or specific purposes.

When a donor's restriction is satisfied, either by using the resource in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated statement of activities by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents, but excludes cash held by fund managers which are included in investments. Cash equivalents are carried at cost, which approximates fair value, and consists of cash invested in checking and money market accounts.

Investments and Investment Return

Investments are reported at fair value for financial reporting purposes. Investment return includes interest, dividends, realized and unrealized gains and losses, and investment fees. Changes in unrealized appreciation or depreciation of investments are recorded in the period such changes occur. Realized gains and losses are recorded based on the cost of the specific securities sold. Interest and dividend income is recorded when earned.

Investments at Cost

The Organization holds minority interests (each under 4.1%) in several real estate limited partnerships. Because these investments lack readily determinable fair values, they are measured at cost, less impairment.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The Organization evaluates these interests for other-than-temporary impairment based on partnership performance, market conditions, and available financial information. Impairment losses, if any, are included in investment return.

The partnership agreements generally restrict transfers or redemptions, and the investments are therefore illiquid. Although the partnership agreements do not specify a required holding period, the underlying real estate investments are generally expected to be held for approximately five to seven years based on the typical partnership investment cycle. Income reported on Schedule K-1 is included in investment return, presented net of investment expenses.

Property and Equipment and Depreciation

Purchased property and equipment and expenditures which substantially increase the useful lives of existing assets are recorded at cost. Cost of repairs and maintenance are expensed as incurred. Property and equipment are depreciated over the estimated useful lives, which range from 3 to 40 years, using the straight-line method of depreciation.

Revenue and Support Recognition

Membership dues are paid by members for the benefits of member services and access to publications and member benefits and are considered to be exchange transactions. Membership dues are collected annually based on a calendar year-end. Membership dues are recognized as deferred revenue dues (contract liabilities) when received and recognized in revenue as performance obligations are realized, which has been determined to be evenly over the membership period (Notes 5 and 7).

The Organization publishes quarterly publications to distribute to members. The Organization sells advertising space within the publication to vendors outside the Organization. Advertising revenue is recognized at the point of publication.

The Organization records unconditional promises to give at the earlier of the date the promise is given, or payment is received. The gifts are reported as support with or without donor restrictions depending upon the presence of donor stipulations that limit the use of the donated assets. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Functional Allocation of Expenses

The costs of providing the programs and services of the Organization have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Certain costs have been allocated among the programs and supporting activities benefited based on actual direct expenditures and cost allocations of indirect expenses based on estimates of time and usage by programs. Expenses allocated include personnel and related benefits, professional services and fees, travel, conferences and meetings, and general operating expenses. Although the methods used were appropriate, other methods could produce different results.

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

Income Taxes

The Auxiliary and Foundation are organized as not-for-profit corporations and, accordingly, are generally exempt from Federal and state income taxes under sections 501(c)(19) and 501(c)(3) of the Internal Revenue Code, respectively. However, the Auxiliary and Foundation are required to file Federal 990 – Return of Organization Exempt from Income Tax, and similar state returns, which are informational returns only.

U.S. GAAP requires management to evaluate tax positions taken by the Auxiliary and Foundation and recognize a tax liability if the Auxiliary or Foundation has taken an uncertain position that more likely than not would be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Auxiliary and Foundation, and has concluded as of September 30, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements.

The Auxiliary and Foundation have filed their federal and state informational returns for periods through September 30, 2024. These informational returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return is filed or its due date (including approved extensions).

Subsequent Events

The Organization evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through March 17, 2026, which is the date the consolidated financial statements were available to be issued.

3. INVESTMENTS

Investments consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Money market mutual funds	\$ 3,248,799	\$ 3,217,061
Mutual funds	33,927,675	29,651,005
Exchange traded funds - equities	19,369,605	17,171,530
Exchange traded funds - fixed income	2,307,462	2,304,656
Total investments	<u>\$ 58,853,541</u>	<u>\$ 52,344,252</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The following schedule summarizes investment return for the years ended September 30:

	2025	2024
Interest and dividends	\$ 1,944,812	\$ 1,426,605
Investment fees	(51,662)	(50,056)
Net realized gains	1,474,977	29,319
Net unrealized gains	3,066,423	8,656,234
Total investment return, net	\$ 6,434,550	\$ 10,062,102

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at September 30, 2025 and 2024.

- *Money market mutual funds:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.
- *Common stocks and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Corporate bonds and municipal bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes having value in yields currently available in comparable securities of issues with similar credit ratings.
- *U.S. government securities:* Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The Organization's investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

Following is a summary of the Organization's investments, categorized by each investment's classification within the fair value hierarchy previously described, at September 30:

	2025			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -0-	\$ 3,248,799	\$ -0-	\$ 3,248,799
Mutual funds - equities				
Large cap	8,876,779	-0-	-0-	8,876,779
International	9,223,620	-0-	-0-	9,223,620
Mutual funds - fixed income				
Intermediate term	12,649,005	-0-	-0-	12,649,005
Other	3,178,271	-0-	-0-	3,178,271
Exchange traded funds - equities				
U.S. equity	17,117,335	-0-	-0-	17,117,335
International equity	2,130,121	-0-	-0-	2,130,121
Other	122,149	-0-	-0-	122,149
Exchange traded funds - fixed income	2,307,462	-0-	-0-	2,307,462
	<u>\$ 55,604,742</u>	<u>\$ 3,248,799</u>	<u>\$ -0-</u>	<u>\$ 58,853,541</u>

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	2024			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -0-	\$ 3,217,061	\$ -0-	\$ 3,217,061
Mutual funds - equities				
Large cap	10,810,520	-0-	-0-	10,810,520
International	4,440,587	-0-	-0-	4,440,587
Mutual funds - fixed income				
Intermediate term	6,921,246	-0-	-0-	6,921,246
Other	7,478,652	-0-	-0-	7,478,652
Exchange traded funds - equities				
U.S. equity	15,198,635	-0-	-0-	15,198,635
International equity	1,866,515	-0-	-0-	1,866,515
Other	106,380	-0-	-0-	106,380
Exchange traded funds - fixed income	2,304,656	-0-	-0-	2,304,656
	<u>\$ 49,127,191</u>	<u>\$ 3,217,061</u>	<u>\$ -0-</u>	<u>\$ 52,344,252</u>

5. PAID-UP-FOR-LIFE (PUFL) TRUST

In February 1981, the National Executive Committee (“NEC”) approved the establishment of a life membership plan to be available to any member. In November 1981, the assets of the PUFL Trust, 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 statements of activities and changes in net assets.

The financial position of the PUFL Membership trust is as follows as of September 30:

	2025	2024
Assets		
Cash	\$ 330,641	\$ 140,354
Investments - PUFL	5,798,328	5,425,586
Due from General Operating Fund	70,934	90,103
	<u>\$ 6,199,903</u>	<u>\$ 5,656,043</u>
Liabilities		
Deferred revenue - PUFL	<u>\$ 6,199,903</u>	<u>\$ 5,656,043</u>

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Following is a summary of investments in the PUFL Membership Trust, categorized by each investment's classification within the fair value hierarchy (Note 4) at September 30:

	2025			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -0-	\$ 37,976	\$ -0-	\$ 37,976
Mutual funds - equities				
International	735,723	-0-	-0-	735,723
Mutual funds - fixed income				
Intermediate term	1,596,163	-0-	-0-	1,596,163
Other	388,814	-0-	-0-	388,814
Exchange traded funds - equities				
U.S. equity	2,688,038	-0-	-0-	2,688,038
International equity	235,715	-0-	-0-	235,715
Exchange traded funds - fixed income	115,899	-0-	-0-	115,899
	\$ 5,760,352	\$ 37,976	\$ -0-	\$ 5,798,328
	2024			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -0-	\$ 46,366	\$ -0-	\$ 46,366
Mutual funds - equities				
International	329,221	-0-	-0-	329,221
Mutual funds - fixed income				
Intermediate term	732,752	-0-	-0-	732,752
Other	835,176	-0-	-0-	835,176
Exchange traded funds - equities				
U.S. equity	3,275,959	-0-	-0-	3,275,959
International equity	206,112	-0-	-0-	206,112
	\$ 5,379,220	\$ 46,366	\$ -0-	\$ 5,425,586

The following schedule summarizes the PUFL investment income and its classification in deferred revenue-PUFL in the consolidated statements of financial position for the years ended September 30:

	2025	2024
Dividends and interest	\$ 155,392	\$ 130,830
Investment fees	(35,433)	(32,166)
Net realized gains (losses)	190,842	(29,684)
Net unrealized gains	299,959	1,021,071
Investment return, net	\$ 610,760	\$ 1,090,051

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6. PROPERTY AND EQUIPMENT

The Organization's property and equipment comprise of the following as of September 30:

	2025	2024
Land and improvements	\$ 270,400	\$ 270,400
Building and improvements	2,552,313	2,461,563
Furniture, office equipment, and information technology	1,790,343	1,790,343
Construction in process	240,973	90,751
	4,854,029	4,613,057
Accumulated depreciation	(2,250,712)	(2,122,696)
	\$ 2,603,317	\$ 2,490,361

7. CONTRACT LIABILITIES

The Organization's contract liabilities comprise of the following as of September 30:

	2025	2024
Deferred revenue - dues:		
Beginning of year	\$ 4,175,851	\$ 3,392,234
End of year	\$ 4,354,840	\$ 4,175,851
Deferred revenue - PUFL (Note 5):		
Beginning of year	\$ 5,656,043	\$ 4,664,417
End of year	\$ 6,199,903	\$ 5,656,043

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8. NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions include board designated net assets which are internally designated for the following purposes at September 30:

	2025	2024
Auxiliary net assets without donor restrictions:		
General operations	\$ 49,175,698	\$ 43,054,967
Auxiliary board designated net assets:		
National President's Scholarship Fund Endowment (National Executive Committee ("NEC") designated)	3,455,300	3,033,411
NEC designated reserves	2,286,554	2,490,217
Auxiliary Emergency Fund	1,041,208	955,773
Spirit of Youth Fund	725,157	697,698
Other	106,887	106,887
Total Auxiliary board designated net assets	7,615,106	7,283,986
Pension plan	(1,013,419)	(1,158,510)
Total Auxiliary net assets without donor restrictions	55,777,385	49,180,443
Foundation net assets without donor restrictions:		
General operations	21,373	22,741
	\$ 55,798,758	\$ 49,203,184

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Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for future years and the following specified purposes at September 30:

	2025	2024
Auxiliary net assets with donor restrictions		
Subject to expenditure for a specific purpose		
Spirit of Youth Fund	\$ 185,121	\$ 182,387
Auxiliary Emergency Fund grants	-0-	180,082
Other	443,610	443,587
	628,731	806,056
Endowment:		
Held in perpetuity	836,942	827,067
Undistributed endowment earnings	146,338	122,665
	983,280	949,732
Total Auxiliary net assets with donor restrictions	1,612,011	1,755,788
Foundation net assets with donor restrictions		
Subject to expenditure for a specific purpose		
Veteran Projects Fund	357,850	298,574
National and Local Veteran Creative Arts Festival(s)	311,835	286,917
Mission	6,135	6,135
	675,820	591,626
Endowment:		
Held in perpetuity	2,327,877	2,232,600
Undistributed endowment earnings	1,030,012	795,591
	3,357,889	3,028,191
Total Foundation net assets with donor restrictions	4,033,709	3,619,817
	\$ 5,645,720	\$ 5,375,605

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Net Assets Released from Restrictions

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes of by occurrences of other events specified by the donors as follows during the years ended September 30:

	2025	2024
Purpose restrictions accomplished:		
Auxiliary net assets released from restrictions:		
Spirit of Youth Fund scholarships and related expenses, net of forfeitures	\$ 66,167	\$ 77,248
Emergency Fund grants and related expenses	539,219	276,807
National President's Scholarship Fund Endowment scholarships and related expenses, net of forfeitures	119,250	108,000
Total Auxiliary net assets released from restrictions	724,636	462,055
Foundation net assets released from restrictions:		
Endowment distributions in support of		
Auxiliary operations	67,000	29,306
Veteran Projects Fund grants and sub-grants	134,159	46,325
National and Local Veteran Creative Arts Festival(s)	117,375	135,000
Auxiliary mission sub-grants to ALA National and ALA Departments, Districts, and Units	28,370	19,514
Mission (direct mail campaign and other)	151	89,882
Total Foundation net assets released from restrictions	347,055	320,027
	\$ 1,071,691	\$ 782,082

9. 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 (no contribution is required).

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The measurement dates used in determining the pension benefit measurements for plan assets and benefit obligations were September 30, 2025 and 2024, respectively. Significant balances, costs, and assumptions are as follows:

	2025	2024
Projected benefit obligation	\$ (2,554,262)	\$ (2,691,250)
Fair value of plan assets	2,057,272	2,058,333
Funded status	\$ (496,990)	\$ (632,917)
Accumulated benefit obligation	\$ (2,554,262)	\$ (2,691,250)

Following is a summary of the pension's investments, categorized by each investment's classification within the fair value hierarchy (Note 4), at December 31:

	2024			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -0-	\$ 55,917	\$ -0-	\$ 55,917
U.S. government securities	-0-	22,962	-0-	22,962
Common stocks				
Technology	216,519	-0-	-0-	216,519
Financial services	89,112	-0-	-0-	89,112
Healthcare	80,205	-0-	-0-	80,205
Industrials	50,371	-0-	-0-	50,371
Consumer cyclical	78,155	-0-	-0-	78,155
Communication services	62,920	-0-	-0-	62,920
Other	87,415	-0-	-0-	87,415
Bonds				
Corporate bonds	-0-	601,199	-0-	601,199
Municipal bonds	-0-	232,426	-0-	232,426
Other	-0-	428,662	-0-	428,662
	\$ 664,697	\$ 1,341,166	\$ -0-	2,005,863
Cash				51,409
				\$ 2,057,272

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	2023			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -0-	\$ 44,587	\$ -0-	\$ 44,587
U.S. government securities	-0-	126,478		126,478
Common stocks				
Technology	209,860	-0-	-0-	209,860
Financial services	88,367	-0-	-0-	88,367
Healthcare	90,031	-0-	-0-	90,031
Industrials	57,566	-0-	-0-	57,566
Consumer cyclical	80,730	-0-	-0-	80,730
Communication services	63,157	-0-	-0-	63,157
Other	100,381	-0-	-0-	100,381
Bonds				
Corporate bonds	-0-	678,231	-0-	678,231
Municipal bonds	-0-	279,306	-0-	279,306
Other	-0-	239,639	-0-	239,639
	<u>\$ 690,092</u>	<u>\$ 1,368,241</u>	<u>\$ -0-</u>	<u>\$ 2,058,333</u>

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:

	2025	2024
Liability for pension benefits	\$ 496,990	\$ 632,917
Unrecognized losses	(938,514)	(1,078,800)
Unamortized prior service cost	(74,905)	(79,710)
Employer contributions	24,221	15,711
Benefits paid	233,014	235,414
Net periodic pension cost		
Other components		
Interest costs	120,511	136,832
Return on assets	(207,732)	(232,000)
Net amortization and deferral	120,606	144,323
Net periodic pension cost (benefit)	<u>\$ 33,385</u>	<u>\$ 49,155</u>

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Weighted-average assumptions used to determine benefit obligations are as follows:

	<u>2025</u>	<u>2024</u>
Weighted-average assumptions:		
Discount rate	5.05%	4.70%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine benefit costs are as follows:

	<u>2025</u>	<u>2024</u>
Weighted-average assumptions:		
Discount rate	5.05%	4.70%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

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 during:

Years ending <u>September 30,</u>	
2026	\$ 251,444
2027	230,522
2028	224,177
2029	216,061
2030	207,784
2031 - 2035	<u>940,105</u>
	<u>\$ 2,070,093</u>

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with provisions of the plan agreement. The plan agreements permit investment in equity and debt securities based on certain target allocation percentages.

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns through a limited investment in equity securities.

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Plan assets are re-balanced quarterly. The most recent target asset allocation percentages and the actual plan assets by category at September 30 were as follows:

	<u>Target</u>	<u>2024</u>	<u>2023</u>
Equity securities	40 - 60%	32%	34%
Debt securities	40 - 60%	61%	58%
Real estate	0 - 0%	0%	1%
Other	0 - 20%	7%	7%

10. PROFIT SHARING PLAN

The Auxiliary established a 401(k) Profit Sharing Plan subsequent to the freezing of the pension plan in 2008 (Note 9). 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. Vesting is on a graduated scale with participants beginning to vest in employer contributions after two years of service and becoming fully vested upon five (5) years of service. The Auxiliary contributed \$62,873 and \$53,757 for the years ended September 30, 2025 and 2024, respectively.

11. NATIONAL PRESIDENT'S SCHOLARSHIP FUND ENDOWMENT

The Auxiliary created the National President's Scholarship Fund Endowment (the "Endowment") in 2008 to provide funding for scholarships awarded by the Auxiliary. The endowment consists of quasi endowment funds set aside by the NEC and donor-restricted funds. Contributions to the NEC-designated and donor-restricted portions of the endowment are classified as without donor restrictions and with donor restrictions, respectively, in the consolidated statements of financial position, and the components are tracked separately for the purpose of recording investment income.

Interpretation of Relevant Law

The Auxiliary, is subject to the State Prudent Management Institutional Funds Act ("SPMIFA") and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. A portion of those net assets are also subject to purpose restrictions which must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless as donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Auxiliary considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift

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amounts donated to the fund; (b) any accumulations to the fund which are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Auxiliary has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measure required under the law. Additionally, in accordance with SPMIFA, the Auxiliary considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Auxiliary and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Auxiliary
- 7) The investment policies of the Auxiliary

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level which a donor or SPMIFA requires the Auxiliary to retain as a fund of perpetual duration. There were no funds with deficiencies at September 30, 2025 and 2024.

Return Objective and Risk Parameters

The Auxiliary has adopted investment policies for endowment assets to generate and maximize funds available to benefit and assist in the educational, charitable, and other exempt purposes of the Auxiliary over time. Under this policy, as approved by the Board of Directors, the endowment investments are invested in a manner that is intended to produce a total return which protects the purchasing power of the endowment investments, and which allows for spending under the terms of the endowment fund.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return, the Auxiliary relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Auxiliary, as it relates to endowment investments, targets a diversified asset allocation which places emphasis on generating a return of at least 4.5% over the Consumer Price Index.

Spending Policy and How the Investment Objective Relates to Spending Policy

The Auxiliary has a policy for its Endowment of appropriating for distributions each year on established percentage. The available Endowment distribution 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 NEC for its approval during

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the annual budgeting process. Should the National Finance Committee deem it advisable to exceed the 5% limit, the change must be approved by the NEC.

The NEC-designated portion of the endowment may be added to or expended by the NEC at their discretion. At the recommendation of the National Finance Committee, and by approval of the NEC, 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.

The composition of the Endowment net assets is as follows at September 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
NEC designated endowment funds	\$ 3,455,300	\$ -0-	\$ 3,455,300
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-0-	836,942	836,942
Accumulated investment gains (losses)	-0-	146,338	146,338
	<u>\$ 3,455,300</u>	<u>\$ 983,280</u>	<u>\$ 4,438,580</u>
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
NEC designated endowment funds	\$ 3,033,411	\$ -0-	\$ 3,033,411
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-0-	827,067	827,067
Accumulated investment gains (losses)	-0-	122,665	122,665
	<u>\$ 3,033,411</u>	<u>\$ 949,732</u>	<u>\$ 3,983,143</u>

Changes in Endowment net assets are as follows for the years ended September 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,033,411	\$ 949,732	\$ 3,983,143
Contributions	-0-	9,875	9,875
Investment return, net	421,889	142,948	564,837
Distributions	-0-	(119,275)	(119,275)
Endowment net assets, end of year	<u>\$ 3,455,300</u>	<u>\$ 983,280</u>	<u>\$ 4,438,580</u>

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	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,477,794	\$ 801,855	\$ 3,279,649
Contributions	-0-	11,738	11,738
Investment return, net	555,617	244,139	799,756
Distributions	-0-	(108,000)	(108,000)
Endowment net assets, end of year	<u>\$ 3,033,411</u>	<u>\$ 949,732</u>	<u>\$ 3,983,143</u>

12. AMERICAN LEGION AUXILIARY FOUNDATION ALA MISSION ENDOWMENT

The Foundation created the ALA Foundation 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-restricted funds held in cash and investments.

Interpretation of Relevant Law

The Foundation is subject to the SPMIFA and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. A portion of those net assets are also subject to purpose restrictions which must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless as donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund; (b) any accumulations to the fund which are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measure required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

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SEPTEMBER 30, 2025 AND 2024

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level which a donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no funds with deficiencies at September 30, 2025 and 2024.

Return Objective and Risk Parameters

The Foundation has adopted investment policies for endowment asset to generate and maximize funds available to benefit and assist in the educational, charitable, and other exempt purposes of the Auxiliary over time. Under this policy, as approved by the Board of Directors, the endowment investments are invested in a manner that is intended to produce a total return which protects the purchasing power of the endowment investments and which allows for spending under the terms of the endowment fund.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation, as it relates to endowment investments, targets a diversified asset allocation which places emphasis on generating a return of at least 4.5% over the Consumer Price Index.

Spending Policy and How the Investment Objective Relates to Spending Policy

The Foundation has a policy for its Mission Endowment of appropriating for distributions each year on established percentage. The available Mission Endowment distribution for each fiscal year beginning October 1st shall be the interest and dividends earned on the portfolio from June 1 to May 31 annually, to a maximum of an amount determined by applying a 5% rate to the three-year rolling average market value for the period ending the preceding May 31st. The actual endowment draw will be recommended by the American Legion Auxiliary Foundation Board to the NEC during the annual budgeting process for approval by the NEC. Should the Foundation Board deem it advisable to exceed the 5% limit, the change must be approved by the NEC.

The composition of the Mission Endowment net assets is as follows at September 30:

	<u>2025</u>	<u>2024</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 2,327,877	\$ 2,232,600
Accumulated investment gains	<u>1,030,012</u>	<u>795,591</u>
	<u>\$ 3,357,889</u>	<u>\$ 3,028,191</u>

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
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Changes in Mission Endowment net assets are as follows for the years ended September 30:

	2025	2024
Endowment net assets, beginning of year	\$ 3,028,191	\$ 2,327,993
Contributions	95,277	208,977
Investment return, net	301,421	520,527
Distributions	(67,000)	(29,306)
Endowment net assets, end of year	\$ 3,357,889	\$ 3,028,191

13. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets which are available to meet general expenditures within one year of the financial statement date; that is, amounts which are without donor restrictions limiting their use at September 30:

	2025	2024
Financial Assets		
Cash and cash equivalents	\$ 1,942,253	\$ 2,091,848
Investments	58,853,541	52,344,252
Investments at cost	4,410,713	4,004,324
Investments - PUFL	5,798,328	5,425,586
Total financial assets	71,004,835	63,866,010
Investments at cost	(4,111,574)	(4,004,324)
Deferred revenue - PUFL	(6,199,903)	(5,656,043)
Board-designated funds	(7,615,106)	(7,283,986)
Donor-imposed restrictions		
Purpose and time restrictions	(1,304,551)	(1,397,682)
Endowment funds	(4,341,169)	(3,977,923)
	(23,572,303)	(22,319,958)
Financial assets available to meeting cash needs for general expenditures within one year	\$ 47,432,532	\$ 41,546,052

The Organization's liquidity objective is to maintain adequate liquid assets to fund near-term operating needs and maintain sufficient reserves to provide reasonable assurance that obligations will be discharged as they become due.

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The Organization receives annual membership dues which are ongoing, major and central to its annual operations. Membership dues revenue was \$9,225,093 and \$8,529,253 for the years ended September 30, 2025 and 2024, respectively.

Board-designated funds represent net assets set aside by the Board of Directors for an endowment and other reserve funds. These funds are expected to be used for the intended purposes; thus, these financial assets may not be available for general expenditure within one year and are included in amounts not available to be used within one year above.

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

Investment income from the donor-restricted endowments is classified within donor restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by SPMIFA.

Because endowments exist in perpetuity the Organization may only spend from its endowment in accordance with its spending policy (Notes 11 and 12).

14. 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.

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Activities between the Auxiliary and the Legion for the years ended September 30 are summarized below:

	<u>2025</u>	<u>2024</u>
Disbursements to Legion		
Conferences and convention	\$ 154,272	\$ 127,894
Legal services	18,000	18,000
National emblem sales	5,563	4,700
Contributions to the Legion and its affiliates	39,221	42,711
Other	4,920	6,170
	<u>\$ 221,976</u>	<u>\$ 199,475</u>
Receipts		
National emblem sales	<u>\$ 124,029</u>	<u>\$ 93,883</u>

15. CONCENTRATIONS

The Organization maintains cash and cash equivalents in bank deposit accounts which regularly exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

SUPPLEMENTARY INFORMATION

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
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ANALYSIS OF DEFERRED REVENUE – PUFL
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Increases		
Membership dues	\$ 303,229	\$ 263,525
Investment return, net	610,760	1,090,051
	913,989	1,353,576
Decreases		
Distributions to departments	304,823	302,594
Administrative expense	65,306	59,356
	370,129	361,950
Net increase	543,860	991,626
Deferred revenue, beginning of year	5,656,043	4,664,417
Deferred revenue, end of year	\$ 6,199,903	\$ 5,656,043

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2025

	ASSETS			
	<u>Auxiliary</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,693,454	\$ 248,799	\$ -0-	\$ 1,942,253
Investments	55,346,641	3,506,900	-0-	58,853,541
Investments at cost	4,111,574	299,139	-0-	4,410,713
Investments - PUFL	5,798,328	-0-	-0-	5,798,328
Due from ALA	-0-	244	(244)	-0-
Prepaid expenses	105,866	-0-	-0-	105,866
Property and equipment, net	2,603,317	-0-	-0-	2,603,317
Other assets	179,491	-0-	-0-	179,491
	<u>\$ 69,838,671</u>	<u>\$ 4,055,082</u>	<u>\$ (244)</u>	<u>\$ 73,893,509</u>
 LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 834,921	\$ -0-	\$ -0-	\$ 834,921
Due to ALAF	244	-0-	(244)	-0-
Accrued expenses	365,542	-0-	-0-	365,542
Accrued scholarships	173,000	-0-	-0-	173,000
Deferred revenue - dues	4,354,840	-0-	-0-	4,354,840
Deferred revenue - PUFL	6,199,903	-0-	-0-	6,199,903
Deferred revenue - other	23,835	-0-	-0-	23,835
Liability for pension benefits	496,990	-0-	-0-	496,990
Total liabilities	12,449,275	-0-	(244)	12,449,031
Net assets				
Net assets without donor restrictions:				
General operating	49,175,698	21,373	-0-	49,197,071
Board-designated	7,615,106	-0-	-0-	7,615,106
Pension plan (Note 9)	(1,013,419)	-0-	-0-	(1,013,419)
Total net assets without donor restrictions	55,777,385	21,373	-0-	55,798,758
Net assets with donor restrictions	1,612,011	4,033,709	-0-	5,645,720
Total net assets	<u>57,389,396</u>	<u>4,055,082</u>	<u>-0-</u>	<u>61,444,478</u>
	<u>\$ 69,838,671</u>	<u>\$ 4,055,082</u>	<u>\$ (244)</u>	<u>\$ 73,893,509</u>

See report of independent auditors.

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
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CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

	Auxiliary			Foundation			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Auxiliary Total	Without Donor Restrictions	With Donor Restrictions	Foundation Total		
Revenue and support								
Membership dues	\$ 9,225,093	\$ -0-	\$ 9,225,093	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 9,225,093
Contributions	177,000	437,936	614,936	248,022	456,999	705,021	(425,022)	894,935
Advertising	70,553	-0-	70,553	-0-	-0-	-0-	-0-	70,553
Other	718,949	-0-	718,949	-0-	-0-	-0-	-0-	718,949
Net assets released from restrictions	<u>724,636</u>	<u>(724,636)</u>	<u>-0-</u>	<u>347,055</u>	<u>(347,055)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenue and support	10,916,231	(286,700)	10,629,531	595,077	109,944	705,021	(425,022)	10,909,530
Expenses								
Member and department support services	5,613,727	-0-	5,613,727	5,394	-0-	5,394	-0-	5,619,121
Youth and education services	1,189,752	-0-	1,189,752	107,613	-0-	107,613	(67,000)	1,230,365
Veterans and military families programs	<u>915,609</u>	<u>-0-</u>	<u>915,609</u>	<u>275,643</u>	<u>-0-</u>	<u>275,643</u>	<u>(110,000)</u>	<u>1,081,252</u>
Total program services	7,719,088	-0-	7,719,088	388,650	-0-	388,650	(177,000)	7,930,738
Management and general	2,404,072	-0-	2,404,072	72,982	-0-	72,982	(248,022)	2,229,032
Fundraising	<u>315,913</u>	<u>-0-</u>	<u>315,913</u>	<u>147,799</u>	<u>-0-</u>	<u>147,799</u>	<u>-0-</u>	<u>463,712</u>
Total expenses	<u>10,439,073</u>	<u>-0-</u>	<u>10,439,073</u>	<u>609,431</u>	<u>-0-</u>	<u>609,431</u>	<u>(425,022)</u>	<u>10,623,482</u>
Change in net assets from operations	477,158	(286,700)	190,458	(14,354)	109,944	95,590	-0-	286,048
Investment return, net	5,974,693	142,923	6,117,616	12,986	303,948	316,934	-0-	6,434,550
Pension plan (Note 9)								
Change in unrecognized losses	140,286	-0-	140,286	-0-	-0-	-0-	-0-	140,286
Change in unamortized services costs	<u>4,805</u>	<u>-0-</u>	<u>4,805</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,805</u>
Total pension plan	<u>145,091</u>	<u>-0-</u>	<u>145,091</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>145,091</u>
Change in net assets	6,596,942	(143,777)	6,453,165	(1,368)	413,892	412,524	-0-	6,865,689
Net assets, beginning of year	<u>49,180,443</u>	<u>1,755,788</u>	<u>50,936,231</u>	<u>22,741</u>	<u>3,619,817</u>	<u>3,642,558</u>	<u>-0-</u>	<u>54,578,789</u>
Net assets, end of year	<u>\$ 55,777,385</u>	<u>\$ 1,612,011</u>	<u>\$ 57,389,396</u>	<u>\$ 21,373</u>	<u>\$ 4,033,709</u>	<u>\$ 4,055,082</u>	<u>\$ -0-</u>	<u>\$ 61,444,478</u>

See report of independent auditors.

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS AND
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CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

	Auxiliary			Foundation			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Auxiliary Total	Without Donor Restrictions	With Donor Restrictions	Foundation Total		
Revenue and support								
Membership dues	\$8,529,253	\$ -0-	\$ 8,529,253	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,529,253
Contributions	605,841	349,726	955,567	236,736	589,850	826,586	(394,236)	1,387,917
Advertising	87,948	-0-	87,948	-0-	-0-	-0-	-0-	87,948
Other	678,282	-0-	678,282	-0-	10,000	10,000	-0-	688,282
Net assets released from restrictions	462,055	(462,055)	-0-	320,027	(320,027)	-0-	-0-	-0-
Total revenue and support	10,363,379	(112,329)	10,251,050	556,763	279,823	836,586	(394,236)	10,693,400
Expenses								
Member and department support services	5,008,552	-0-	5,008,552	1,730	-0-	1,730	-0-	5,010,282
Youth and education services	1,156,077	-0-	1,156,077	65,996	-0-	65,996	(30,000)	1,192,073
Veterans and military families programs	899,220	-0-	899,220	209,981	-0-	209,981	(127,500)	981,701
Total program services	7,063,849	-0-	7,063,849	277,707	-0-	277,707	(157,500)	7,184,056
Management and general	1,822,520	-0-	1,822,520	64,652	-0-	64,652	(236,736)	1,650,436
Fundraising	625,111	-0-	625,111	214,619	-0-	214,619	-0-	839,730
Total expenses	9,511,480	-0-	9,511,480	556,978	-0-	556,978	(394,236)	9,674,222
Change in net assets from operations	851,899	(112,329)	739,570	(215)	279,823	279,608	-0-	1,019,178
Investment return, net	9,274,591	244,141	9,518,732	9,555	533,815	543,370	-0-	10,062,102
Pension plan (Note 9)								
Change in unrecognized losses	(68,180)	-0-	(68,180)	-0-	-0-	-0-	-0-	(68,180)
Change in unamortized services costs	5,624	-0-	5,624	-0-	-0-	-0-	-0-	5,624
Total pension plan	(62,556)	-0-	(62,556)	-0-	-0-	-0-	-0-	(62,556)
Change in net assets	10,063,934	131,812	10,195,746	9,340	813,638	822,978	-0-	11,018,724
Net assets, beginning of year	39,116,509	1,623,976	40,740,485	13,401	2,806,179	2,819,580	-0-	43,560,065
Net assets, end of year	<u>\$ 49,180,443</u>	<u>\$ 1,755,788</u>	<u>\$ 50,936,231</u>	<u>\$ 22,741</u>	<u>\$ 3,619,817</u>	<u>\$ 3,642,558</u>	<u>\$ -0-</u>	<u>\$ 54,578,789</u>

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