



**NATIONAL EXECUTIVE COMMITTEE  
MID-WINTER MEETING  
SUMMARY OF PROCEEDINGS**

**February 27, 2021**

**MEETING HELD ELECTRONICALLY  
VIA ZOOM**

**American Legion Auxiliary National Headquarters  
3450 Founders Road  
Indianapolis, Indiana**

## MEMBERS PRESENT

### National Officers

National President.....	Nicole Clapp
National Vice President .....	Kathy Daudistel
Central Division National Vice President.....	-
Eastern Division National Vice President.....	Carolyn Baranowski
Northwestern Division National Vice President.....	Rhonda Larkowski
Southern Division National Vice President .....	Noemi Burgos de Paneto
Western Division National Vice President .....	Cheryl Park
National Chaplain .....	Mary Anne Casadei
National Historian.....	Peggy Monroe
National Secretary.....	Linda Boone
National Treasurer .....	Marybeth Revoir

### Invited Guests

Executive Director .....	Kelly Circle
ALA Foundation Board of Directors President.....	Doris Hammeke
Audit Committee National Chairman .....	Jeri Greenwell
Finance Committee National Chairman.....	Sharon Conatser
Director of Finance .....	Gary Ward
Constitution & Bylaws National Chairman .....	Trish Ward
Alerding CPA Group .....	Mike Staton
Alerding CPA Group .....	Justin Schwartz

### Past National Presidents

Linda Boone  
Linda Newsome  
Virginia Hobbs  
Kristine West  
Jan Pulvermacher-Ryan  
Desireé Stoy  
Rita Navarreté  
Carlene Ashworth  
Peggy Thomas  
Nancy Brown-Park  
Janet Jefford  
Sharon Conatser  
Mary Davis  
Diane Duscheck  
Kathy Dungan

### National Executive Committee members

Alabama.....	Judy Daughtry
Alaska .....	Penelope Mazonna
Arizona.....	Cynthia Queen
Arkansas.....	Patricia Murray
California .....	Linda Workman
Colorado.....	Ann Ritacco

Connecticut .....	Debra Knickerbocker
Delaware .....	Carol Feeley
District of Columbia .....	Lauren Lloyd
Florida .....	Michele DeGennaro
Georgia .....	Jane Lawrence
Hawaii .....	Brister Thomas [ALT]
Idaho .....	Toni Gimpel
Illinois .....	Debra Lewis
Indiana .....	Betty Slagle
Iowa .....	Ann Crawford
Kansas .....	Debra J. Haas
Kentucky .....	Jerilynn Kabel
Louisiana .....	Mary Cauthen
Maine .....	Veronica Gurney
Maryland .....	Patti Lach
Massachusetts .....	Donna Blattenberger
Michigan .....	-
Minnesota .....	Raleen Tolzmann
Mississippi .....	Tina Hurst
Missouri .....	Marsha Mooney
Montana .....	Kathryn Long
Nebraska .....	Kathleen Mazur
Nevada .....	Glynis Seeley
New Hampshire .....	Linda DuPont [ALT]
New Jersey .....	Linda Stadtler
New Mexico .....	Cecilia Martinez
New York .....	Deborah Morris
North Carolina .....	Janice MacLeod
North Dakota .....	Tammy Ryberg
Ohio .....	-
Oklahoma .....	Nancy O’Leary
Oregon .....	Pam Seelye
Pennsylvania .....	Melissa Hrinya
Puerto Rico .....	Amanda Torres
Rhode Island .....	Karen Panzarella
South Carolina .....	Patricia Jarvis
South Dakota .....	Laura “Susie” Clyde
Tennessee .....	Kathleen Leedy
Texas .....	Christine Trahan
Utah .....	Nancy Aerts
Vermont .....	Nancy Tetreault
Virginia .....	Sallie Rossman
Washington .....	Eva Wallace
West Virginia .....	Rhonda Best
Wisconsin .....	Laura Calteux
Wyoming .....	Vicki Paddock

**SATURDAY, FEBRUARY 27, 2021**  
**NATIONAL EXECUTIVE COMMITTEE MID-YEAR MEETING**

Adoption of Consent Agenda..... 5

National President’s Report ..... 5

Executive Director Updates ..... 8

American Legion Auxiliary Foundation Report ..... 10

Finance Committee Report ..... 11

Audit Committee Report..... 13

Long Range Strategic Planning Update ..... 25

Constitution & Bylaws Report..... 26

Presentation by Parliamentarian Chris Dickey on Conventions and Electronic Meetings ..... 27

APPENDIX A: Consent Agenda

- Charter Cancellations
- Finance and Audit Committee Policies
- National President Appointments

APPENDIX B: National Officer and National Chairmen Mid-Year Reports

APPENDIX C: Auditor’s Report and Financial Statements

APPENDIX D: Summary of Motions/Resolutions

NEC meeting called to order at 2 pm. National Chaplain Mary Anne Casadei opened in prayer.

*Recording begins with National President Nicole Clapp's report.*

NATIONAL PRESIDENT NICOLE CLAPP: It's taught me to write everything down, not in pen, though, in pencil. Every department visit on the calendar is a possibility, not a probability. I cross my fingers every day that the Internet connection on the farm is going to be strong enough for another Zoom meeting. I remind myself that flexibility is the name of the game. While adapt and overcome is by far our best strategy and I don't get my hopes up, quite as high for the next great adventure until I'll tell you the plane lands at my destination and all those COVID requirements have been met. So, as we think that to the mission of our organization and everything we've gone through think back if we were here in 1919 to honor the sacrifice of those who served by enhancing the lives of our veterans military and their families. That pandemic and our pandemic--I'm sure there are many similarities, but if we can't understand and appreciate what they went through someday we will be the history that will be discussed. But over 100 years ago we entrusted our lives into those hands of the World War 1 veterans. Today it is still our responsibility, because what is more important than trusting their health and well-being in our hands. Fulfilling our mission of service not self has not been easy, as we know, COVID presented us with new concepts--social distancing, temporary post home closures and limited visits if visits at all to our veterans homes and similar facilities. How many of you didn't even know how to make a face mask until a year ago, unless you were a nurse like myself who wore a mask all the time that was not something that you carried in your handbag or matched your outfit to match what the face mask was going to show today. Then I think of the seriousness and I think back to the significant historic events that had to be so scaled back. Veterans Day at Arlington National Cemetery--we didn't get to be represented. There was no public attendance at December 7<sup>th</sup> Pearl Harbor Remembrance, or the presidential inauguration. Those are moments in our history that the American Legion Auxiliary needs to be represented. No, we couldn't because of COVID. While we know COVID claimed lives, it sickened many others and led to unemployment, homelessness. But you the ALA, we pushed on and overcame those challenges by putting our mission safely first to make positive impacts on the health and well-being of our veterans, servicemembers, and their families. ALA National Headquarters staff continued serving, too, by wholeheartedly embracing technology to keep our members engaged from behind the scenes, with everyday activities of facilitating simple committee meetings to hosting high profile happenings and events. So, I want to thank our staff for learning, as I said a few minutes ago to how to professionally conduct events in-house. Now I've said this before, but the online interactions with members and staff aren't the same, but they are still pretty rewarding. And I recall ALA division membership calls, sponsoring VA Question and Answer sessions for female veterans, having the opportunity to speak live to The American Legion NEC, the SAL NEC, and the Americanism Commission. And probably our biggest—being co-presenters of the Veterans Creative Arts Festival, allowing more people than ever before to get to witness what our contribution helps in the wellbeing and health of our veterans by going from a live event to a virtual “at home,” and I think that's where we get the “at home” that we're so used to seeing on many of our publications. And then we know our traditional meetings such as this, who would have thought in less than a year, we had four virtual trainings for the NEC here today. I think it's quite overwhelming interest and I think people are getting more comfortable looking at a Brady Bunch screen that also lend us to having the enormous participation for our two committees, the special committees that you the NEC approved last fall: Inclusion and Diversity and Code of Ethical Conduct Review. We received over--get this--300 and I will repeat--300 applications. We conducted interviews via Zoom. And now hopefully this afternoon, you will want to ratify that involvement for those committee members, so that they can begin their great work and plan to share their accomplishments and efforts and thoughts at our next NEC meeting in August. I know, all these different types of meetings and events would not have been possible

without the use of this, the big T word-- I say Technology. And let's all and I know I can't hear you, but I'll say it loud enough for all of us give a collective "whoop hoo" out to our newly designed website-- technology at its best. Now I need to say thank you to the departments, and I wish I could see you smile, South Dakota, Michigan, Ohio, Alaska, Nebraska, and the Lincoln Pilgrimage in Illinois, thank you for figuring out a way to have your national President safely come and visit and showcase all of your wonderful efforts, great works of our members. Now seven departments had to cancel, that's understandable, two had to reschedule. And I was able to participate virtually in Minnesota and Florida. We know Mother Nature was in charge when we have a blizzard already in Minnesota in October and had to go to a virtual meeting format. Now on the calendar slated, as I said in pencil, of course, are 14 more department visits. And eight additional national trips for the next six months that are slated which I'm hopeful will take place since widespread vaccinations are now occurring. The American Legion Family is made up of common-looking people who are dedicated to a mission to service. Now, President Lincoln also commented that common-looking people are the best in the world--that is the reason the Lord made so many of them. I fast forward that statement to today, meaning the American Legion Family approximately 3 million strong. With the passage of the Legion Act along with spousal eligibility and now potential members from our Space Force, our collected membership opportunities are continuing to expand, and our family membership numbers reflected such a fact, even during a pandemic. Now pay attention to these numbers, I know not everybody likes numbers but I'm a nurse who does like numbers, as we all know. The SAL led the way in 2020 with 95.99% of their goal, while we, as the ALA were ever so closely behind by just point 2.4% at 95.75%. And The American Legion proudly reached 92.4%. Now I truly feel in 2020 with us only being behind 23,254 members behind where we ended in 2019--23,254 members--that's not only respectable that's commendable in a pandemic so congratulations! Five departments, I am so impressed, you made goal in 2020: Alaska, Arizona, Florida, New Hampshire, and Puerto Rico. Also noteworthy: Colorado, Florida again, Nebraska, and Puerto Rico actually all increased their overall membership. Now I would suggest that you reach out to those departments to learn from their successes. Last year at this meeting we shared how proud we were of you for stopping the membership slide of unit cancellations. Well, COVID 19 reared its ugly head on 54 of our units. While we were able to charter or recharter only 17, so we've got our work cut out for us in the next few months. But being the cup half full, let's turn to a more positive note. Right now, we are collectively at 80% of our goal-- 80% in a pandemic that has shut us down, as we all know, for a year. That includes 868 male spouse ALA members honoring their loved one's service--that is incredible. I want to say, congratulations to the Department of Nebraska and one I'll have to admit, I'm a little biased and partial for--the Department of Iowa, who both reach 75% goal by Pearl Harbor Day. Now recall how our membership's Caring and Sharing Week--that initiative took on a whole new meaning last year during the pandemic when the focus shifted from recruitment to retention and wellbeing. Now I'm going to let you in on a little secret, so you pay attention to those reports later on this afternoon, if our giving Tuesday and our monthly donor campaigns are any indication, I hope this year's membership efforts will be even more impactful that very first week in April. Thank you everyone for your ongoing dedication and commitment, especially during these unrelenting times. I am so proud of your collective efforts for the staff as well, of course, of our volunteer members. We realize, and you've heard me say this before, but not every department, as well as us nationally, and that would be a frown on my face, didn't get a chance to celebrate our anniversary last. But I will ask you again: how many people and businesses do you know get to celebrate their 100th birthday for two whole years straight? That is us, the American Legion Auxiliary. I want to personally thank our 100th Anniversary Chairman, Past National President and Diamond Jubilee, the Queen of Diamonds, Linda Newsome and her committee for hosting several virtual social hours, with scavenger hunts to keep our momentum going forward to continue celebrating a century of service, all the way to Phoenix. Now remember, departments, pack your flags for that

processional. It's a once in a lifetime opportunity, once again, for this centennial Convention. People, believe it or not, already asked me about year-end reporting. So, NEC members, I need you to share this announcement with your departments that program reports should not be more than 1,000 words per year. I'm going to repeat that: 1,000 words per year. So, if a department already submitted a 2019-2020 program report just attach it to your 2021 report. And you will then have that taken care of following the cover sheet guidelines, but if you didn't submit a report for 2019-2020 and you want to do a combined report, that's perfectly fine, but then the max is 2,000 words total, so I think we can all do the math 1,000 plus 1,000 we get to 2,000, so I think that's what's important for our programs now. As I close this afternoon, I want to say thank you for your ongoing love, support, and encouragement. It is an honor and a privilege to continue to serve as your centennial national president for a second year. As a 46-year paid up for life member, I pledge my passion, my enthusiasm, and my knowledge to continue to lead you wonderful ALA members. I ask you, though, now is the time for us to join together and work even harder to protect the health and wellbeing of everyone. My heart goes out to anyone who's lost a loved one due to this menacing virus or were otherwise negatively impacted by it. In my Christmas note I said, we are American Legion Auxiliary strong because of your love of country and each other. Please stay safe, wear your mask, take care of yourselves and each other, and I will tell you that Cornelius and I hope and pray that we will see you in Phoenix, if not before, on our travels so thank you, members of the ALA for an opportunity of a lifetime. OK, so now next on to the next order of business, the question on the table is the approval of the national appointments, to ratify the appointment changes that were submitted to you in your packet. Is there any discussion?

ALA NHQ STAFF: Please recognize NEC [NV] GLYNIS SEELEY. Glynis, please unmute yourself.

NATIONAL PRESIDENT NICOLE CLAPP: Glynis, go ahead.

NEC [NV] GLYNIS SEELEY: I think I did it. Can you hear me?

NEC [NV] GLYNIS SEELEY: I can. Let me see you does that help a little?

NATIONAL PRESIDENT NICOLE CLAPP: bit yes.

NEC [NV] GLYNIS SEELEY: Okay, I actually moved the computer. Okay, so as part of the responsibilities of the NEC we are tasked with approving any type of appointments for committees. With the packet I did read through some of the names, some of the names of the people on both committees, the Diversity Committee and the Code of Ethics Committee. It did not include what department they were coming from, and when I actually discussed this with some of the other members of my department executive committee, regarding both of these committees, they were actually asking how do we know how diverse this committee is if we only have a name? And what other type of credentials to these people possibly bring other than just wanting to volunteer for these committees.

NATIONAL PRESIDENT NICOLE CLAPP: Okay, Glynis, I can answer that for you. As the committees were being put together through the interview process, we looked at geography as one of our considerations, so that we have representation across the country representing the divisions that we have in our organization. And also, I would appreciate the members realizing this committee structure is no different than the committees that we have as standing committees. You put the trust in your upcoming leadership to submit to you names, you do not have resumes, you do not have additional information about candidates for appointments and so we followed the same premise, with these two committees, except for we did do interviews with committee members, so that we made sure that we met all the criteria, because these are special committees. They have a different focus and a different duration than

are standing committees. So, Glynis, I would hope that you can trust and believe that we are representing the best interest of all of our members of the American Legion Auxiliary and I appreciate your question and your concern.

NEC [NV] GLYNIS SEELEY: Thank you.

NATIONAL PRESIDENT NICOLE CLAPP: Anything else?

NHQ STAFF: Seeing no other hands. All those in favor of approving the ratification, on the appointment changes vote yes, those opposed, vote no, or feel you need to abstain. Voting is now open. Alright, we appreciate everyone's confidence in our structure that we are 100% in agreement to move forward with our appointments. We are so excited that we will let those committee members know so that they can begin their work and other committee member appointments that were changes, we appreciate those individuals stepping up to help accomplish our mutual goals. Alright, so, as we have been looking at from a national president perspective, now it's time to hear from our Executive Director Kelly Circle regarding all the great work and accomplishments that our staff have been doing behind the scenes for us this year. Kelly?

EXECUTIVE DIRECTOR KELLY CIRCLE: Thank you, Madam President, it's hard to believe it was just a year ago that I first presented to this group and introduced myself. It's been an amazing year of learning, and I've gotten to know quite a few members of our governing body. From the feedback I received, the weekly briefings are appreciated, and I plan on continuing to do them. You might have noticed that they've evolved over the year. I've expanded the audience to directly include department presidents and secretaries. I want to foster open and timely communication and I felt like this was a good place to start. You might also notice it's newsy but not a lot of detailed business. I love that members are sharing to Facebook and on their department websites, so that all of our members know what's happening on the national level, and I want to foster that communication as well. I don't want anyone to feel left out. At the same time, I'd like the opportunity to share more business ideas, planning, trainings, etc., with you, so that in the coming months, you may see more emails from me to the NEC, national officers, national chairs, and PNPs. For our organization to be truly successful, we need a strong governing body. Whether we call this group the NEC or the board of directors, you are the governing body and serve in a very important role. My goal with these additional communications is to increase NEC awareness of the activities of the organization and to provide training opportunities for those who are new to their role as an NEC. You may serve on other boards in your community, and they probably look and operate very differently than our body does. Our governing body consists of 60 plus members, which is huge compared to other boards I've been a part of. And we also only meet four times a year, governing a large geographic chain range, we decided that a 20 member Board was too large and unwieldy to have meaningful business discussions, so we voted, and we limited the board to 15 members instead. I'm not suggesting we do that here, but we also met once a month to review finances and hear a report from the President and CEO on upcoming events and what was happening on the staff side. The Board was very knowledgeable about the operations and served in an advisory capacity to the President and CEO. I think this illustrates two opposite ends of the spectrum of how nonprofit governance operates, and while each has its place, I think the ALA would be best served if our governing body was somewhere in the middle. I don't know how much experience that members of the NEC have serving on the board or other governing body. I would guess, we have a great cross section, or some have extensive experience and others have no experience. I want to help everyone feel comfortable in their role as the NEC for their department. Board Source is a nonprofit organization founded in 1988. Its mission is quote "to inspire and support excellence and nonprofit governance board and staff leadership. Board Source offers consulting services,

publications, and a membership program to increase the effectiveness of nonprofit organizations, by strengthening their board of directors” end quote.

The ALA is a member of Board Source and we have access to many helpful tools. My plan is to start sharing these tools, articles, trainings with members of our governing body, so that we can be more effective. Whatever I share with you, I'm depending on you to share with others in your department, especially those in leadership positions from department to unit level. However, we can mentor and provide training and succession planning, it's only going to help benefit our organization down the road. So, shifting gears, the strategic results summary can be found on page 30 of your packet. I won't spend time reading it to you, but there are a couple of highlights I'd like to emphasize. First, I want to recognize and acknowledge the hard work and dedication the staff has demonstrated and how much they've accomplished on the strategic plan, in spite of numerous obstacles. In addition, the staff has reduced expenses, finding ways to work more efficiently and, by learning new skill sets. They are working on new sources of revenue and have already increased revenue by almost \$90,000 through grants alone. This is a highly functioning team and their teamwork and collaboration inspire me. I hope they can be an inspiration to you as well. One surprising outcome, and certainly one we didn't anticipate when first drafting the strategic plan, happened for Goals One and Three which are: cultivating a variety of mission engagement opportunities and recruiting and retaining members through mission engagement. With the pandemic and the cancellation of so many activities, it was surprising, the staff and the volunteer chairs were able to create so many mission engagement opportunities in the form of online workshops, panels, and training so quickly. In first quarter, we offered over 30 hours of training, with almost 1,000 attendees and that doesn't include the number of hours and attendees for all the Girls State virtual meetings. Think of it, one year ago, we couldn't imagine so many of our members would be utilizing technology as much as they have to stay in touch and conduct business. And I know I never would have guessed our members would develop a comfort level with technology so quickly. This is exciting progress and very helpful for our future, so thank you for making those efforts. This quarter we're working closely with The American Legion staff to promote National Poppy Day on a national level. As you well know, National Poppy Day is the Friday before Memorial Day on Sunday. The American Legion sponsored IndyCar will participate in the Indy 500. For this race, The American Legion brand will be the only brand on the car. CGR, Chip Ganassi Racing, is excited to partner with us to promote National Poppy Day and we anticipate seeing many poppies on their team uniforms, for both NASCAR and IndyCar races that weekend. In addition, we've sent a letter from The American Legion Family to Dr. Biden's office to ask for her support in honoring our veterans. Some suggestions we made were lighting the White House in red, wearing a poppy, and displaying poppy wreaths. I'll let you know when we receive her response. Finally, we'll send poppy packets to major media outlets and we will have a press release template available for units and departments to share with their local media. This is just the first year of a multiyear initiative to promote National Poppy Day, so stay tuned for more, and please encourage your units and departments to continue their efforts to celebrate Poppy Day in their communities. We are also working with a marketing consultant to explore the possibility of partnering with a celebrity spokesperson, whose philanthropic activities align with our mission. I'll be sure to update you as we make progress on that. These are just a couple of the ways that we are trying to introduce our brand to different segments of the population who may not yet know who we are. If you have any ideas or suggestions I encourage you to write to me. One never knows where the great idea's going to come from. Thank you very much for your time and Madame President, this concludes my report, thank you.

NATIONAL PRESIDENT NICOLE CLAPP: I appreciate all of your efforts, as well as your staff. So now we will move on to the ALA Foundation report. The chair now calls on-- there she appears on the screen--Dory Hammeke, Foundation Board President. Good afternoon, Dory, and welcome.

ALA FOUNDATION BOARD PRESIDENT DORY HAMMEKE: Good afternoon. I'm excited to share some of the successes that the Foundation has seen during what's been a pretty challenging year for all of us. 2020 brought some new challenges in our veteran and military communities. That is, I'm sure, no surprise to you, our team and our donors stepped up to meet those challenges. You're not surprised to hear that, are you? During this administrative year, we reached some huge milestones including gifting over half a million dollars in grants to units and departments since 2012 when the Foundation grants were first awarded. We awarded grants for nine veteran projects, four VCAFs, 12 Mission in Action initiatives, and we processed 14 sub grants for unit and department purposes this past year. Our mission endowment fund now stands at \$2.28 million, growing over \$300,000 from the previous year. Contributing to that was a record breaking \$56,000 raised on Giving Tuesday, and over \$230,000 from direct mail. Nearly 13,000 people donated to the Foundation this past year. We experienced growth in different giving avenues. Our monthly giving program jumped from 28 monthly donors to 133. And our Legacy Society which is made up of those who either have given or have committed a gift in their estate plans--that rose from 12 to 30 members. Those gifts will have a lasting impact on the lives of our nation's heroes and their families. Reaching these milestones during a global pandemic was a labor of love from the entire ALA Foundation team. We reached out to members, donors and the public, more than ever to ask, for their continued support. These touch points came in many forms: social media, direct mail, email, magazine articles and advertisements, online blogs, a radio show appearance, two live Foundation grant panels, and thousands of handwritten thank notes and phone calls. Because of these efforts, the Foundation was able to meet the newfound challenges of our veterans, military, and their families. There's one story I'd like to share with you about a grant that we received from Illinois ALA Unit 474. They received a veteran projects fund grant for \$7,400 to purchase 37 ECHO shows for patient rooms at the Blind Center of the Hines VA medical Center. These voice activated devices allow patients to participate in activities, to obtain information and, most importantly, call home using the video chat function. That means that their loved ones who may not have had the ability to visit them for much of the past year were able to see them and communicate with them virtually. With all the isolation that we've experienced during the past months, it's heartwarming to know that we have brought a ray of light into the lives of these veterans. So, thank you to all the departments that continued to financially support the Foundation and to those taking advantage of our grants. If you have not yet received a grant in your state, we strongly encourage you to check out what the Foundation can offer and apply. We know great work is being done in every state, and we want to help you support more veterans, military, and their families. Any Foundation board member is more than happy to assist you with the grant process so feel free to ask for help. In that same vein, we humbly ask that you join us in our mission to reach every department, by sharing the work of the Foundation and encouraging members to get involved. Whether that be sharing stories the Foundation funded projects at your meetings, conferences or even on social media. Each time you mentioned the Foundation, a member is more likely to apply for a grant or to make you so thank you again for your continued support and Madam President, that concludes my remarks.

NATIONAL PRESIDENT NICOLE CLAPP: Thank you, Dory, we greatly appreciate it, and next month, when I am at Hines on my Department of Illinois visit, hopefully, I'll get to see an ECHO show in action.

ALA FOUNDATION BOARD PRESIDENT DORY HAMMEKE: That'd be awesome.

NATIONAL PRESIDENT NICOLE CLAPP: All right, so we have heard from the Foundation, now it is time to hear from Past National President Sharon Conaster, Chairman of the national Finance Committee. Good afternoon. Hi, Sharon.

FINANCE CHAIRMAN SHARON CONATSER: Hi, good afternoon, Madam President. Since we met at National Convention your national finance committee held a conference call meeting and we met February 19 by Zoom. We've monitored statements. We've looked at our investment planning. We've looked at our fundraising campaigns, member benefits, and policy review. The members of your finance committee take their responsibility serious and bring great knowledge and expertise which is invaluable to our committee. My sincere thanks to the members of the Finance Committee for their dedication and support. Our investment portfolio is being handled in accordance with the investment policy, which you approved earlier today. Some of our numbers look like we have a surplus, but I'd like to remind you that a lot of this surplus is because this budget and the 2020 budget were prepared in the hopes that our programs and travels would return to normal, so that we can continue to serve our veterans, children and our communities in the manner in which they're accustomed to. Many of our unit members are very creative in the way they are serving during this pandemic. For instance, our national Veterans Creative Arts Festival was held virtually. That saved money, but it was very beneficial for our VA and our committee and our members. One item that continues to control the budget is our membership. Now's a good time to get back to making those phone calls and socially distance visits to your members and collect their dues. Our membership grew by leaps and bounds many years ago when that was the only avenue in which to get members. So why not do it now and get their personal and make that personal contact to help us continue to grow. Your membership team is doing a great job, but the unit members have to do their part to make our organization a vital and fun organization in the years to come. At this time, Madam President, with your approval, I would like to ask Gary Ward, our Director of Finance; he's going to share a few numbers with us.

NATIONAL PRESIDENT NICOLE CLAPP: As we welcome Gary to the screen, our Controller, our Director of Finance. Good afternoon, Gary.

NHQ DIRECTOR OF FINANCE GARY WARD: Thank you, Madam Chairman. I would like to start off, I think it's page 80 in your packet here, the Comparative Statement of Financial Position. I would just like to thank those that came before us and our long past history for doing such a great job in that. You have such a strong balance sheet, we have virtually no debt and 90% of our assets are cash and investments so they've really done a nice job in the past, getting us to where we're at today. A few of the major financial drivers for the first quarter of our year, so this is the first quarter of fiscal year 21 from October 1 of 2020 through December 31 of 2020. The increase in our investments was significant due to COVID the pandemic, our expenses related to programs and services were limited on what we could do we had to do several things virtually and that caused our travel and lodging expenses for the first quarter of this new year to be down \$254,000 below budget. As we look at our building, I know, when you first took on the National Headquarters building there were some things that kind of popped up and you had several things to fix. That seems to be kind of tapering off. Quite a few of the things have been done, there are some windows to update. The HVAC's in great shape at this point so that's coming along nicely, and when the pandemic hit in March, we had to add several laptops for employees to be able to work efficiently, both in the office or from off site, so we were able to get that done and it's worked really well. Our employees have been able to work from home and be efficient, where they needed to be. And when you look at the liabilities on our balance sheet, we've never had significant numbers there. But we did add and receive funds for the Payment Protection Program loan under the Cares Act. We received those funds in May of 2020 and those were in the amount of \$566,500, and we have since filed online to have those loans forgiven. We fully expect that to happen. And we're hoping in the next 30 to 60 days to get notification that that has happened, at which point we will remove the liability from our balance sheet, and we will take that \$566,500 into income, but we have to get that formal okay first. If we move on to what would be page 79 in your packet, the Statement of Financial Activities, so the presentation, or the

format of this is a little different this year. Instead of giving you kind of program by program, lots of detail, for not for profits, they typically break their expenses out into departmental and services, into our M and G, into our fundraising categories, so what you see in this packet matches how we put our numbers together for the audit report and also for our 990 that we file with the IRS. So, as we dive into our revenues a little bit, our membership dues were \$55,000 over budget for the first quarter. They were \$270,000 below what they were for the quarter of the same year before. We've had some declining membership as some of our members have gotten older and there are a lot of things that they'll talk about from the leadership side and the strategic planning side that they're working on, to try to attract younger members and increase our membership overall to provide value and to drive those numbers forward. The fundraising effort that's an area that we decided to kind of focus on a little bit strategically and some great things are starting to happen there. Our revenues were \$186,000 over budget for the first quarter of this year, but part of that has to do, or most of that really has to do with we had a direct mail campaign that was budgeted in Fiscal Year 2020 and that actually occurred mostly in Fiscal Year 2021. So, the revenues came through a little late and the expenses did as well. As we move over to our expenses now, Category one or Membership and Department Support Services, this is where we're making a difference for the veterans and for the youth, where we're spending our money to try to help make things happen there. So, for the first quarter of the year, we spent \$345,000 below budget and \$247,000 less than what we spent for the same quarter last year. Obviously, the pandemic affected what we were able to do—the travel, several things had to happen virtually and such so we save some funds there, but we want to get back to where we make an impact. When you look at Youth and Education Services, we had reduced costs related to Mission Training. Our expenditures were \$99,000 lower than what we spent for the same quarter last year, and we were \$44,000 below budget for the first quarter of this year. When you look at Veteran and Military Programs, our expenses were down due to NVCAF being virtual this year, and we were at \$99,000 below budget for the first quarter of the year and it just so happens, we were \$99,000 below what we spent in the same quarter of the prior year. When we look at Management & General, we were \$102,000 below budget for the first quarter of 2020. We were \$171,000 above the same quarter for the prior year. That shift really has to do with because we didn't have some programs and services that were occurring. There's been a focus to try to improve some of our processes, do strategic planning, build measurable items into that. I'm sure Linda will get into a lot of those things later. But we allocate our time based upon the types of things we're working on, so if we're spending less times on Programs and Services and more time on some Management & General things to bring in more members or be more efficient in how we do things in the future, it shifts our time between Management & General and the programs. On fundraising, we were \$20,000 below—um, \$23,000 below budget for the quarter, but again, most of that was the direct mail campaign that happened just a little later than expected. So, it was budgeted in 20 and came through in 2021. Investment income, as you know, when the pandemic hit in March of 2020, we really got hit, along with everybody else as far as the equities within our portfolio. The stock market has made a pretty incredible return since then, and we've gained all of that back and, if you look at the stock market from January 1 of 2020 through the end of the year December 31<sup>st</sup> of 2020, we were actually up 15% overall on our investment portfolio which is pretty incredible with all of this going on. November, in particular, we saw an 11% gain in a single month in November of 2020, and that's only happened 13 times in history since 1950, so quite a month alone right there. So, to kind of summarize a couple of things, for the first quarter Fiscal Year 2021, which was October 1 of 2020 to December 31<sup>st</sup> of 2020, we had a net income of \$6.6 million; \$2.3 million of that was from operations and \$4.3 million was from our investment income. Our operating income exceeded budget by \$900,000 for the first quarter of the year. If you look back at how we did in the same quarter for the prior year, our operating income was \$1.9 million. Investment income was \$2.1 million for a total of \$4.0 million, as opposed to the \$6.6 for this quarter. We're off to a really strong start in the first quarter of this year and, obviously, as Nicole and

other leadership take a look, we want to get back to some business as usual and get back out there and spend more on the Programs and Services side, and start making a difference in those that we try to serve. Thank you, Madam Chairman.

NATIONAL FINANCE CHAIRMAN SHARON CONATSER: Thank you, Gary, appreciate it so much. At this time, are there any questions for Gary or myself?

NHQ STAFF: I see one hand raised. Vickie Thrower, will you please unmute yourself?

VICKIE THROWER-MILLS: I don't have a question. I don't know how that happened.

NHQ STAFF: Okay, thank you.

NATIONAL FINANCE CHAIRMAN SHARON CONATSER: Any other hands, Laura?

NHQ STAFF: I'm seeing no other hands.

NATIONAL FINANCE CHAIRMAN SHARON CONATSER: Okay, I just want to say a big thank you to Gary Ward, our Director of Finance, Sara Riegel, and his entire team in Finance, for keeping their eye on our finances and for also reaching out to the Finance Committee if there's any questions or anything they need to know. Madam President, this concludes the Finance Committee's report.

NATIONAL PRESIDENT NICOLE CLAPP: Thank you, I hit it and it didn't go off as quickly as I started to speak, I apologize everyone. The Finance Report will be filed for audit. Thank you, Sharon, and thank you, Gary, and I know I said this on the Finance Call just recently, but, Gary, we greatly appreciate you having an understanding from a financial perspective that the human contact is so important in our organization. Black and white are numbers, but we're the human emotional connection in the middle, so thank you very much in the gray area. So, as we move on from what we're doing currently to where we are historically, and that now would focus on our Audit Committee report, and so I am here to welcome this afternoon, our National Audit Chairman Jeri Greenwell. From the great Department of Maine, but if I'm not mistaken, I think she's in a lot warmer and sunny climate down there in Florida today so welcome, Jeri, great to see you.

NATIONAL AUDIT COMMITTEE CHAIRMAN JERI GREENWELL: Thank you, Madam President. The function of the National Audit Committee is to assume an independent oversight and advisory role of all financial reporting procedures, its audit process, internal controls and compliance with laws and regulations, meeting governance expectations on the IRS Form 990. Its primary goal is to demonstrate financial integrity and transparency of our organization. Each member of the committee remains vigilant in ensuring that the resources of the American Legion Auxiliary are well protected and used efficiently in fulfilling and sustaining our mission. You can be proud of the competence and commitment of those serving in this capacity. As part of your financial responsibility as members of the NEC, we continue to encourage you to convey the value, appropriateness, and importance of Audit Committees on all levels of our organization. The Audit Committee, in addition to adopting the audit schedule, engages the internal or excuse me, external audit firm and confirms their compensation, assists the auditors in overseeing the Auxiliary's financial reporting of the American Legion Auxiliary and the American Legion Auxiliary Foundation in a process that is autonomous of management. We do, however, consult with management in confirming that all information reported substantiates to the IRS and the public that the organization is operating in a manner consistent with its exempt charitable purposes and continues to serve the mission for which the IRS granted tax exempt status. This is especially important because banks, creditors, and regulators require an audit of a company's financial statements. A clean audit report means a company followed accepted accounting standards, and we are extremely proud of

National's continuous clean report record. Throughout the year, the Audit Committee has reviewed policies that were devised to mitigate threats to our organization and provide a perspective in areas that could be considered potential risks if not effectively identified and managed. As you know and as part of today's agenda the Audit Committee presented the National Employee and Volunteer Background Check Policy. The Audit Committee reviewed and discussed the National Disaster Recovery Plan and Emergency Action Plan outlines. This past year has exhibited the importance of these documents as they serve as a road map continuing operations under adverse conditions and details the steps our organization should take to recover from a catastrophic event. We continue to engage in risk management exercises as a method to conscientiously create a culture wherein risk is routinely examined and managed simply as a part of doing good business. We recognize that safeguarding our organization requires having and following proper procedures for insight internal controls and checks and balances. Madam President, it is now my pleasure to introduce the American Legion Auxiliary external auditor to present the audit for Fiscal Year 2020. Michael Staton is a founding director of Alerding CPA group. He has over 35 years of experience in public accounting and has performed numerous consulting services, including not for profit Audit Committee training. Mike has been named the Accounting Advocate of the Year by the US Small Business Administration. He has served as president and board member of the Indiana Association of Corporate Renewal and has been actively involved with Marian University, where he earned his bachelor's degree in accounting with a minor in mathematics. Mike is a member of the American Institute of CPAs and the Indiana CPA Society. He is also a licensed CPA in both Indiana and Tennessee. Accompanying Mike is Justin Schwartz. Justin is a certified public accountant who is responsible for planning and supervising field work for client engagements. In addition to managing annual financial reporting and providing general accounting services, his clientele includes closely held businesses and nonprofit organizations in industries such as wholesale distribution, construction, service, membership, civic, and health and welfare organizations. Additionally, Justin oversees audit fieldwork audits which qualify for single audit under the OMB Uniform Guidance. Justin is member of the American Institute of CPAs, the Indiana CPA Society and has earned his bachelor's degree from Millikin University. Without further ado, I present Mike and Justin.

MIKE STATON, ALERDING CPA GROUP: Thank you, thank you very much, Jeri, really appreciate that. I assume everybody can hear me well, through the computer okay. Justin, you know, Justin has been on the ALA engagement for probably seven or eight years, so he is not new to the engagement, just new to the presentation format, so I welcome him as part of that overall process here. Justin, you want to pull up our slides here. Moving to the second slide, the items that we are planning on covering through the agenda are the overview of the audit process which will really be the kind of the steps that we take and have taken to get to where we are today. We're going to do a kind of a 30,000 foot view analysis of the financial statements and some of the key indicators that we look at when we're looking at the financial statement. Look at some significant transactions, current year results. Gary already spoke to some of these things so we'll kind of look at those from a little different format than what he did. He's been looking at it from an internal; we're looking at it from more of an external. We'll spend a few minutes on the ALA Foundation financial results, which I think you should be very proud of your Foundation, with the strength and the growth that they've had and then we'll go over some fiduciary responsibilities and some of the things that we talked about at our Audit Committee meeting back in February so that's kind of our agenda today. Try to accomplish that in the next 20 to 30 minutes, so that everybody can move on with the rest of the agenda. Does that work with you, Jeri, time wise? Okay, moving to the next slide labeled Report to the Audit Committee. We have a lot of information on this slide. The Audit Committee reviewed and approved our audit reports. When you look at the Audit Committee we meet twice a year with the Audit Committee. I think they meet three times a year, but we

meet twice with them, twice with them. The first meeting is really to get an overview of the operations for the year, things that have happened, things that may be material to what we're trying to accomplish and just get an overview of what we should expect from both an operations standpoint and financial results. And then we determine what the scope is and what type of things we are going to look at, what the committee would like to look at if there's something different than previous years. And just trying to get an overall scope and feel for not only accomplishing what we need to present a clean opinion, but also what you need to make sure that financial statements represent what you want them to accomplish and the goals that you're trying to achieve with those numbers. So, as you go through that, one of the first things that we do, we make sure that everybody is aware of any new changes in any new accounting standards, anything that might affect the financial statements. You know if you saw the audited financial statements, there were several different things that happened in the current year. They affected more presentation footnotes and things like that, but not the actual representations, the numbers and how they were accounted for--that did not change from one year to the next. So, the information that we'll present as we go through these slides is really representative on a comparative basis. No disagreements or significant problems with the audit. Why is this important? It's important because we want to make sure that that any kind of accounting policies or any decisions that you're making internally flow through the audit and they're not different than what you would have seen on your internal financial statements on a monthly or quarterly basis. So, I think it's very, very important that that happens, and I will tell you that you have an excellent staff. Sara, Gary, and Diana do a fantastic job. They're extremely transparent. They make sure that we know not only, you know, what they what they did during the year, but what they were thinking when they did those things, which you know if you've ever had conversations with any of your family members or anybody else, as you go through that process, it's very important to know what they did, but why they did it. So that's one of the things that we really love about working with your team, and you should be very proud of this team is that they are not only transparent, but they are also very diligent on making sure we know why they did it. During the current year, we only had a few minor audit adjustments and that's normal. Some of those things happen, just because of the timing of the information and when they receive investment statements, when you get information from donors and things like that. But second part of this, and this is probably the most important to you is that there are no internal controls deficiencies and we present a report, it's called Report to Governance. And in that report, you had no internal controls deficiencies. Why is that critical to the organization? Well, number one that tells you that your controls are not only functioning the way that they should, but they are appropriate in the policies and things like that, so when you go through, you should have reliance and feel comfortable, confident, and comfortable with your monthly and quarterly financial statements, which is very critical to running the organization and making management decisions. As was mentioned, I think, in Gary's report and with Jeri, we went through here, and there were clean opinions for both the ALA and ALA Foundation. When we present the financial statements we present two reports, one on a consolidated basis with ALA and the Foundation and then one separately on the Foundation, so they can see their individual results. Moving to the next slide, Justin. The Overview of the Audit Process continued. The financial statements I talked about are compared on a consolidated basis. It's important to understand that does not include the independent legal entities so it's just the headquarters and that Foundation and that's very critical to these numbers and understanding what our scope was and what our intentions were preparing them. I'm going to turn it over to Justin.

JUSTIN SCHWARTZ, ALERDING CPA GROUP: Okay, thanks, Mike. To cover the stages of the audit process we have ongoing annual communications with the team at National Headquarters, but primarily the audit's broken down into two parts. We conducted an interim during August, and that includes the controls, expenditures, cash disbursements, expense reports, that the Organization has

incurred up to up through that period in the fiscal year. And then we do a year-end field work and that's following the September 30, 2020, close. Obviously as everyone is very well aware, the COVID environment brought new challenges to the audit, so we completed some of the field work remotely. We were able to come on site, meet with the team here, Gary, Sara and team. Flexibility is key, I know, cases of COVID happened through the year at your National Headquarters, we were able to primarily remain on track with our audit timing, as far as field work would go. We were able to issue drafts internally in September as planned. And, how do I want to word it, the responsiveness of the team in being in a remote environment was very well appreciated. I know some of the team worked after hours, made special arrangements, coming in the office to get us documentation, so want to give a strong, strong "Thank You" to them and helping that process go smoothly in a challenging year.

MIKE STATON: As you can imagine, trying to do something remotely is fine, but the internal controls change so dramatically internally too. And we'll talk about that we get to fiduciary responsibilities, but you know people, not everybody came into the office, so not the same people weren't there to open the mail each day, the same people weren't there, to you know, to put checks into the bank accounts and things like that. So, you know kudos to the group for staying independent with those tasks and making sure that they maintain the integrity of those internal controls.

JUSTIN SCHWARTZ: Just going off of how the audit process would work, obviously with a large portion of the balance sheet being in cash and investments, in a remote environment we did place a heavy consideration on the control surrounding those. Obviously, a large amount of cash is a significant risk of potential fraud, so in examining controls we do third-party confirmations. That's reaching out to the bank, reaching out to Vallejo, the investment agency, that both the ALA and the Foundation have investments held through and getting confirmations. And we also look at expense reports that employees submit, anything that would be out of the realm of a bona fide business expense, which we did not find anything in the current year. Just piggybacking off of what Gary had reported, strong investment year as far as earnings on investments. We see cash investments increase in the current year over the prior year roughly \$4 million. We've seen the property and equipment stabilize, that's what the purchase of the building and construction that happened throughout 2019 legal and fiscal year 2020 and then other assets relatively consistent year over year.

MIKE STATON: Looking at investments in detail, because as Gary mentioned, you know 94% of your assets are in investments so you can appreciate from the standpoint of an audit, we look at those overall investments very closely, because if you're going to--if you mess up the investments as well as the investment from a value standpoint, then the financial statements as a whole will not be representative of the overall organization's assets. So, when we look at these we not only look at them from individual substantive testing, but we also look them from an analytical view. And as you look at this chart you can see, you know, several things going on, and it seems, as I look at from an outside looking in. You start back in 2006, you are around that \$25 million range and it went up a little bit in '07, and then the 2008 crisis and then it's amazing as you go through this chart. You can kind of visualize what you know us as adults have went through over the last 10 or 15 years. I mean it has absolutely been amazing the things that we've lived through, survived and got us to the point where we are today, and maybe that's, you know, as Madam President was talking about me that builds to some of the character that we've generated. And he'll help us be able to survive this you know COVID crisis in 2020 but, as you go through here, and you can see, in 2008 it dragged and drop dramatically. And we've got always you know down into you know that 22-23 type area, then we kind of muddled along for a few years we get a little bit up a little bit down until you get into 2011. And 2011 everything started to move fairly consistently on an upward trend a little bit of a hiccup there in 14-15 and then, as you continue to go up, you can see that

if you go back and kind of adjust your eyes to the 2019 frame, we were about \$39 million in 2019, jumped all the way up to almost 44 million and, at the end of 2020. So that you know as you look at that, you say wow, 2019-20 was a fantastic year. We went up 10% on investments, roughly you know \$40 million so that's a really nice return. You know, if you look at the rule of 72s, go back for a second, you go, the rule of 72 is I mean, I know how much of you know I think Jeri mentioned that I had a mathematics minor, so one of the things I look at, if you take any number divided by 72 you can get a percentage. So, if you take 72 divided by the \$19 million that we increase from 2006 to 2020 and it actually represents about 4% return on your investments on an annual basis. So, all that pluses and minuses net, net, net, we averaged about 4% return on your on your money so that's, you know something that you have to look at when you look at budgeting and things like that. As you go forward, we can't always count on that as we can see on here and then, Justin, as you move to the next chart. One of the things that we look at, too, and you know we I wouldn't say beat on, but we'd probably do from the internal perspective is, don't ever make a budget based off of your investments. This chart is slightly different than the previous one, because we exclude some of the alternative investments. So, it's just the type of investments that you would see on the stock exchange, you know what in our world we call Level One investments, but really that just means things that you can readily determine the market value for. In the old days when you went to the Wall Street Journal nowadays you go to your computer and you can generate these numbers. And you can see, and these numbers, these bar chart here is only the current year, so you're October of 2019 to September of 2020. And as Gary mentioned and is everybody kind of experienced, probably on their own internal investments, October, November, December, we were flying high you know we're up to almost \$42 million dollars on just these types of investments. And it looks like going into 2021 that that was going to do nothing but keep going up. I mean all the reports you read, everything that you, you saw that was you know the type of investments, had the economy, all those things that were we were reading, that everything was just going to keep going up and up and up and we were looking at you know, probably having an extremely strong 2021, 2020. So then, what happens, we start to decline, a little bit in January. I attribute a lot of that to the fact that December was normally high. February we kind of drop again and then what happens in March, the thing that we're all too familiar with is COVID. So, if you look at that and you're planning on doing your budget based off of some type of investment return, we took a plunge from December's balance of almost \$42 million down to just slightly below \$35 million, so almost a \$7 million decrease in less than a three month period. So as poor Gary and Sara and then Diana are preparing their internal financial statements, they lost a significant portion of their balance sheet in a three month period. And, and I will tell you from an accounting standpoint you barely have time to close your financial statements before you realize that that they are, you know, in danger, as far as the overall value. And I will tell you, if we were doing the audit as of the end of March, we would have very, very high concerns and we would probably have to hold the statements just to see whether that that recovered or not. And as you can see, you know we did recover March, April came up with a little bit. May came up and we continue to increase to the point where, at the end of September we actually showed a 10% increase over the previous October, so we recovered quite nicely, but at the same time, there was some very, very strenuous and very concerning times, as we saw those numbers drop not only consistently, dramatically, as we went through those numbers. So again, I guess my point, there is the volatility in a budget is very scary when you start looking at investments and relying on those. I know you work very hard to generate this type of portfolio, but I guess, my message here is don't fall in love with the investment return is overall it's got a 4% return from the last 15 years.

JUSTIN SCHWARTZ: Since 2018 another area of the balance sheet that has seen consistent growth or significant growth, obviously in 2018 with the purchase of the building. Based on the timing of that we saw construction that was happening, the building was purchased right around the end of fiscal

year 18. Throughout 2019 that construction finished So you see a basically \$2.2 million purchase in the building another roughly \$650,000 of improvements and then moving to 2020 we see some of those improvements start to stabilize that we're going to capitalize. The capital assets that we added in 2020, a new parking lot, the boiler for heat was updated throughout the facility and then around \$75,000 in website. The \$194,000 you'll see there was not a lot of change year over year, in the PP and E and that's because you have offsetting depreciation. Depreciation expense for 2020 was around \$160,000 compared to \$142,000 in the prior year so as you're looking forward into 2021 and beyond you're going to see probably a stabilization of that PPE, maybe a slight decline year over year as your depreciation expense will be offset by any cutbacks that are budgeted for improvements in the facility. Moving forward.

MIKE STATON: Yeah, and I will tell you that just a, you know, from an NEC standpoint that the organization has built a long term budget for property and equipment. So they do have a very good handle on this and what they expect obviously there's surprises and things that happen, we all know those things, and we all have homes and things like that, so we know that best laid plans don't always come to fruition, but the organization as a whole has put together a long term budget and what they expect and what they intend on spending during those during the future years, so I think they do have at least a good plan and, hopefully, a good perspective on what's going to happen in the near future. Fund balances: I'm gonna spend a little bit of time on fund balances. You know the term fund balances probably not as normal term that a lot of people here I look at this as kind of your net worth, so if you take your personal financial statement, and you say what am I worth, you know, and this kind of takes that into account so it's your assets. All your assets grouped together, subtract all your liabilities. So, in other words, take your payroll check minus all your expenses, at the end of the month, and then total them all up for your life and here's what you end up with. So, I think that you know it's very important to understand what these numbers represent to the American Legion Auxiliary. And as you go through here there, you can see, the two bullet points are "without donor restrictions" and "with donor restrictions." And it's very critical, too, what those represent. Without donor restrictions are what I call you know the money that you can do whatever you want to with now. You know that's restricted by the fact that we have you know the transparency to the organization, to the overall NEC, and everybody else involved with the ALA and its members that we're serving. So, if you look at what we've done with that \$34,900,000, the NEC has set apart \$2.1 million for anything from fixed assets to other things that might incur in the future. So that we kind of reserve that for any kind of emergencies that might happen and the things that they that they know are becoming up. They have designated endowment at 2.2 and you you're in detail information on the not for profit, you say, well, why is an endowment under without donor restrictions. This is an internally designated endowment so internally we've designated that we won't spend any that 2.2 million, all we will spend is any the income that might come off of it. Because it's designated internally, that means we have the right to un-designate that, that's why it's without donor restrictions. There are some other internal designations at 1.2 and then we have what is truly what in my vernacular unrestricted money about general operations and about 29.2 million. And this is really the key to the future of American Legion Auxiliary and its endeavors as they move forward with their mission so that's a very healthy number, very important number, and one that you know, we need to make sure that continues to grow and for the generations that come forward from there. The second part is what we call with donor restrictions, this is money that comes in from outside sources that has been restricted for either a specific purpose, specific time, or specific event, so you can see the \$860,000 that has been designated for a particular purpose as you go through there and that could be anything from the Spirit of Youth, Veterans Affairs, Arts Festival, anything that has a particular event that it's tied to. And then within that we actually have money from outside that's ALA endowment of \$880,000. And a very impressive ALA Foundation down with \$1,750,000 and the key to those two numbers are those they are restricted by outside sources, and we can

only use those for the income that was generated off of those and not the actual, the corpus of those numbers, so that's very critical to the organization and numbers that this organization should be very, very proud of those are impressive numbers, when you look at them individually or in total is still very, very impressive. So, congratulations on a fund balance strength. Moving on.

JUSTIN SCHWARTZ: Looking at total revenues over expenses year over year you're going to see total revenue decline roughly \$280,000 in the current year. Breaking that down, we actually saw member dues decrease roughly \$200,000. Where the decline comes from, is contributions were down around \$180,000, registrations down around \$250,000. Obviously with the COVID pandemic, that inability to travel. Now we see that offset is your total expenses also declined roughly \$650,000. Of that decline roughly a million dollars came in and the inability to travel, host conferences and such so 2020 over 2019 numbers actually a favorable increase in overall net income from operations. And then, if we've talked about the investments throughout, it's important to take the investments out, investment income or investment performance out of the operations and look because that's been steady increase roughly \$2 million in the current year just based on the performance of the market. So, overall, we've got roughly \$3.3 million in net income compared to \$1 million in the prior year. Looking at a five-year bucket so just how does this year compare to 2006 to 2010, 2011 to 15, and then the current bucket we'd be in the 2016 to 2020. Without investment income and with investment income, we can obviously see a great reason our net income from operations, we've gone from roughly at \$2 million, \$3 million loss in the 2006 to 2010 bucket, to just a \$500,000 loss in the 2016-2020. Looking at it with investment income, you can see that investments added roughly \$19 million of income in that 15 year period with 2016 to 2020 being the largest at roughly \$12 million, which is indicative of the market increases we've seen. How much of the membership dues and dollars accounts for revenue, this is the same 15 year comparison we've seen some downward trending in 2006 to 2012. A dues increase in 2013, the effects of that were over two years and that we see a 2014 to 2018, kind of a steady decline with a dues increase in 2019 and then you can see the kind of the rebalancing of that income. So, as 2020 compared to 2019, roughly 76% of total revenues as a membership compared to 71% in the prior year. And just to see this 2016 to 2020 number and the number of members, we can see where it's 660,000 or 668,000 and 2016 losing or declining to around 525,000 roughly 93,000 members over that same five year period, so if we were to go back to the previous chart you can see through 2018 we see a decline and then 2019 to 2020, even though the membership and decline, we actually see a revenue increase.

MIKE STATON: And now moving to the functional expenses and I'll kind of give a little bit of definitional as we go through here. Gary talked about this a little bit in his in his narrative as we went through the current results. In any type of not for profit financial statements, we broke down and break down your expenses broke down break down your expenses into three categories: program services, management and administration, and then fundraising, and, well, we look at it from the outside looking into your operations. Our audit team has over 100 not for profits, so we look at these, and we see a lot of this information, and you can kind of you know kind of benchmark that both locally and nationally, as you go through here. And you can see that you know, program expenditures are important because that's really your mission expenses that's the expenses that you said, for your expense for your primary mission and your overall purpose of the organization. From a benchmark standpoints, you like to see those somewhere in that 65 to 75% category, and you can see, in the current year we were about 66%, last year about 73%. And I caution you, you know, to get to jump to too much conclusions here, because some of that it's just mathematics and you know, right up my alley here, as you go through it. You know 73% last year, but the total expenditures were a lot larger and when you look at the overall expenditures from that standpoint. And you just take you know the dollars compared to the overall dollars, you get a much lower percentage, and you get that because of the second category in here and management administration. As

you can see here, you know 10 to 15% is what you'd like to see. We jumped all the way to 20% last year at 18%. But that 20% and as if you were to actually look at the dollars that come through there, we have to take it in, and it into account, at least, I would hope you take, we take into account that we did get \$566,000 of payroll protection money or PPP as its referred to in today's world. And if you take that PPP money and you offset it against the management and administrative expenses, which is what it was for, it was for to make sure that people were still employed, that they weren't laid off, and that they, you know, were able to keep their jobs and keep you know the economy going. You take that \$566,000 out of those overall dollars, we dropped down to close to 13 or 14% in overall management administration dollars compared to our overall expenditure. So, I think it's just critical that we understand that, I mean obviously when Linda Boone goes through her new strategic plan so talk about the fact that you know we're trying to make sure that we spend more and more under program services and less and less on management and general. But I think that's critical next year, and then we make sure that we continue to spend as much as we can, on those programs services but maintain the integrity and the control of the organization through those management and administrative expenses. And I will tell you that dollar wise, that has been very, very consistent, especially if you look at it over a 10 or 15 year period. I mean we've probably gone up less than one or 2% if you look at it from a perspective of an overall budgeting standpoint. Fundraising was a little bit of a surprise for us this year. You've looked at it overall you're normally in the 5-10 percent you were at 9% last year and historically you've been in that 5% percent to 10% range for quite a while. We jumped up to 14% and I think it was at least it from outside looking in here, I think it was a management decision and kind of a cultural decision here is that as program services kind of suffered in the current year, because we couldn't do, you know, all the conventions, the Girls Nations, all those things that we like to see happen and that this organization is you know, founded on and structurally has been very good at achieving and performing. As those things kind of weren't allowed to happen because of the restrictions, the organization spent some time and effort and trying to make sure that they looked at the future instead. Okay, the future is in fundraising and being able to generate other types of revenue that are going to help us perform more programs services in the future. So, I look at as an investment in that future a chance to really take a step back and say Okay, how can we get the overall community and you know, overall, the United States really involved in what ALA is trying to accomplish for both for veterans and its future veterans has to go through there. So, I think you know from our standpoint that there was definitely a strong effort in that, and as Gary mentioned in his presentation the organization does charge its time by the actual activity they have and spend a lot of time on that so when you spend more time on fundraising obviously the dollar is charged to that. Obviously, you hit that category, so I think that's the biggest decrease or increase in that area. So overall, I would say, you know that definitely some changes and how this was charted out, and if you go to the next page, you can see that. You can see that the green Line or the kind of olive line is kind of your overall revenues, the red line is your total expenditures. And then you can see down below the program expenses are the darker blue, management general's the light blue, and then the fundraising is the kind of the yellow line, as you go through here. So, you can see what I was talking about here with your program expenses, you know definitely took a hit in the current year and then the overall management general it's kind of taking a slight increase in as percentage actually see it jumped up because of the overall math of the pluses and minuses. So, I will say, overall, I mean, I think the strategic plan is going to address this, I think that Linda and her team is going to have some nice, you know things to say, going into the future and definitely taking this into account and taking it to heart and are working hard to make sure that that these things continue to improve.

JUSTIN SCHWARTZ: As we wrap up the [inaudible] consolidated financial statements just kind of reflecting back on what is the purpose of the external financial statements and the access to the organization's economic resources rate spent to pursue the mission. It also provides transparency; the

organization can publish audited financial statements. An external reader can understand the same numbers that we've just discussed. The income, the expenses, where the expenses are being expanded on an annual basis in a comparative format for this year 2020 versus 2019. Also, external users, potential funders can take it in and review the financial statements. State and charitable organizations may have reporting requirements. Watchdog organizations and then we also use the financial statements to assist in the preparation of the form 990 which is filed with the IRS.

MIKE STATON: Switching briefly over to the ALA, the Foundation of this is an area that I think that is one of a great achievement from this overall organization. If you look back in in 2007-08 timeframe that the ALA Foundation wasn't even really around at that point. So, the 2008 we had net assets on a whopping \$22,000 and, as you can see, you know, during the next four year period when we're up to like \$350,000; next period we're up to \$960,000, that's almost you know, two and a half times and then you know as numbers get bigger, you can see that and even from 2016 to 20 we more than doubled, you know, the amount of net assets that this organization has been able to generate. And that's all through hard work efforts, you know hitting the streets trying to make sure that that we create, you know, the net assets that will allow the Foundation to issue grants and help all the, you know the mission type of activities that the organization has. And you look at it from that perspective, you can see the investments were to zero in 2008 and in that you know 12 year period, and remember, that \$1,650,000 is after all of the times that we have you know issued scholarships, grants, back to ALA for some of that and multiple programs and everything that we've operated within the Foundation. So that is that's a net number after all of those expenditures have happened and we've been able to help people and be able to generate scholarships and fund different activities even within the ALA. So, I think you know this slide is kind of a summary of numbers, but at the same time, I think it represents a very, very strong achievement in an organization that didn't even have an endowment or the ALA Foundation back you know even 12 years ago. So, from my perspective, watching this happen, it's been very impressive and a very methodical and very strong effort to make sure that that these type of numbers are there and are part of the overall function of the group as a whole, so very impressive from that standpoint. Switching gears here, so some key indicators that we look at you know, obviously the Retaining/Grow Membership. I don't want to beat on this part of it. The average loss over the last 15 years has been about 23,500 members, 11,000 of which are simply due to attrition from unfortunately people moving on to a hopefully a better place. So, as you go through that, accomplishing the mission, very impressive. More than 7 million volunteer hours last year, 7 million that's a big, big number. So obviously a lot of people putting in a lot of effort and trying to make sure that the overall mission of this organization happens. And we do track those functional expenses over time to make sure that the program dollars and percentages are increasing and trying to make sure that we're on the right track. And I think, again, Linda is going to do a fine job with her committee and making sure that those things happen in a more compact and kind of a mission-directed avenue as we go forward, excuse me. Risk assessment, this is something that happened new this year. We try to have this happen every couple of years. We perform a detail risk assessment with the Audit Committee. So, as we went through there we actually had a detailed questionnaire that was very, very detailed from the perspective of 125 questions. Each member was required to answer those as either yes, no, or not applicable, or they weren't aware of the situation and we evaluated those for both strengths and weaknesses, tried to make sure that we address any of them that we seem to have a consensus of you know not understanding them or not feeling comfortable. They would be addressed by either the NEC or the Audit Committee or the group as a whole. So we looked at several factors: diversity, eligibility, succession, you know I've heard the words that diversity as we've gone through some of the previous presenters and that's key to what we were looking at. Eligibility--you know just who is on the different committees, who's on the NEC, are we doing the right things. Are we trying to make sure that those

people are the right people on there and that there we have succession plans in place, and then we make sure that the organization is very healthy going forward, and we have the right minds doing the right things from an action standpoint? We looked at the interaction of the NEC with the organization, you know what kind of overall policies. Are the policies that we have in place performing the way we think they should? Are their policies that we should have had in place that we don't have? And I've heard several comments throughout this presentation and looking at your overall agenda that I thought those things are being addressed even as we speak, and you're going as we go forward here in the first quarter, second quarter of the fiscal year 2021-2021. The expectations of the organization, are they being met? And then the continued training, which I think you know that Madam President's done a great job, and last year and making sure that that happens, and hopefully that will continue as we go forward. And then the strategic plan, as I mentioned several times is in place to address some of these issues, establish directions and goals and I look forward to seeing what that looks like from the outside looking in you know what that strategic plan really has and what the goals are of the organization and watching you meet those goals and probably exceed them as you go forward with a direction of that the committee. So that was performed back on February 3rd I think it was, so I think that that was very beneficial to the organization, a lot of insight was generated from that process. Fiduciary responsibilities-- these fiduciary responsibilities are not just for the NEC and the people that are on this presentation today. But I think you need to look at it from an individual independent entity standpoint, so not only what the organization does, but what you should look at from your overall individual segments, as you go on back to your individual states. The internal controls segregation of duties is always critical. You hear accounts talked about that all the time. Auditors live and die by segregation of duties. No one person should complete a receipt disbursement or payroll cycle, so that means you cannot, you know, record a disbursement, pay a disbursement, and then you know, make sure you sign the checks. So, we want to make sure that other people are doing that. And my own personal pet peeve--secretary and treasurer should not be, cannot be, whatever term you want to use, the same person. Those need to be different officers, different positions, that way it helps you with those segregation of duties. And very critical--independent reconciliation of bank accounts that goes from you know anytime from you know one, or two, three person organization, all the way up to the size that you have of your National Headquarters. We make sure that that reconciliation is done independently from someone who has the ability to perform the other services related to the cash disbursement cycle. Independent review of expenses reports--obviously on the National Headquarters standpoint, you can do that pretty easily because you have different people, and you have more people at all. But just make sure you have an independent review of those expense reports and credit cards, and Justin mentioned that at the very beginning of our presentation. We do pull individual expense reports and credit card statements and we test them even at these audit standpoint, and we take that very seriously. You'd be surprised that out of the over 100 and some organizations that we audit how many times there's that this area we catch things on this, that you know the organization was not aware of and sometimes people get a little greedy or think that it becomes their own personal checkbook but that's not the case and should never be treated that way. Deposits made independent of recording of receipts--that kind of speaks for itself and try to use an automated bookkeeping system. You know I'm not you know, trying to say that, just because you know QuickBooks is on here, and you should go out and buy QuickBooks or anything, but something you should use that has a strong, you know two debit and credit type double entry system and it just makes sure that you don't you know record things improperly that you know if you record a double entry, you're always going to catch the other side of that entry, because you have to figure out where it goes. And it just makes sure that your books have a strong integrity that you should have when you're reporting to your individual units or to us from the National Headquarters, so I think those are just key to the overall organization. Next slide--as we get close to the end here, as we go through this presentation Budgetary Controls, I think budgetary controls are critical.

The National Headquarters spends months and months on the budget, that's very critical for the size of it, I think it's obviously it's critical and, if not more critical on the smaller units in within your individual states because budgetary controls are usually done in a controlled environment. In other words, you're not enthralled of saying okay here's my emergency, I want to do this, I want to do that. It's people sitting down and looking at an overall budget and saying Okay, what do we want to accomplish in the next year. So, some forethought some thought process that goes into that and saying Okay, I want to accomplish this, I want to do this, here's the activities, I want to be involved with, here's how much I think they should cost. And if you do that, and then you measure those results on a month to month basis, you tend to catch over-expenditures. You tend to catch yourself if you're kind of going off of mission and not doing the things that you really wanted to accomplish in the current year. And it really kind of gives you an opportunity to sit back and say Okay, you know, we had a situation, the beginning of the year, where we knew what we wanted to accomplish. Are we on the right track, are we not on the right track and can we get back on track knowing the fact that we do have a budget to look at? So, I think those are very, very critical to the overall organization. And Fidelity and Directors (D&O) insurance are always critical to an organization to make sure that we protect those who are trying to protect the organization. There's a lot of effort and goes into the individual entities and the overall National Headquarters and it's important that those people are protected in case something does happen, and we, we have some type of loss and then also protects the overall organization. And then invest excess cash and approved investment--that that's very critical to any organization. No update on Governance Organizational Structure. Comparison and transparency and accountability, I have spoken to that several times--mission creep. Linda Boone and I talked about that a lot of times last year. It's just this increases, is something we see all the time. You just have to make sure that the things that you're looking at really go back to the original mission and make sure that the things you're accomplishing, the things that the mission was set up to accomplish. And that gives you both the integrity internally and it gives you the integrity from the external as people look back at your organization and say, that's an organization, I want to belong to, because they have goals, they have transparency, they have all those things that make it critical to performing the types of services that they were set up to perform. So, I think those are very critical and important, and I think this organization spends a lot of time in making sure those things happen and that's really the end of our presentation from that standpoint. If you have any questions I normally when we present this in person we're answering questions as we go along, but it's a little more difficult when you're looking at it from an overall perspective of a Zoom meeting, but be glad to answer the questions at this point.

NHQ STAFF: Okay, we have one question from Raleen Tolzmann. Raleen, will you unmute yourself?

NATIONAL PRESIDENT NICOLE CLAPP: Good afternoon, Raleen. Feel free to ask your question. Hi, Raleen, are you there?

NHQ STAFF: Raleen, you should be able to unmute yourself. Having a little bit of difficulties so we're gonna move on to Kathy Long.

NATIONAL PRESIDENT NICOLE CLAPP: Go ahead, Kathy, when you're ready.

NEC [MT] KATHY LONG: Okay um. This term may have ended up being discussed several times in the past, but it's a term that I'm not used to, so please refresh my memory of what is mission creep?

MIKE STATON: Mission creep is just when you start spending, when you have capital, when you have expenditures that don't really relate to the fact of what you're trying to accomplish. For example, as I mean we're obviously here to improve the lives of veterans and make sure that those things are kind

of our mission and now, if you were to go spend that money on the Boy Scouts of America or something like that. That's something that's outside of your mission and so now you've started taking dollars that have been donated, you know, generated from your members for a particular you know for the actual ALA, and all of a sudden those are going to other activities that don't fulfill that mission. And mission creep is nothing more than trying to put a term to you know when people start doing things that don't really relate to the overall goal of an organization. That's simply what that means.

NEC [MT] KATHY LONG: Thank you

MIKE STATON: You're welcome.

NHQ STAFF: Okay, and it looks like, Raleen, you are unmuted now.

NATIONAL PRESIDENT NICOLE CLAPP: Go ahead, Raleen.

NEC [MN] RALEEN TOLZMANN: Okay, if I'm unmuted, I don't have a question. I'm not sure what I did. I don't have any questions.

NATIONAL PRESIDENT NICOLE CLAPP: Thank you.

NHQ STAFF: Thank you.

MIKE STATON: I love her already I don't even know her.

NHQ STAFF: It looks like CeCe, you have a question.

NATIONAL PRESIDENT NICOLE CLAPP: Go ahead, CeCe, when you're ready.

NEC [NM] CECILIA MARTINEZ: Okay, my question is the segregation of duties for secretary/treasurer. Is that something that is only recommended, or should it be changed in the department?

MIKE STATON: I guess what I'm telling you is I recommend it. There are organizations out there that do have secretary/treasurer that are the same person that I think is, as you know, I like to see it from the standpoint that you know what the treasurer's duties are and what the secretary's duties are, if you see those, they're not the same, and they shouldn't be the same person, and that's just Mike Staton speaking to that because the secretary is there to perform certain duties that are outlined in any type of bylaws that you have. The treasure is really there to make sure that the financial statements are represented correctly that things are going on in the right way, and that there's no improprieties in the expenditures, receipts, or any type of payroll that's coming through. And if you think about those duties that, the treasure really has quite a bit of responsibility, and if you throw secretarial duties on there which, I don't know about you, but the committees and boards that I've belonged to, they have their hands full and you know they've got quite a bit of you know procedures to perform during meetings, after meetings and things like that, and I just personally like to see those two as separated. So, I'm not saying it's mandatory, but I would say that there's probably some people in this organization that strongly believe with me that those two should be separate.

NEC [NM] CECILIA MARTINEZ: All right, thank you.

MIKE STATON: You're welcome.

NATIONAL PRESIDENT NICOLE CLAPP: This is Nicole, and I will tell you that well back to when I was Finance Chairman, that that was a recommendation that we had strongly encouraged way

back many years ago, so if it's at all possible, we would encourage that to occur at the department level, just as it does at national.

NEC [NM] CECILIA MARTINEZ: Thank you.

NATIONAL AUDIT CHAIRMAN JERI GREENWELL: It doesn't appear that there are any further questions, so I'd like to thank Mike and Justin for their beautiful presentations and for addressing all the questions of our members, so thank you so much.

MIKE STATON: You're very welcome.

NATIONAL AUDIT CHAIRMAN JERI GREENWELL: Madam President, the Audit Committee has approved the FY 2020 audit for both the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, so on behalf of the Audit Committee, I move adoption of the external auditors updated report as emailed on February 26, 2021.

NATIONAL PRESIDENT NICOLE CLAPP: It has been moved to adopt the external auditors updated FY 20 report. This motion comes from a committee, so it does not require a second and the updated report section referenced our now-inclusive membership. So, the statement that we are an organization all female, we know is not accurate and so we're very proud to be able to welcome male members spouses into our organization. Are there any questions?

NHQ STAFF: Seeing no hands.

NATIONAL PRESIDENT NICOLE CLAPP: Seeing no hands raised, then we will proceed with a vote regarding the external audit. All those in favor vote yes, opposed no, or abstain. *[pause]* Voting is now closed, and thank you, 100% are respectfully agree with the audit, so thank you, Alerding. We appreciate all your hard efforts once again this year.

MIKE STATON: Enjoy the rest of your day, thank you very much, Madam President.

NATIONAL PRESIDENT NICOLE CLAPP: You're welcome. Thank you and thank you, Jeri, for your leadership on the Audit Committee. We greatly appreciate it.

NATIONAL AUDIT CHAIRMAN JERI GREENWELL: You're welcome. Thank you, Madam President, this concludes my report.

NATIONAL PRESIDENT NICOLE CLAPP: All right, everybody let's do a little stretch here, whatever we've got to do in our chairs. We've had so much information that now we're going to shift gears. We went from the present to the past and now we're going to look to the future. And with the future I see coming on the screen is our Past National President and our National Secretary Linda Boone, who is the Chair of the National Strategic Planning Committee, so, Linda, welcome, and we're looking forward to hearing what you have to share with us this afternoon.

NATIONAL STRATEGIC PLANNING COMMITTEE CHAIRMAN LINDA BOONE: Well, thank you, Madam President, not sure I'm going to meet everybody's expectations Mike has prompted, but my report for the committee is on page 81 and there, it will let you know who the committee members are, who participates, and a reminder of the five goals that the national organization NEC adopted and so I'm just going to give you an update about what's been going on since last August. Since we last reported, I believe. Just a reminder, this strategic planning process is very different than we did with the centennial strategic plan. And so, a lot of effort is on the front end here is being done by the staff and they are continuing to develop action plans and implementing strategies and tactics at various stages in each

division. And many are a continuation of existing strategies and testing of new strategies is being done. The biggest challenge, the absolute biggest challenge in the entire strategic planning process is to determine the metrics that will assist in the evaluation of each division's effort. Traditional nonprofit benchmarks for performance are not readily available for membership organizations of our size, so staff is having to test different metrics and determine what will be appropriate for us to measure the performance of our organization. And that is so important that we have the right metrics, because that will help us make more informed decisions about where to put our resources as an organization. And resources are people, things, and dollars, so we really need to try to figure all that out and it's been very difficult trying to focus in on different metrics. So, we're working on that and we've got some success but we're not all the way there yet. Every time the committee meets, we evaluate progress from the reports from the staff from the different division directors. And then, what Kelly is doing as the executive director is doing a summary report and the first one is in this packet and she referenced that earlier, it's pages 30 and 31. And I would really encourage you to review that because that gives some of the progress you know that has been made in the first quarter of this year. It's very key that you understand, as the NEC and then you can report to your departments what is going on, as far as the strategic plan for the whole organization. And think about where you fit in to all making that happen. So you will see this each time we have an NEC meeting, and we might even do it even once a quarter since we only have three NEC meetings so maybe we'll do that once a quarter to give you more of an opportunity. But trends will help us, you know, and then and the data will help us make decisions, so the upcoming leadership lineup and the staff can explore ideas and put our resources we're getting good return for our mission. One of the additional things that's going on right now is the strategic planning committee is exploring ways to engage departments in supporting the five national goals. And there have been several subcommittee meetings to provide some ideas and bring that back to the full committee, and we've only done that once so far, bringing back ideas. So we are just at the beginning stages of figuring out how to do all that, and because we're such a complex organization, it's hard to give you, you know, like gee, we're all the way down to here, you know, our progress is going to take a little while to be able to measure, primarily because of the metrics issues, so we're thinking hard about all that. So, Madam President, that's the report of the Strategic Planning Committee and we look forward to helping keeping us on track as an organization, as we move forward.

NATIONAL PRESIDENT NICOLE CLAPP: Thank you, Linda, greatly appreciate your leadership, and all of the hard work the Strategic Plan Committee is doing. Thank you so much. All right, well, we have to have some guidelines as we move forward with our planning. And it feels you know at the beginning, when I was talking about Groundhog Day and repeating ourselves over and over again. Well, I asked Trish Ward, our National Constitution and Bylaws Chairman, to join us this afternoon from the Department of Kansas, and to talk about National Convention business refresher and some of this hopefully will sound familiar. It will be a refresher of things that we had planned to accomplish when we were going to be in Louisville last August, and now we have to fast forward that to Phoenix in 2021, so, Trish, thank you for joining us this afternoon.

NATIONAL CONSTITUTION & BYLAWS CHAIRMAN TRISH WARD: Thank you, Madam President, during the mid-year 2020 meeting, I presented some educational items in preparation for the business that was to be handled at the 2020 National Convention. Well, as we all know, COVID had other plans, so now we find ourselves a year later, preparing to handle the same business at the, fingers crossed, everyone, 2021 National Convention. Because it's been a full year, let's take just a few minutes to review the business we plan to tackle this August. Proposed Amendment #1, our first proposed amendment to the national bylaws, seeks to officially established by name the Executive Committee to the NEC. You all have the rationale in your packet, but really all this does is officially name the Executive Committee to

the NEC in the bylaws. This executive committee to the NEC has been operational for quite some time, so it was recommended to us that we go ahead and establish it by name in the national bylaws. Proposed Amendment #2, a second proposed amendment to the bylaws would be to add the title of Executive Director as an official position. During the 2020 midyear meeting you'll remember, it was the last time we met in person, you voted to add the Executive Director's responsibilities to the standing rules so think of this proposal, as the companion amendment to the one you've already approved. You approve the responsibilities of the position last year, now, you need to establish the actual position of Executive Director in our governing documents. Proposed Amendment #3, a third proposal will be to amend the national constitution and bylaws by changing the name of the National Executive Committee to Board of Directors, and the National Executive Committee member to Board Member, just like with the previous proposals, you have the official rationale in your packet, but the gist is that 100 years ago when we named the board the NEC, it wasn't that confusing. But in today's culture, the correct term for a corporation's governing board is Board Of Directors. Note: a name change of name for the national governing board does not mandate a name change for the department governing board's DEC. DEC could still be acceptable. Proposed Amendment #4—finally, there's a proposal that we discussed last year, but it's still in draft form, so it was not included in your packet. This working proposal seeks to add the Audit Committee responsibilities to the standing rules, the audit charter was rescinded during the National Convention contained information regarding committee specifics and responsibilities. Now that the Charter is gone, we need to make sure we are capturing the Audit Committee's responsibilities in our governing documents. The standard rules contain responsibilities of our other committees, so it's appropriate to add Audit Committee info in there. Does anyone have questions on the 4 proposals I just presented?

NHQ STAFF: Not seeing any hands.

NATIONAL CONSTITUTION & BYLAWS CHAIRMAN TRISH WARD: Okay, Madam President, thank you for your time today and that concludes my presentation.

NATIONAL PRESIDENT NICOLE CLAPP: Trish, greatly appreciate your leadership of constitution and bylaws. You don't know how thankful I am that you agreed to stay on for the second year. All right now, since we're talking about National Convention and as Trish said we're crossing our fingers because Phoenix, here we come, but as we realize spring is approaching, and we know many of you are starting to have questions regarding the execution of your department conventions. I've asked parliamentarian Chris Dickey to share with us a process that we went through to determine how to execute a National Convention in hopes that the departments can mirror that process and so I'd like to turn the mic over to professional parliamentarian Chris Dickey who's in the room with us today to give us a presentation about conducting ALA business in a pandemic. Chris, the floor is yours.

CHRIS DICKEY, PRP: Thank you, Madam President. Yes, we had to go through a process to determine what could the national ALA do to conduct business in a pandemic. And during that process, we asked a lot of questions and so I'm going to walk you through those questions so that you can consider what perhaps your department can do to conduct business during the pandemic. Next slide please. Okay, the first thing we did, we asked what if The American Legion does not have a convention, how can we still get business done. Next slide please. So, the answer to these questions and you're going to find out, this is a reoccurring answer to these questions is--you need to look at your governing documents. So, I went through a number of department government documents and pulled some varieties from here, because not all your governing documents are the same. So, here's an example from a department and I have not shown what department it is because it really doesn't make any difference here, but this first one from a governing document from a department shows in there What they have is that the governing body

of this department shall be the department convention to be held at the same time and place as the annual convention of The American Legion department. Now this mirrors what is in the national constitution and bylaws, and so the national constitution bylaws say that the National Convention can only be held at same time or place as the national convention of The American Legion. So, in this case, this department can only hold their National Convention, at the same time and place as the Legion. But let's take a look at some other departments, next slide please. Okay, in this department's constitution and bylaws they have that the legislative body of the organization shall be a Department Convention held annually at a time and place determined by The American Legion or in the event The American Legion does not fix the time or place, it shall be fixed by the Executive Committee. So, you see in this department's constitution and bylaws they've added some flexibility, so if The American Legion decides not to hold a convention, the Auxiliary department can make their own decision of what they want to do. So, let's look at the next slide. And this department is probably the most flexible that I saw of all the bylaws that I looked at. In this one, it says there shall be a Department Convention held annually not less than two weeks prior to the National Convention at such time and place as may be determined by the Department Executive Committee or by the preceding Convention. So, you see in this department's constitution and bylaws they have...they're very flexible. They're not tied to the Legion. I would imagine that in most instances over the years that they have held it at the same time and same place as the Legion, but they are flexible to make their own decisions in case there's something that happens with the Legion that they determine that is not in their best interest. So that's in the time and place. Let's go on to our next question on the next slide. Can we hold the Department Convention electronically? So, the answer to this question is, we have to take a look at your governing documents. Next slide, please. Okay, this is from the Indiana state statutes and in almost all cases the answer for this question lies in state statutes, which is a part of your governing documents. State statutes trump anything that's in your constitution and bylaws, so you have to look there. Now, one of the things when you look at state statutes, there are statutes that control meetings of boards and there are other statutes that control meetings of membership, so if you're looking at state statutes, you have to make sure what are you looking at. Are you looking at membership meetings? Or are you looking at board meetings? So, in this case we're looking at membership meetings. The Indiana codes says, "if provided in the articles of incorporation or bylaws, a member may participate in the annual or regular meeting of the members by or through the use of any means of communication by which all members participating may simultaneously hear each other during the meeting." So, you're seeing that to be able to do it if you're an Indiana corporation which the national ALA is an Indiana corporation, and the Department of Indiana is an Indiana corporation. So, if any of those two entities wants to hold a virtual meeting, there must be a specific provision in the articles of incorporation or the bylaws permitting the organization to hold a virtual meeting. Now, in the case of the national ALA there is no such phrase in the bylaws and because of that ALA National Convention cannot be held virtually. So, let's look at so that would also hold true for the Department Indiana, but let's look at some other state statutes, because not all state statutes are the same. I have here the Michigan code, so the Michigan code says unless otherwise restricted by the articles of incorporation or bylaws, members may hold participate in member meetings by conference call or other means of remote communication. So, in this case if you are the Department of Michigan, you can hold your meeting virtually unless in your governing documents you said no, we don't want to do that. I don't think they have that phrase in there. But they could, so you have to actually restrict it, so Michigan saying you can do it unless you specifically say you don't want to do it and you have to specifically say that in your... in your bylaws. Let's go to the next slide. Now this is something that several states have done in this year of the pandemic, and that is, and this case is the state of Connecticut where the governor of Connecticut issued an executive order. And the governor said, hey in this time of pandemic, we have lots of organizations that are chartered, incorporated in the state of Connecticut and we want to allow them to do business, and so he provided an executive order to allow for board of

directors to determine if they want to hold member meetings in a place, other than a specific place but can hold them by means of communication. So, in this case, I would say the state of Connecticut has been very, at least the governor there has been very proactive in allowing business to get done. I know some other states have done this, too, so it might be something you want to research, if there's no other way that you know that you're allowed to do membership meetings by means of remote communication, that you take a look at this and see if your governor has issued any executive order concerning this. Now, some of the executive orders I've read, they're only good for the time of the pandemic, so if you're holding a convention and your state has determined that there is no longer a pandemic in effect, than that goes away. Now I don't know if this order by the governor of Connecticut is a continuing order or if it's only good for the pandemic and so to answer that question, you would need to get an attorney from the state of Connecticut to give you that answer. Okay, let's go to the next slide, and this is our next question that we took a look at. If our only option to meet is in person, what do we need to consider? And so, this is what national ALA is looking at because national ALA's only option is to meet in person, so let's take a look at the first one. What are the state and local restrictions on people gathering in one location? So, you have to take a look at where you're thinking about holding the meeting. And are there restrictions? And they vary from place to place and, from time to time as to you know how many people, and some of them are doing it by, like a specific number. Like only 50 people can meet in a certain place, and some are doing it on a percentage of what's the total occupancy limits and they do a percentage of it, so maybe only a quarter to 50 percent. So, you have to understand what those are, and you have to be aware that those are changing almost any day as how the pandemic is affecting, and the rate of vaccination, rate of people infections, so it's something you have to continuously monitor. Next slide please. So, our next thing to consider is will your members be staying in a hotel? And if they are, what are the restrictions there concerning some of the amenities such as food service or number of people in elevators. I know one hotel I was in recently, they only allowed two people in an elevator at one time. And so, you have to think, how long is it going to take to move your members around? If you can only put two people in an elevator at a time I know some of the conventions I go to, after a meeting or right before a meeting, and people are trying to get there, you probably remember some of those times you were stacked in there like sardines and so, and even then, how many times are you standing outside an elevator, the door opens and it's full? You can't get in it and so you're waiting for the next one. So, if you can only put two people in at one time it's going to take a lot longer to move people around. So those are some of the... just some of the restrictions you need to think about there. Also, I know for most of departments, your members are driving in, but there are some of our larger states that it's more spread out: Texas, California come to mind. Maybe some of your members are flying...to be able to fly into those locations, some of those airports are requiring to get COVID testing done as you fly in. So, you have to monitor all those restrictions. Next slide please. Okay, let's look at attendance. Consider that your attendance might be down because of the pandemic. Will everyone be willing to travel or so they feel comfortable doing that? And if your attendance is down, will you be able to achieve quorum at your meeting for voting? Now let's review again what quorum is. Quorum is the number of people necessary to be at your meeting to conduct voting. In most cases, that is in your governing documents. So, let's look...I got a couple of samples of quorum from some department bylaws. So, the first one is says a quorum shall exist at a Department Convention when 10% of the units of a department are represented in whole or part, so 10% of departments...are of the units, I would imagine that's not too difficult to attain and that's only in so you could have just one person because it's in whole or in part, so you could just have one person from a department. So, you need 10% of those units represented, but the next one, is a little more difficult. Let me explain that. A quorum shall exist when our Department Convention, when 21 units representing five districts and the president and vice president are present. Now you might be able to get 21 units, but are they representing five districts. But I think the other, the last part of this could be more problematic, you

also have to have the president and a vice president present. So, I would imagine from this department that they have when they say a vice president, they probably have more than one vice president, but you have to have at least the president present.. the president present. That's kind of a mouthful. Just like what could happen if your president at the last minute had a family emergency and couldn't attend. That means you wouldn't meet quorum. Or if they got sick, so the way this is worded could be troublesome for a...and not even just some pandemic, it could be troublesome in any situation. So, it's something to look at. What is your quorum requirement for your department at convention? The quorum requirement for the National Convention is not that difficult as we looked at it so we're not that concerned about it, but it could be something that we need to take a look at. Next slide please. So, our next question is if we can't have a convention this year, can we change officers? So, if you can't meet in person and you can't meet virtually, can you change your officers? What are your options there? So, let's take a look at how to answer. This is a little bit more complicated, but let's...there's a couple things we need to look at in your governing documents, and that would be both terms and filling vacancies. So, it's possible that you could have your current officers resign their office and then fill the vacancy with new members. Let's take a look at how we do that because, for some of you, you're already on your second year. So, this department for term...it says the department convention delegate shall elect annually a President, a National Executive Committee woman, a Historian, a Chaplain who shall serve for a term of one year or until their successors are elected. So, in this case, if for some reason a department cannot have a convention, the current officers just keep on going until you can have a convention. So, who knows how long that will be? Hopefully, it won't be that long, but I think last year, after you know within a month or so into the pandemic, we were thinking it wouldn't be that long, we get through this and I don't know if anybody predicted it would be this long. So, with some of the variants going on, we hope for the best, but you have to plan for about anything. So these people would continue on, but if any of these people wish to, they could resign and then a vacancy is built. So, let's look at some other department bylaws, what they have about terms. This one says all department officers elected or appointed at the Department Convention shall serve for one term are until their successors are elected. So, you're seeing this one is a little more inclusive because they're including all officers elected and appointed. The term shall start upon adjournment of convention at which time they're elected or appointed and end at the adjournment of the following convention. So, here again, they keep on continuing on until there should be another convention; however, here once again any of these people could resign their office if they, for some reason, would not like to continue in that term. So, then go the next slide. And here again, we have another term. This department, the way they have it, actually, I think, is troublesome. It says the Department Executive Committee, so this is not just the officers, this is the entire Department Executive Committee shall take office at the post-convention Executive Committee Meeting and shall serve thereafter for a period of one year. Now, if this department was able to have a convention last year, then as soon as they meet that one year coming up, they no longer will have a Department Executive Committee at all. Now if they did not have a Department Convention last year, then they've not had a Department Executive Committee for almost a year, so I don't remember which department this is, I don't know if there's more than one that has the wording like this, but this language is really troublesome. So, like I said in some of these cases, people could resign and then you could fill the vacancies. So, let's look at the next slide and we'll look at how vacancies are filled. And again, we will see some variants among some departments, so in this one, vacancies of any department elective office, including Vice President, Chaplain, Historian, District President, District Vice President shall be filled by the Department Executive Committee. So, this is for any department elective office, and so this is very inclusive, some are not this inclusive, but this is some good language, and so it will be filled by the Department Executive Committee. And one thing they might want to think about is they might not all want, there are several people that want to resign, you might not want to have them all resign at the same time. You might want

to do it one by one, as you then fill vacancies. So, you might have a little planning that goes on with that. Can we look at the next slide please? Okay, and this one. Vacancies in department offices occurring between conventions shall be filled by a majority vote of the Executive Committee, notice of the vacancy having been given in the call of the meeting, provided that in filling vacancies of the president, such election shall be from among the three Vice Presidents so they're limited as to who can become President, but there's three choices there. And then filling of district directorship shall be a member from the district vacated, so there's a little bit difference there in what happens in this case, and can we see the next slide please? In this one, vacancies in the office of the Department President, the Senior Vice President shall become the President, so it's already predetermined who will become the President if the President resigns. And then the offices of other than the Department President, the vacancy is filled by appointment of, let's see...the vacancy shall be filled by appointment of the Department President, with the approval of the Executive Board, so the President is the one who selects them and then it is approved by the Executive Board. And that no Past Department President can fill an appointment in any of those offices, so there again something a little bit different. So, you have to look at those. What is in the governing documents. Can we look at the next slide please? Okay, and here's something that we should be looking at, can our Department Executive Committee meet electronically and, just as we had to look and see whether or not the NEC could meet electronically, and obviously we have been meeting electronically, but again, the answer to this question, we need to look to state statute so can we have the next slide please? Okay, we're looking here at the Florida state statutes and this language is pretty typical of almost all state statutes I've looked at. I did not go through every single state statutes, but I looked at a number of them, and this is what I found: unless the Articles of Incorporation or the bylaws provide otherwise, the board of directors is permitted to hold electronic meetings as long as the directors participating can hear each other at the same time, so this is pretty standard language. Now, like I said, for the NEC, which is the part of the national ALA, so you're under Indiana code, it's almost the exact same wording as the Florida code. It's just broken up into some different paragraphs and some subsections, but basically the same language. So, I would say yes, your department executive committees can meet electronically, to be certain of that, you need to check your state statutes, you might also want to get a legal opinion, I am not an attorney, just a parliamentarian. So, you might want to definitely look at that. Make sure you have that language, but there is in almost all state statutes that I've looked at, state statutes are more generous to boards to meet rather than membership meetings to meet. So, let's look at the next slide and what I'm looking at now, do you have any questions on anything that I've presented. I'm happy to answer your questions. Do so by raising your hand.

NHQ STAFF: I'm gonna unmute Debra Knickerbocker. You should be able to unmute yourself. Are you there?

NEC [CT] DEBRA KNICKERBOCKER: Yes, I am. Can you hear me?

NHQ STAFF: Yes.

NEC [CT] DEBRA KNICKERBOCKER: Okay, um my question is: is the department executive committee allowed to not allow phone calls into a meeting if the meeting is being held in person.

NHQ STAFF: Chris, you are muted.

NEC [CT] DEBRA KNICKERBOCKER: Hello? Hello? Did you hear me?

NHQ STAFF: Debra, we did hear you, we're trying to get Chris unmuted again.

CHRIS DICKEY, PRP: Okay, okay here I am, I got muted, for some reason. Okay, are you talking about a board meeting or membership meeting?

NEC [CT] DEBRA KNICKERBOCKER: Department Executive Meeting.

CHRIS DICKEY, PRP: Your answer would be in the...in your state statutes. Most of the state statutes that I've read is that a member can participate by remote control and so somebody can participate remotely even though most of the members might be in one spot or some of the members might be in one spot. But here's the case, all of you have to be able to hear each other at the same time, and so do you have electronic equipment to make that happen?

NEC [CT] DEBRA KNICKERBOCKER: I don't know.

CHRIS DICKEY, PRP: And so that's something you need to take a look at and it's a little bit easier, sometimes for a board meeting to do that, so the people together would all be able to hear the person that's talking remotely. So, you might be able to put that person on some type of speaker, but that person remotely needs to hear all the people that are in the meeting at the same time.

NEC [CT] DEBRA KNICKERBOCKER: What I'm asking, though, is: are they allowed to not have people phone in?

CHRIS DICKEY, PRP: Right, and that depends on how the state statute is written, and I think that would be a question, you might have to ask an attorney.

NEC [CT] DEBRA KNICKERBOCKER: Well, you read our state statute, so you know that we can do our meetings remotely so does that include in person meetings?

CHRIS DICKEY, PRP: Well, there's in person meetings and then there's kind of what would be I think you're talking about us in a way, a hybrid where some people are together, and some people are remote. Right, and I think that what you are saying is that some people can't come in remotely. And that's something, that it's an interpretation of the state statute and you probably need legal opinion on that.

NEC [CT] DEBRA KNICKERBOCKER: Okay, thank you.

CHRIS DICKEY, PRP: Any other questions?

NHQ STAFF: Yes, we have Nancy. Nancy, if you can unmute yourself.

NEC [VT] NANCY TETREAULT: Yes, Hello.

CHRIS DICKEY, PRP: Hi, Nancy.

NEC [VT] NANCY TETREAULT: Hi, Nancy Tetreault from the state of Vermont. Some of this is a little confusing but we're doing a good job in Vermont with our Zoom meetings. We're getting better and better at them, but my question is if you are being challenged by a meeting that already took place where you know we were in the meeting we were set up that and then some people couldn't hear, is that meeting considered illegal.

CHRIS DICKEY, PRP: I guess what you're asking is because some people could not hear, they are saying that the meeting was illegal?

NEC [VT] NANCY TETREAULT: Yes.

CHRIS DICKEY, PRP: It depends on maybe why they couldn't hear. If it was, I would imagine a, an issue on their end where they didn't know how to operate the equipment properly or the--

NEC [VT] NANCY TETREAULT: Correct.

CHRIS DICKEY, PRP: I don't know if you give any training beforehand, or an opportunity for training, to make sure that everyone understood how to work their way through the system or not. So, I don't know, I think, in some ways that could be a legal question.

NEC [VT] NANCY TETREAULT: Okay, oh, thank you, and you know that that's a good point on the training. I liked that they had training for this NEC meeting and that's a good idea to have training before our meetings. Thank you so much.

CHRIS DICKEY, PRP: You're quite welcome. Yes, definitely I think you know a lot of people learned a lot about Zoom meetings or there's other platforms and have become a lot more adept at doing this, but you know I've worked with some people that you know don't even have a computer and so they're connecting via their cell phone. And there are ways to do that and be able to participate, because you don't really have to see each other, but you need to be able to hear each other and communicate, at the same time, so--

NEC [VT] NANCY TETREAULT: So, I just want to be sure of your answer to my question.

CHRIS DICKEY, PRP: Sure.

NEC [VT] NANCY TETREAULT: If the meeting has already taken place and something comes up about it, everything was voted on and then maybe a couple months later, someone comes back and says it's illegal, can we still go on with our motions that were passed, etc?

CHRIS DICKEY, PRP: Well, in the parliamentary sense of this, they would have to raise a point of order in a meeting. They would have to wait till they get to the next meeting or try to call a special meeting, and then raise a point of order, and say that the rules were broken, that were violated. Okay, so you might you'd have to probably get some professional help either from a...an attorney or a parliamentarian, to help you through that.

NEC [VT] NANCY TETREAULT: Okay, I appreciate your answers, thank you.

CHRIS DICKEY, PRP: you're welcome. Any other questions?

NHQ STAFF: No other questions at this time. Chris, you're muted yeah.

CHRIS DICKEY, PRP: Okay, hi, sorry I got muted again. I just wanted to kind of follow up on this, as we looked at some of the different department bylaws, governing documents, you saw kind of a variety which that happens because obviously you're even in different states, incorporated in different states and there might be some different needs. But there's some different flexibility between some of the departments that you might have noticed and through this pandemic we're seeing all different things that, um, things that we have never seen before. I know with all the different clients I work with, some of them would like to be able to do some business and haven't been able to. Some would like to do different things and because of their governing documents had certain things in them, they were... had some restrictions, so I am urging all my clients to really take a look at their governing documents and see what are the things that maybe are restricting you now and think about, do you need to amend your governing documents for the future, because hopefully this will be the last pandemic will ever see. But there could be other things, there could be another pandemic there could be fires, it could be earthquakes, there could

be other things, floods that restrict us from meeting and do we have the flexibility to meet in any type of disaster? So, you might want to take a look, a hard look at your governing documents and think about maybe what amendments need to be made. So always happy to help you with any of those things, answering your questions, but good luck with as you go through this and I know that the staff's going to follow up with some of this information so that your department will have some of this information to ask you, these questions yourselves, thank you.

NATIONAL PRESIDENT NICOLE CLAPP: Thank you, Chris, we greatly appreciate the time and energy you put into helping us navigate our process nationally and we here this afternoon, we know there was going to be lots of questions and you didn't disappoint, departments. And we know that you need additional resources and Chris mentioned that we're going to be facilitating getting you resources. So, at this point in time, start looking at your governing documents, so that you can start to figure out your path forward. But, as we all know, nationally, our governing documents say we will have a National Convention in line with the Legion at the time and place, and so that is that for Phoenix. So, let's cross our fingers, that we will be together in Phoenix. So, thank you, again, Chris, for your insight today. It is invaluable to us each and every day. Well, our goal was that we would conclude the meeting by five o'clock. You have had a great deal of information, this afternoon, a lot of thoughts, good discussion and planning. And I have to say that when we have the NEC pre-call on the, typically, the Wednesday before the Saturday, the Q & A, that really does bring to light some questions. So, make sure you look at those additional handouts that were sent out to you, so you've got the answers to those questions. And some of the questions raised today, if you know you can't be on the Q & A call, submit them early and then we'll make sure to get them included in the handout so that everyone has the same information. Now, is there any new business to come before this meeting before we close today. Any hands raised, staff?

NHQ STAFF: Currently, no hands raised.

NATIONAL PRESIDENT NICOLE CLAPP: Currently, no hands raised. Okay, thank you Laura.

NHQ STAFF: Oh, I see one I'm not sure who this is: Galaxy S-9.

NATIONAL PRESIDENT NICOLE CLAPP: Somebody has a Galaxy S-9 smartphone.

NHQ STAFF: You should be able to unmute yourself.

Galaxy S9: Hi, my computer froze up. I apologize, and now I'm on the phone, um that my question is, I did not get to vote when we voted on the consent agenda because my computer froze and I got which showed after the vote, but I was not able to vote. So, I don't know.

NATIONAL PRESIDENT NICOLE CLAPP: The outcome of the vote would not be affected by one vote, but we appreciate, Galaxy S-9, I'm not sure who that is, code name, but we appreciate you alerting us to that information, thank you.

Galaxy S9: Thank you.

NHQ STAFF: Okay, we also have Patti Lach.

NATIONAL PRESIDENT NICOLE CLAPP: Go ahead, Patti, from Maryland.

NEC [MD] PATTI LACH: Hi, um, this was not covered in our meeting, but I was wondering, and then the department has been wondering, has a decision, been made regarding Girls Nation this year.

NATIONAL PRESIDENT NICOLE CLAPP: No, a decision has not been made, Patti, regarding Girls Nation. At this point in time, our hope is that we will be at the 4-H Center in July, but we realized that may not be possible, so at this point in time, I am confident to tell you we will have a Girls Nation program. We're hoping for in person, but once the decision is made, it will be communicated to all of you, if we do have to resort to going virtual.

NEC [MD] PATTI LACH: Okay that's great. Thank you.

NATIONAL PRESIDENT NICOLE CLAPP: Thank you, Patti.

NHQ STAFF: Okay, and then we also have Glynis Seeley, NEC from Nevada.

NATIONAL PRESIDENT NICOLE CLAPP: Yes, Glynis, go ahead.

NEC [NV] GLYNIS SEELEY: I have a quick question that I didn't get a chance to have my hand seen when Chris was speaking.

NEC [NV] GLYNIS SEELEY: The question is in relation to if, let's say for argument's sake, there's 20 members of your convention body that passes some type of--there's a motion on the floor or an amendment. In the recording documents, let's say 10 of those people out of that 20 are there in person, and 10 of them are there via electronic means. When you're recording that, do you have to put it down that in a 20 person vote, 10 were present and ten and were virtual?

NATIONAL PRESIDENT NICOLE CLAPP: Go ahead, Chris will comment.

CHRIS DICKEY, PRP: Sure, thanks, Glynis. When people are present on remote, they are considered present at the meeting.

NEC [NV] GLYNIS SEELEY: Thank you.

CHRIS DICKEY, PRP: Now, one of the things is when you have in a convention, you have some people on site and some remote, really, the biggest challenge is the tech part of it. How are you going to have it where all of those people can hear each other, how are you going to handle the voting so you combine all those votes that you see, and so I really think for a department, unless you have some really good tech people, and you have financial resources to make it happen, it might be a little bit beyond some capabilities of some of your departments to do that.

NEC [NV] GLYNIS SEELEY: Would an email vote suffice?

CHRIS DICKEY, PRP: There are some other third party ways of voting that I've used with some other organizations where, like, everyone would get on their cell phone. There's one called Slido, there's a number of them. And I think your staff even has a list of some of those that we talked about that you could do that would be better than I would not do it by email. But there are some things you can do, and you send--they would get a like an email, and then they vote on it, but they would be voting via their--they'd have to have some type of electronic device to do it on like a tablet or a cell phone or computer and to be able to respond. So, there are a lot, you know does everyone that comes to your department convention have that type of electronics that they could use.

NEC [NV] GLYNIS SEELEY: Thank you very much.

CHRIS DICKEY, PRP: you're welcome.

NATIONAL PRESIDENT NICOLE CLAPP: Well, thank you, everyone, for your participation, do we have any other new business to be considered today.

NHQ STAFF: I see Nancy from Vermont.

NEC [VT] NANCY TETREAULT: Hello. This is Nancy just before we end this, I've always had this question. Can our department contact The American Legion Judge Advocate for advice?

NATIONAL PRESIDENT NICOLE CLAPP: Actually, you would work through the American Legion Auxiliary and not go directly to The American Legion.

NEC [VT] NANCY TETREAULT: Okay, thank you.

NATIONAL PRESIDENT NICOLE CLAPP: If there's no other business to come before the meeting, then I would ask for our National Chaplain Mary Anne Casadei from the Department of New York to offer our benediction this afternoon. Mary Anne?

NATIONAL CHAPLAIN MARY ANNE CASADEI: Dear God, you who puts all things together, and makes all things whole, we thank you for this wonderful things you have done today. May we have-- may all we have accomplished here take root and produce wonderful things, wonderful things for our members and for our organization. As we leave this meeting, please continue to walk with us, let us be alert to your promptings and follow your word. We pray for our National President Nicole, that the rest of her year is happy, safe and produces great memories. We pray you bless and heal our country, so that we may meet in Phoenix to elect new officers and carry out our necessary work, and we ask that you remember, Lord, we are servant leaders doing your good works. Amen.

NATIONAL PRESIDENT NICOLE CLAPP: Thank you, Mary Anne, always appreciate your spiritual guidance and support. Well, it is time that we close our Brady Bunch, our friend [*screen froze*]...screen and we had 112. And so, think how far we've come since our first meeting that we did virtually. And just a little funny aside, now I'm sitting here at National Headquarters doing these meetings, versus all of you that saw the picture of me, sitting in my laundry room back home on the farm staring at the washing machine, so we have become very proficient at what we're doing. But as Chris Dickey has commented, it takes a lot of resources, and a lot of time, and a lot of effort to make sure that everyone's voice can be heard. And that's what's so most important in our organization. And so, I want to say thank you, I want you to remember, as I said earlier, be safe, take care of yourselves, and I can't wait to be able to see your smiling faces, even if they're under a mask, and I will tell, you can tell if you're smiling, if you have a mask on it's, particularly if you have chubby cheeks like me, they go up under the mask. So, you know that we are there, all in spirit together. So, Phoenix, here we come, but until then let's continue celebrating a century of service, thank you, and everyone goodbye, we appreciate all your time and energy.

(Whereupon, at 4:45 p.m. on Saturday, February 27, 2021, the above-entitled meeting was concluded.)

**APPENDIX A**



**CONSENT AGENDA**  
**2021 MID-YEAR NEC MEETING**

**REPORT OF CHARTERS**  
**American Legion Auxiliary**  
**National Executive Committee Meeting**  
**February 27, 2021**  
**Charter Activities**

**August 2020 – February 2021**

Active Units as of August 2020	7974
New Charters granted since NEC Meeting, August, 2020	9
Charters reinstated since NEC Meeting, August, 2020	8
Sub-Total	7991
Charters to be cancelled at the NEC Meeting, February 2021	54
<b>TOTAL ACTIVE UNITS</b>	<b>7937</b>

**UNITS TO BE CANCELLED**

<b><u>Department</u></b>	<b><u>Unit Legal Name</u></b>	<b><u>Unit #</u></b>
Alabama	Richard Murphy	0065
	Claude McCall	0079
	Winfield	0100
	Covington County	0157
	Douglas Macarther Goudy	0179
	J Powell	0304
	Leeds	0400
Arizona	Sunnyslope	0075
California	Chico	0017
	James McDermott	0172
	Temple City	0279
	Boron	0636
Illinois	Ridgway	0596
Indiana	Rexford Ballard	0224
	Emilio Albert De La Garza Jr.	0508
Iowa	Adams	0119
	Julius F. Miller	0337
	Dixon	0353
	Dumont	0360
	WM A Doughten	0553
	Joseph Thuman	0646
	Massena	0693
	Davis-Story	0733

**REPORT OF CHARTERS**  
**American Legion Auxiliary**  
**National Executive Committee Meeting**  
**February 27, 2021**

Kansas	Louis H. Hanson	0194
	Wingate Crumpton	0207
	Arthur Radloff	0339
Kentucky	James L. Flannery	0276
Minnesota	Frances Harnack	0582
Nevada	High Desert	0056
New York	Lloyd	0193
	Richards-Barry-Galloway	1502
	Madrid	1513
	Gilbert Rauh	1574
	Sorrell-Woodward	1623
Ohio	George F. McBane	0031
	Liberty	0046
	Cottrell-Boylan	0253
Oregon	Eugene	0003
	Wamic	0135
Puerto Rico	Yaguez	0003
	Pachin Marin	0006
	Abraham Vila	0127
	Luz Maria Rodriquez	0151
Tennessee	Watauga	0049
	Middleton	0198
	New Liberty	0212
Virginia	Pannill	0042
	Patrick County	0105
	Christopher C. Curtis	0241
	Darrell C. "Shifty" Powers	0243
	James Waters Westenders	0361
West Virginia	Blake Brothers	0046
	Midland-Senecca	0069
	Jane Lew Memorial Inc	0166

**American Legion Auxiliary**  
**NATIONAL POLICY**  
**National President Foreign Travel**

Reviewed by: National Finance Committee      Reviewed On: 11-2-2020

Approving Body: National Executive Committee      Date Approved: \_\_\_\_\_

**Next Review Date: Spring 2023**

### **Policy Statement**

It is the policy of the American Legion Auxiliary (ALA), a national public benefit 501 (c)(19) not-for-profit veterans organization auxiliary headquartered in Indianapolis, Indiana, to outline guidelines for foreign business travel by the American Legion Auxiliary National President. All ALA foreign business travel shall consider the value of proposed travel by weighing the costs and benefits of making the trip to determine the best possible return on investment for the organization as related to established organizational goals.

### **Policy**

1. Foreign business travel by the ALA National President shall take into account:
  - a. the number of ALA members in close proximity to the business travel destination(s),
  - b. opportunities to meet with members in those foreign locations, and
  - c. opportunities to increase awareness of the ALA's mission in those foreign locations.
2. Foreign business travel by the ALA National President shall take into account current international travel warnings issued by the U.S. Department of State and any health issues for countries on the proposed foreign itinerary.
3. Foreign business travel by the ALA National President shall be planned in conjunction with that of the National Commander of the American Legion.
4. Foreign business travel by the ALA National President shall be included in the annual budget proposed by the ALA National Finance Committee to the ALA National Executive Committee for consideration. ~~Unanticipated f~~Funding for unanticipated foreign business travel by the ALA National President shall be pre-approved by the ALA National Finance Committee.
5. All expenses related to personal foreign travel by the ALA National President shall be the responsibility of the ALA National President.

Date Revised	Description of Revision	Approved by
02-21-2020	Grammar corrections	FC
08-29-2020	Changed #4 from “Unanticipated foreign business travel by the ALA National President shall be pre-approved by the ALA National Finance Committee.” to “Unanticipated funding for foreign business travel...”	NEC
<u>11-2-2020</u>	<u>Changed #4 from “Unanticipated funding for foreign business travel...” to “Funding for unanticipated foreign business travel...”</u>	<u>FC</u>

DRAFT

# American Legion Auxiliary

## NATIONAL POLICY

### Auxiliary Emergency Fund (AEF) Grants

Reviewed by: National Finance Committee Reviewed On: 02/19/2021

Approving Body: National Executive Committee Date Approved: \_\_\_\_\_

Next Review Date:

### Policy Statement

It is the policy of the American Legion Auxiliary (ALA), a national public benefit 501(c)(19) not-for-profit veterans organization auxiliary headquartered in Indianapolis, Indiana, to provide temporary and emergency assistance to eligible members of the American Legion Auxiliary who have endured a significant financial setback as the result of an act of nature or personal crisis.

### Policy

1. This fund was established by the 1969 bequest from the estate of Auxiliary member Helen Colby Small, which funds combined with donations to the AEF fund shall be used solely for AEF grants.
2. AEF grants provide temporary assistance to eligible members during a time of financial crisis when no other source of aid is readily available to pay for shelter, food, and utilities. Assistance will not be granted to pay medical expenses or credit card debt.
3. Funds may be used to provide emergency assistance to eligible Auxiliary members in areas devastated by a natural disaster, including flood, hurricane, tornado, earthquake, or other severe weather.
4. NHQ will send quarterly reports on grants awarded to department secretaries and presidents.
5. Eligible Auxiliary members include those members who have maintained ALA membership for three (3) consecutive years (the current year and immediate past two years).
6. Grants are awarded to a grantee one time in a 12- month period.
7. The maximum grant award is \$2,400.
8. The applicant for assistance must have exhausted all other financial options and provide proof of "past due" bills.
9. A three (3) member review and processing committee shall consist of the Director of Finance, the Director of Development, and a staff member of The American Legion Children & Youth Division.
10. The application transmission process and information required for granting assistance shall be determined by the three-member review and processing committee, with the National AEF Chairman acting in an advisory capacity.

Date Revised	Description of Revision	Approved by
Policy formalized		FC

# American Legion Auxiliary

## NATIONAL POLICY

### Contract Approval and Signature Authority

Reviewed by: National Finance Committee Reviewed On: 2/19/21

Approving Body: National Executive Committee Date Approved: \_\_\_\_\_

Next Review Date: ~~Fall 2023~~ Fall 2024

#### Policy Statement

It is the policy of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit veterans organization auxiliary headquartered in Indianapolis, Indiana, to authorize appropriate ALA National Officers and the Executive Director to execute and enter into agreements on its behalf in compliance with the corporate laws of the State of Indiana and in keeping with corporate governance standards and acceptable business practices.

#### Policy

1. The National Secretary shall have oversight and the Executive Director shall have authority to execute contracts, agreements, and memorandums of understanding on behalf of the American Legion Auxiliary for goods and services consistent with matters within the approved American Legion Auxiliary National Headquarters budget.
- ~~1.2.~~ The National Secretary shall have oversight and the Executive Director, Director of Finance, and the Compliance Officer shall have authority to execute state charity registration filings as the official representatives of the organization.
- ~~2.3.~~ The National Secretary and the Executive Director shall not enter into contracts, agreements, and memorandums of understanding for matters that are not within the scope and confines of the national organization's budget approved by the ALA National Executive Committee.
- ~~3.4.~~ The Executive Director shall ensure that all contracts, agreements and memorandums of understanding bear legal and authenticated original signatures.
- ~~4.5.~~ The Executive Director, with oversight by the National Secretary, shall make certain the organization maintains all fully executed signed contracts, agreements, and memorandums of understanding, clearly identified as such.

Date Revised	Description of Revision	Approved by
02-21-2020	Policy Statement – inclusion of Executive Director as appropriate authority	FC
02-21-2020	Policy – include Executive Director, consistent references	FC
<u>02-19-2021</u>	<u>Add Executive Director, Director of Finance, and Compliance Officer have authority to sign charity registrations as required by each state.</u>	<u>FC</u>

DRAFT



# Investment Policy Statement

General Fund  
National Presidents Scholarship Endowment Fund  
Spirit of Youth Fund  
HC Small Fund  
Paid Up For Life Fund

**February 2021**

## EXECUTIVE SUMMARY

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Time Horizon:	Greater than 10 years
Modeled Return:	7.5% (4.5% over the CPI of 3%)
Modeled Loss (or Lowest 1 Year Gain):	-20%
Rebalancing Trigger:	Asset Target Allocation is +/- 5%
Asset Allocation:	

Asset Class and Style Allocation	Target Allocation
2% Cash and Equivalents:	2%
55% Equities	
Domestic Large-Cap Equity:	
Core	16%
Growth	7%
Value	7%
Domestic Small/Mid-Cap Equity:	
Growth	5%
Value	6%
International Equity:	
Core, Emerging	14%
28% Fixed Income:	
Core, Absolute, Foreign	28%
15% Alternative Investments:	
Hedge Fund, Real Estate, Timber/ Other	15%

## PURPOSE

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The purpose of this Investment Policy Statement (IPS) is to assist the national organization of the American Legion Auxiliary (Client) and Valeo Financial Advisors, LLC (Advisor) in effectively supervising, monitoring and evaluating the investment of the Client's Portfolio (Portfolio). The Portfolio consists of five separate investment pools: the General Fund, Helen Colby Small Fund, Spirit of Youth Fund, the National Presidents' Scholarship Endowment Fund, and the Paid Up For Life Fund (PUFL). The Client's investment program is defined in the various sections of the IPS by:

- Stating in a written document the Client's attitudes, expectations, objectives and guidelines for the investment of all assets.
- Setting forth an investment structure for managing the Client's Portfolio. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
- Encouraging effective communications between the Client and the Advisor.
- Establishing formal criteria to select, monitor, evaluate and compare the performance of money managers on a regular basis.
- Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Client's assets.

## BACKGROUND

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This IPS has been prepared for the American Legion Auxiliary (“Client”), nationally headquartered in Indianapolis, Indiana. The following description provides a summary of background information for each of the separate pools.

**The General Fund:** The purpose of the General fund pool of assets is to provide long term financial reserves to assure the longevity of the American Legion Auxiliary. Annually the General Fund is expected to have substantial deposits and withdrawals resulting from the timing of expected revenues and expenses.

**National Presidents’ Scholarship Endowment Fund:** The purpose of the National Presidents’ Scholarship Endowment Fund pool of assets is to generate and maximize funds available for the national scholarships awarded from this fund over the long term. Annually the National Presidents’ Scholarship Endowment Fund is expected to have deposits of donor permanently endowed contributions and withdrawals representing granting of awarded scholarships as outlined in the National Presidents’ Scholarship Endowment Fund Spending Policy (please see Appendix B).

**Spirit of Youth Fund:** The purpose of the Spirit of Youth Fund pool of assets is to generate and maximize funds available for college scholarships nationally awarded to Junior Auxiliary Members by the American Legion Auxiliary.

**Helen Colby Small Fund:** The purpose of the Helen Colby Small Fund pool of assets is to provide long term financial reserves to supplement the national granting of Auxiliary Emergency funds by the American Legion Auxiliary.

**Paid Up For Life Fund (PUFL):** The purpose of the Paid Up For Life Fund pool of assets is to generate and maximize funds available for Paid Up For Life distributions. Annually the Paid Up For Life Fund is expected to have deposits of lifetime membership dues and withdrawals representing allocable distributions of Paid Up For Life member dues to American Legion Auxiliary Departments, Units, and the National Organization. Additionally, the Paid Up For Life Fund is expected to pay out an administrative fee to the American Legion Auxiliary for National Headquarters’ administration of the Paid Up For Life Trust activity.

## STATEMENT OF OBJECTIVES

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This IPS describes the prudent investment process the Advisor deems appropriate for the Client's situation. The Client desires to maximize returns within prudent levels of risk and to meet the following stated financial goals:

Objectives to all pools:

- Outpace inflation over time.
- Invest in a diversified portfolio utilizing cash, fixed income and equity investments.
- Maximize total returns in line with the stated risk tolerance
- Allow for the portfolio to make budgeted periodic distributions, as needed.

### **General Fund:**

Provide support for the national general operating budget of the American Legion Auxiliary.

### **National Presidents' Scholarship Endowment Fund:**

Provide a sustainable level of income to support the American Legion Auxiliary's national scholarships awarded from this fund while also striving to preserve the real (inflation adjusted) purchasing power of the National Presidents' Scholarship Endowment Fund.

### **Spirit of Youth:**

Provide a sustainable level of income to support the American Legion Auxiliary's national college scholarships awarded to Junior Auxiliary Members while also striving to preserve the real (inflation adjusted) purchasing power of the Spirit of Youth Fund.

### **Helen Colby Small Fund:**

Provide a sustainable level of income to supplement the national granting of Auxiliary Emergency Funds by the American Legion Auxiliary while also striving to preserve the real (inflation adjusted) purchasing power of the Helen Colby Small Fund.

### **Paid Up For Life (PUFL):**

Provide a sustainable level of income to support the allocable distribution of lifetime membership dues and administrative fee while also striving to preserve the real (inflation adjusted) purchasing power of the Paid Up For Life Fund.

## Spending Policy

The General Fund, Helen Colby Small Fund, and Paid Up For Life Fund do not have established and mandated spending policies other than those mentioned in the Objectives section above.

### **National Presidents' Scholarship Endowment Fund:**

The available 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 calculation shall be done annually (please see Appendix B).

### **Spirit of Youth Fund:**

By National Executive Committee resolution, funds expended shall not exceed 30% of the fund.

## Time Horizon

The investment guidelines are based upon an investment horizon of greater than 10 years; therefore interim fluctuations should be viewed with appropriate perspective. Short-term liquidity requirements are anticipated to be minimal.

## Risk Tolerances

The Client recognizes and acknowledges some risk must be assumed in order to achieve long-term investment objectives, and there are uncertainties and complexities associated with contemporary investment markets.

In establishing the risk tolerances for this IPS, the Client's ability to withstand short and intermediate term variability was considered. The Client's prospects for the future, current financial condition and several other factors suggest collectively some interim fluctuations in market value and rates of return may be tolerated in order to achieve the longer-term objectives.

## Expected Return

In general, the Client would like the assets to earn at least a targeted return of 4.5% over inflation (Consumer Price Index) over time. It is understood that this level of return will require superior manager performance to: (1) retain principal value; and, (2) purchasing power. Furthermore, it is understood that market conditions will cause the expected returns to vary over shorter periods of time.

## Asset Class Preferences

The Client understands long-term investment performance, in large part, is primarily a function of asset class mix. The Client has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

History shows while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long (seven years or greater).

The Client has considered traditional asset classes for inclusion in the target allocation, and has decided not to place any limitations/restrictions on the portfolio. In addition, the portfolio may allocate a portion of the portfolio to less liquid investments which could be defined as “alternative investments”. As always, the committee will take careful consideration to taxes, fees and net performance before implementing any investments strategy.

## Rebalancing of Target Allocation

The percentage allocation to each asset class may vary as much as plus or minus 5% depending upon market conditions. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the target asset allocation of the Portfolio on a semi-annual basis.

If the Advisor judges cash flows to be insufficient to bring the Portfolio within the target allocation ranges, the Client shall decide whether to effect transactions to bring the target allocation within the threshold ranges.

## DUTIES AND RESPONSIBILITIES

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### Investment Advisor

The Client has retained an objective, third-party Advisor to assist the Client in managing the investments. The Advisor will be responsible for guiding the Client through a disciplined investment process. As a fiduciary to the Client, the primary responsibilities of the Advisor are:

1. Prepare and maintain this investment policy statement.
2. Provide sufficient asset classes with different and distinct risk/return profiles so the Client can prudently diversify the Portfolio.
3. Prudently select investment options.
4. Control and account for all investment expenses.
5. Monitor and supervise all service vendors and investment options.
6. Avoid prohibited transactions and conflicts of interest.
7. Provide a periodic summary or “scorecard” of items outlined in **Investment Performance Evaluation and Performance Objectives**

### Investment Managers

As distinguished from the Advisor, who is responsible for managing the investment process, investment managers are responsible for making investment decisions (security selection and price decisions). The specific duties and responsibilities of each investment manager are:

#### *I. Mutual Fund*

Security guidelines for mutual funds are determined by the constraints outlined within each mutual fund’s specific prospectus. The Client recognizes that the use of mutual funds limits their ability to outline specific security guidelines for each mutual fund. Also, the Client acknowledges that mutual funds often shift the underlying asset classes and investment styles utilized.

#### *II. Separately Managed Account (SMA)*

In some instances a separate account manager may be utilized. Any separate account manager that is utilized will be held responsible for adhering to the specific guidelines that are outlined within this investment policy statement. Prior to final approval of any separate account manager, the manager will review and accept the IPS.

#### *III. Alternative Asset Classes*

The Committee may elect to invest in non-traditional asset classes. This asset class is meant to further diversify the portfolio to improve relative risk adjusted returns. Asset classes such as Timber, Private Equity, Real Estate, Hedge funds and other classes may be

considered. Any investment in these types of investments will be positioned as a minority piece and a 10% cap on any single investment, of the total portfolio and long term in nature.

## **Custodian**

Custodians are responsible for the safekeeping of the Portfolio's assets. The specific duties and responsibilities of the custodian are:

1. Maintain separate accounts by legal registration.
2. Value the holdings.
3. Collect all income and dividends owed to the Portfolio.
4. Settle all transactions (buy-sell orders) initiated by the Investment Manager.
5. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolio since the previous report.

## INVESTMENT MANAGER SELECTION

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### Investment Performance Evaluation

The following standards will be used to evaluate the investment managers. Several important comments about these standards are noted below:

- The time period for assessment will generally be rolling five-year periods. Interim or shorter term fluctuations in results will be viewed with the appropriate perspective.
- The client understands that at varying points in time, individual investment managers may not generate a performance that achieves all standards concurrently.
- No individual standard will be more important than another. Instead, all standards will be considered in aggregate.
- Evaluation of investment managers will not be limited to the standards set forth below. Organizational stability and adherence to investment style/process will also be key points of consideration. These standards are further outlined in the control procedures of this IPS.

#### Standard #1 – Market Indices

The Advisor has determined it is in the best interest of the Client that performance objectives be established for each investment manager. Manager performance will be evaluated in terms of an appropriate market index (e.g. the S&P 500 stock index for large-cap domestic equity manager) and the relevant peer group (e.g. the large-cap growth mutual fund universe for a large-cap growth mutual fund). The performance target for actively managed assets shall be to equal or exceed the total return of the appropriate and relevant benchmark. Passively managed (indexed) assets shall have the performance target to closely replicate the results of the appropriate and relevant benchmark. See Appendix A.

#### Standard #2 – Risk

For each investment style, the standard deviation of returns (risk) shall be no more than the stated percentage (%) of the index benchmark noted in Standard #1 over a period of at least three (3) years. Managers exceeding the percentage (%) standard will be held to a proportionately greater return expectation. See Appendix A.

#### Standard #3 – Investment Manager Universe Comparison

A widely recognized national database and their peer group universes shall be utilized, with a performance benchmark for each of the investment managers. See Appendix A.

## CONTROL PROCEDURES

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### Performance Objectives

The Client acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the Advisor intends to evaluate manager performance from a long-term perspective.

The Client is aware the ongoing review and analysis of the investment managers is just as important as the due diligence implemented during the manager selection process. The performance of the investment managers will be monitored on an ongoing basis and communicated to the Client. It is at the Client's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

On a timely basis, but not less than semi-annually, the Advisor will meet with the Client to review whether each manager continues to conform to the search criteria outlined in the previous section; specifically:

1. The manager's adherence to the Portfolio's investment guidelines;
2. Material changes in the manager's organization, investment philosophy and/or personnel; and,
3. Any legal, SEC and/or other regulatory agency proceedings affecting the manager.

## INVESTMENT POLICY REVIEW

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The Advisor will review this Investment Policy Statement (IPS) with the Client at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Prepared:

Approved:

\_\_\_\_\_  
Advisor

\_\_\_\_\_  
ALA National Treasurer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
ALA National Secretary

\_\_\_\_\_  
Date

## Appendix A

Asset Class and Style	Index	Peer Group	Risk	Percentile Benchmark	
				3 years	5 years
Cash and Equivalents:	Ibbotson U.S. Treasury Bills	Money Market Database	N/A	N/A	N/A
<b>Equities</b>					
Domestic Large-Cap Equity:					
Core	Russell 1000	Large-Cap Blend	120%	Top One-Half	Top One-Third
Growth	Russell 1000 Growth	Large-Cap Growth	120%	Top One-Half	Top One-Third
Value	Russell 1000 Value	Large-Cap Value	120%	Top One-Half	Top One-Third
Domestic Small/Mid-Cap Equity:					
Core	Russell 2000	Small-Cap Blend	120%	Top One-Half	Top One-Third
Growth	Russell 2000 Growth	Small-Cap Growth	120%	Top One-Half	Top One-Third
Value	Russell 2000 Value	Small-Cap Value	120%	Top One-Half	Top One-Third
International Equity:					
Core	MSCI EAFE Equity	Foreign Large Blend	120%	Top One-Half	Top One-Third
Growth	MSCI EAFE Equity	Foreign Large Growth	120%	Top One-Half	Top One-Third
Value	MSCI EAFE Equity	Foreign Large Value	120%	Top One-Half	Top One-Third
<b>Fixed Income:</b>					
Core	Barclay's Aggregate Index	Intermediate Term Bond	120%	Top One-Half	Top One-Third
High Yield	Barclay's High Yield	High Yield Bond	120%	Top One-Half	Top One-Third
Foreign Bond	Barclay's Global Bond Ex. US	World Bond	120%	Top One-Half	Top One-Third
<b>Alternative Investments:</b>					
Various	Specific to asset class	N/A		N/A	N/A

## Appendix B

### American Legion Auxiliary National Headquarters National Presidents' Scholarship Endowment Fund Spending Policy

#### Policy General Information:

- I. This policy should be read in conjunction with the American Legion Auxiliary National Headquarters National President's Scholarship Endowment Fund Investment Policy Statement.
- II. The American Legion Auxiliary National Headquarters National President's Scholarship Endowment Fund consists of board designated funds set aside by the American Legion Auxiliary National Executive committee and donor-designated funds.

#### Policy Purpose:

- I. In order to provide a sustainable level of income to support the American Legion Auxiliary National Headquarters' National President's Scholarships while also striving to preserve the real (inflation adjusted) purchasing power of the National President's Scholarship Endowment Fund, the American Legion Auxiliary establishes the following spending policy with regard to the National President's Scholarship Endowment Fund.

#### Policies

- I. 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.
- II. The available endowment distribution shall be calculated annually.
- III. The actual endowment distribution, if any, will be recommended by the National Finance Committee to the National Executive Committee for its approval during the annual budgeting process.
- IV. Should the National Finance Committee deem it advisable to exceed the 5% limit, the change must be approved by the National Executive Committee separately from item III above.
- V. The National Executive Committee and the National Finance Committee believe that the 5% spending policy provides for investment growth in and consistent distributions from the National President's Scholarship Endowment Fund, based on years of research and analysis by various endowment and investment professionals.
- VI. The National Executive Committee and National Finance Committee believe that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) does not require maintenance of purchasing power of the National President's Scholarship Endowment Fund.
- VII. This Spending Policy is subject to change upon approval of the National Executive Committee.

**American Legion Auxiliary**  
**NATIONAL POLICY**  
**Employee and Volunteer Background Checks**

Reviewed by: National Audit Committee      Reviewed On:  
Approving Body: National Executive Committee      Date Approved:

**Next Review Date:**

**Policy Statement**

It is the policy of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit veterans organization auxiliary headquartered in Indianapolis, Indiana, to provide protection of the American Legion Auxiliary's interest, its assets, reputation, and the communities served by conducting background checks of the employees and volunteers that serve in leadership and administrative roles and have direct and repetitive access to vulnerable populations. This policy is intended to supplement but not replace any applicable state and federal laws.

**Policy Definitions**

**Employee:** In this context, Employee is defined as any individual who is a prospect for a national officer candidacy of National Vice President/National President, a prospect for employment, an employee considered for a promotion to a management position, and/or others employed that will receive or receives compensation, either full or part time, from the ALA.

**Volunteers:** In this context, Volunteers are defined as national officers, not defined above, and volunteers who have direct repetitive contact with children participating in our programs and/or vulnerable populations in the communities that we serve.

**Policy**

Prior to conducting duties and/or engaging in service, employees and volunteers will have access to assets and/or vulnerable populations while employed or engaged as a representative of the American Legion Auxiliary (ALA). The background check requirement will be executed in a fair, consistent and non-discriminatory manner, complying with applicable state and federal laws and guidelines, including the Fair Credit Reporting Act and the Equal Employment Opportunities Commission. Such checks will be conducted at the commencement of employment or volunteer service and thereafter at regular intervals based on the duties and/or term of service in the organization. The

1. Prospective employees or candidates considered for promotion into management positions with the ALA will have the required background check conducted prior to employment or prior to the assumption of responsibilities.

2. ALA Management Leadership employees charged with the responsibility of the organization's assets will have a background check conducted/renewed every three years on (or about) the anniversary of their employment.
3. Volunteers with the ALA will have a background check conducted/renewed every two years prior to commencement of their service term when serving in the following roles:
  - a. a leadership and/or administrative role charged with oversight of the organization's assets, or (Finance Committee, Audit Committee)
  - b. the volunteer service requires regular and repetitive contact with a constituent of a vulnerable population. (ALA Jr. Activities, ALA GN and NVCAF)
4. It is a priority of the ALA for the safety of the members, employees, volunteers, and the communities served that certain actions and convictions for certain crimes serve to automatically disqualify applicants for employment or volunteer service.
  - a. refusal to consent to a required background check;
  - b. false statements in connection with the background check;
  - c. is registered or required to be registered on a sex offender registry;
  - d. has a conviction of a felony or has been convicted within the past 5 years of a misdemeanor theft, violent crimes, drug-related crimes, sex offenses and serious motor vehicle offenses.

Background check findings shall be reviewed in a fair, impartial and confidential manner. The review of and determination of negative information results that may have a direct impact with the applicant's ability to fulfill the duties with competence and integrity, or that might impact safety, will be evaluated on an individual basis to determine whether a finding should be excluded from consideration.

The ALA will use a third-party agency to conduct the background checks. Information collected by the agency will be determined by the responsibilities of the position and can include past employment, education, finances, and criminal history.

If the results of the background check are negative, the ALA will inform the individual before taking adverse action based on the results, provide a Statement of Consumer Rights from the Federal Trade Commission, offer the individual the opportunity to review a copy of the report, and advise them of their rights to dispute inaccurate information. There will be a granted reasonable time to dispute the information (approximately three to five days).

Date Revised	Description of Revision	Approved by

American Legion Auxiliary  
NATIONAL EXECUTIVE COMMITTEE MEETING  
Indianapolis  
Saturday, February 27, 2021  
2:00 P.M.  
National Appointments

National Public Relations Committee, Vice Chairman  
Martha Setlock; Replaced with Ree Ann Ross

National Public Relations Committee, Member  
Ree Ann Ross; Replaced with Debra Lewis

National Strategic Planning Committee, Ex Officio member, incoming Children & Youth Appointee  
Trish Ward; Added to Committee

New Special Committee: National Inclusion & Diversity Committee

1. Lorraine Boucher
2. Mariann Cheney
3. Claire Gallagher Moore
4. Kaylene Khosla
5. Teresa Nunez
6. Yvonne Oliver
7. Leslie Rist
8. Karla Washington
9. Deidra Wilson-Billnitzer

New Special Committee: National Code of Ethical Conduct Review Committee

1. Trish Ward, Chair
2. Angela Graham, Vice Chair and staff liaison
3. Erin Bruni
4. Sarah Fry
5. Bethany Goers
6. Lauralee Gooch
7. Jacqui Hood
8. Susan Neville
9. Ann Rehbein

**APPENDIX B**



**MID-YEAR NATIONAL OFFICER AND  
NATIONAL CHAIRMEN REPORTS**

## **Q1 2020-2021 Strategic Plan Results Summary**

### **Executive Director Kelly Circle**

#### **Goal One: Cultivate a variety of mission engagement opportunities.**

#### **Goal Three: Recruit and retain members through mission engagement.**

- Over 30 hours of live virtual trainings for members offered. 80% of 436 respondents said training content was “very helpful” or “extremely helpful.”
- Over 90% of those attending virtual trainings have not attended an in person Mission Training.
- Developing technology bridge to identify members in virtual meetings by their registration name, saving time in determining eligible voters and quorum.
- Training members on meeting technology.
- An outreach initiative to former members initiated by staff has resulted in numerous member renewals, sometimes for multiple members over multiple years.

#### **Goal Two: Enhance organizational effectiveness of departments and units. (and NHQ)**

- Staff are learning how to update the iMIS database and website which saves both time and money and improves the member experience. This is still in progress so exact numbers are not yet available.
- Developed virtual training for ALAMIS Unit Users and will roll out in Q2.
- Since launch of the new website, we’ve seen a 30% increase in dues renewals online as compared to the same period last year.
- Professional development through Linked In Learning – 34 out of 41 employees actively engaged.
- 400 resolutions that were in a variety of documents are now being added in the governing documents for easy access.

#### **Goal Four: Ensure financial stewardship of resources to maximize mission delivery.**

- Staff have learned virtual meeting technology, so we are able to run most meetings in-house instead of hiring an outside vendor. This has saved the ALA just over \$9000 since our meetings went virtual.
- Inventory of IT assets and needs assessment done.
- Inventory of the Cavalcade assets in progress.
- Increased donor messaging and tracking effectiveness of messaging.
- Based on a staff recommendation, the change in the renewal notice date saved the ALA \$12,500.

- #GivingTuesday 2020 raised a record breaking \$56,000 from 595 donations, surpassing 2019's total by more than \$11,000 and 100 donors.
- In Q1, we applied for 4 grants and received approval on three so far, giving us a total of \$89,549.77 to use towards our programs, scholarships, and PPE equipment. Grant applications for scholarships, Cavalcade, and other programs are in the process for Q2.
- Monthly giving has reached an all-time high with 133 donors, donating \$39,864 annually. In Q1 alone, we added 60 new monthly donors through a few very specific development strategies including a year-end eBlast campaign acquiring 49 new monthly donors.
- We acquired nearly 130,000 potential new donors with the cost to acquire improving by 23% compared to 2019. We ran multiple tests to gain data and will use this information as we move forward with new campaigns.
- Risk Management strategies implemented which will protect the ALA from liability include a process to request ADA accommodations, continuous monitoring and updates to our COVID procedures, annual performance reviews, exit interviews, employee engagement survey, and annual executive performance review.

**Goal Five: Enhance and foster the family relationship with The American Legion.**

- Weekly meetings with ED and Legion staff regarding marketing, convention, meetings, and operations.
- Joint team effort to reimagine convention. Events managers on both sides leading the initiative.
- ALA staff invited to a Teams channel with the DC Legion office to coordinate plans for DC Conference. Will be adding functionality to Teams so ALA and TAL can communicate more easily through Teams video chat feature.



**2020-2021**  
**MID-YEAR PROGRESS REPORT**  
Mid-Year National Executive Committee  
Meeting

Program/Committee: 100th Anniversary

National Chairman: Linda Newsome

Program Coordinator: Stephanie Abisi

**INSTRUCTIONS**

**National Deadline: February 8, 2021**

Please send your completed report to your staff liaison/program coordinator, allowing time for them to help you proof it before your report is submitted on February 8, 2021.

In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

After reviewing the objectives in the action plan, what progress have you made so far?

Is there anything exceptional to report?

During this challenging time, our units and departments have continued our 100th (101st) celebration. As I tongue-in-cheek have said to some of our members: "I might be 100 years old myself before we actually get to do our 100th celebration in the style we had hoped for." But as you will see, the pandemic didn't stop our members.

Drive-by celebrations at nursing homes with balloons, cakes and home-made cards for house-bound veterans has been a huge success in Alabama. Members made corsages for 100 Veterans.

Arizona Units' 35 and 91 posted over 100 pictures on Facebook and used #ALA100 Celebration on Instagram. Jointly they held an "Old Time Fair" where fun was had by all. They also gathered donations for the VA Hospital, a food bank and Toys for Tots. And, they designed a T-shirt which included as their symbol of strength Rosie the Riveter with the #ALA100Celebration. Good job.

Plans are moving forward in Illinois. The TAL, SAL and the ALA agreed to assemble a joint time capsule. Guessing "who is that PDP?" on the Illinois Facebook page was a fun time. I was given an opportunity to guess – and was able to identify a few. In a very active unit, Gold Star Unit #676, Historian Sherry Meinert began looking for a WWI veteran named Ole Oleson. Ole's family was defrauded by the banker, lost their farm and sent his dad to an asylum where he died. Ole was 21 when he registered for the WWI draft. Ole's mom received notice that Ole had been killed while serving. But later she received a card from Ole in France who finally arrived home. And Historian Sherry could find no further reference. Sometime later Sherry continued her search by trying to find any living relatives. At Memorial Day

services in 2014, Ole was recognized as a charter member. Still persevering to find her Ole, Sherry called Douglas County, WI, the birth records division. Finally, she was able to get a copy of “her Ole’s” death certificate. Ole died at the age of 58 years from a brain tumor. Ole was buried in Superior, WI in the Veteran’s Circle. The grave wasn’t marked, but that too was rectified through Sherry and a great-niece. They hope to meet in Superior, WI, to visit the stone on Ole’s grave. Congratulations to Sherry for filling a veteran’s rightful place. That is what I call service not self and aiding a veteran and family.

At its winter meeting, the Michigan members viewed the draft of a PowerPoint program, “Honoring the PDPs.” Their Legion granted permission to bury a Time Capsule to be opened at the 150th celebration.

In Mississippi, a song was written to the tune of When Johnny Comes Marching Home.

PR, PR, PR. New York Units held an event open to the public, 22 members were interviewed, a social media post, letters sent to government and community officials, five minutes of tv and proclamations were issued. Way to go, NY.

North Carolina committee distributed a “to-do” list to their units and then in three Zoom calls presented a variety of prizes. The Zoom calls not only accomplished a purpose, but everyone had a fun time.

Virginia celebrated full-speed before the pandemic hit. In Charlottesville, the city buses displayed our 100th Anniversary emblem, the poppy and the Department theme through the hard work of Unit #74. The Hampton VA Medical Center celebrated our anniversary at their Christmas shop with a special tree.

This report is too short to tell of all the good things. Stay tuned for the year-end report.

(Optional) What request do you have for the NEC members to take back to their department?

From which departments did you NOT receive a report?

- |   |  |  |  |   |  |
|---|--|--|--|---|--|
| <input type="checkbox"/> Alabama                  | <input type="checkbox"/> Alaska              | <input type="checkbox"/> Arizona             | <input checked="" type="checkbox"/> Arkansas   | <input type="checkbox"/> California         | <input type="checkbox"/> Colorado          |
| <input checked="" type="checkbox"/> Connecticut   | <input checked="" type="checkbox"/> Delaware | <input type="checkbox"/> D.C.                | <input type="checkbox"/> Florida               | <input checked="" type="checkbox"/> Georgia | <input checked="" type="checkbox"/> Hawaii |
| <input type="checkbox"/> Idaho                    | <input type="checkbox"/> Illinois            | <input type="checkbox"/> Indiana             | <input type="checkbox"/> Iowa                  | <input checked="" type="checkbox"/> Kansas  | <input type="checkbox"/> Kentucky          |
| <input type="checkbox"/> Louisiana                | <input type="checkbox"/> Maine               | <input type="checkbox"/> Maryland            | <input type="checkbox"/> Massachusetts         |   | <input type="checkbox"/> Michigan          |
| <input type="checkbox"/> Minnesota                | <input type="checkbox"/> Mississippi         | <input checked="" type="checkbox"/> Missouri | <input type="checkbox"/> Montana               | <input type="checkbox"/> Nebraska           | <input type="checkbox"/> Nevada            |
| <input checked="" type="checkbox"/> New Hampshire |  | <input type="checkbox"/> New Jersey          | <input checked="" type="checkbox"/> New Mexico | <input type="checkbox"/> New York           | <input type="checkbox"/> N Carolina        |

N Dakota     Ohio     Oklahoma     Oregon     Pennsylvania  
 Puerto Rico     Rhode Island     S Carolina     S Dakota     Tennessee  
 Texas     Utah     Vermont     Virginia     Washington  
 W Virginia     Wisconsin     Wyoming

**Auxiliary Emergency Fund  
Mid-Year Report  
Vickie Thrower-Mills  
National AEF Chairman  
February, 2021**

The National AEF Program had 100% mid-year reporting thanks to our Divisional Chairman.

We had Wildfires and in the west, and Northwest. Snow storms and flooding in Central and Eastern divisions. Hurricanes, flooding, and tornadoes ripped through various communities in the South. These weather disasters destroyed and damaged American Legion Post homes in the process but the American Legion Families across the nation stepped up to help its own members. This reports reflects only a few of those.

Gloria Haygood, Alabama saw first had how the AEF helped members as tornadoes ripped through the town where Fultondale Unit #255 is located destroying homes of some of their members .Alabama collected over 2,000 for the AEF Program. Enterprise 73, Pepperell Unit 152, Arab Unit 114, Unit #176, District 21 and Unit #255 collected items for those affected by the Flooding and Hurricanes in Texas and Louisiana. Their American Legion family drove truckloads of items to assist in the aid to neighboring members.

Linda Knoblach-Harkness of Florida,"Covid-19 tried to wreak havoc, but their members stepped up to help other members". Jacksonville Beach, Unit 129 demonstrated no boundaries. The members of Unit 51 in Lake Charles, Louisiana got a double shot of disaster when Hurricane Laura then Hurricane Beta ripped through their area. They hosted Dinners, bingo, car wash, bake sales and with individual donations, Unit 129 was able to send \$1200.00 to Unit 51. Atlantic Beach, Unit 316 hosted a Dinner to help a member in Louisiana who was affected by hurricane Laura.

LaVera Davis, Illinois quotes "WHO KNOWS WHAT THE FUTURE HOLDS SO CELEBRATE YOUR GIVING AND HELP AN AUXILIARY MEMBER". The Auxiliary Emergency Fund has granted over 5.8 million of temporary financial assistance to our members and members have donated over 6 million to the fund.

Helen Hildebrand , Iowa, Helen works with the theme "Always a need for "S'MORE". At Mid-Winter a Diva and Dude's Day where members promote their items for sale, and AEF benefits from charging for each table they rent. She reported that their units are still doing collections at meetings and finding ways to support AEF during these continued disasters.

Mindi Rue, Ohio held a R.A.C.E (Respect, Advocate, Care, Educate) with their Crew Chief Department President Kristen. Their members are finding self-worth in the work they do for the program. \$1,400 in donations for AEF has been collected.

Barbara Corker, New York has raised 4,402.43 for the AEF and 30 members have received grants totaling \$33,202 Unit #82 Broom County gave \$200 to a member who was Flooded.

Onondaga 5<sup>th</sup> District had a barbeque and Bake Sale they passed around water bottles to collect funds to be sent at year end.

Debbie Fletcher, California , Their motto “Our AEF Chairmen are called the Rescue Squad.” Their units in California supported the AEF program by encouraging participation, giving out brochures and doing what they can to help their members during the wildfires.

Margie Demoss, Oregon, devastating wildfires impacted their State. Units held Fund Raisers to help with locals in need and made sure members were aware of the available help. Units collected change for AEF and one Unit used money from selling bracelets and Poppies donating \$100.00.

Melba Bennett, Wyoming Units supported the AEF program, from collecting money at meetings, donations for deceased members and holding raffles. Melba had a Booze Wagon and Booze Bouquet fundraisers. She is looking forward to continue her AEF efforts.

We could have never imagined how many of our members would be helped by this program when it was established in 1969. It continues as a resource to unexpected life-changing circumstances. The first AEF grant was \$150.00 and today members are receiving up to \$ 2,400 as determined by the grant committee.

Since September 1, 2019 to December 31, 2020 the AEF Program has provided our members with 195 grants for a total of \$79,578.81. We have received 122,563 in donations for that same period of time at our National Headquarters with units reporting they have much more to come. We have a reason to celebrate and this report is just a small sample of what the members in all Departments are doing to support each other and the mission of the AEF Program. We are thankful for each of you.

Vickie Thrower-Mills

National AEF Chairman 2019-2021

## NEC ALA Foundation Report February 2021

Good afternoon! I am excited to share some of the successes the ALA Foundation has seen during a particularly difficult year. 2020 brought new challenges in our veteran and military communities. As the needs grew, our team and our donors stepped up to meet them — though you're not surprised to hear that; are you?

During this administrative year, we reached some huge milestones – including gifting over half a million dollars in grants to units and departments since 2012, when the Foundation grants were first awarded. We awarded grants for 9 Veteran Projects, 4 VCAFs, 12 Mission in Action initiatives, and we processed 14 subgrants for unit and department purposes.

Our Mission Endowment Fund now stands at \$2.28 million, growing over \$300,000 from the previous year. Contributing to that was a record-breaking \$56,000 raised on #GivingTuesday, and over \$230,000 from direct mail. Nearly 13,000 individuals donated to the ALA Foundation this past year.

We experienced growth in different giving avenues. Our monthly giving program jumped from 28 monthly donors to 133, and our Legacy Society, made up of those who either have given or have committed a gift in their estate plans, rose from 12 to 30 members. Those gifts will have a lasting impact on the lives of our nation's heroes and their families.

Reaching these milestones during a global pandemic was a labor of love from the entire ALA Foundation team. We reached out to members, donors, and the public more than ever to ask for their continued support. These touchpoints came in many forms — social media, direct mail, email, magazine articles and advertisements, online blogs, a radio show appearance, two live virtual ALA Foundation grant panels, and thousands of handwritten thank-you notes and phone calls.

Because of these efforts, the American Legion Auxiliary Foundation was able to meet the newfound challenges our veterans, military, and their families faced.

There is one story I would like to share with you about a grant we awarded to Illinois American Legion Auxiliary Unit 474. They received a Veteran Projects Fund grant for \$7,400 to purchase 37 Echo Shows for patient rooms at the blind center of the Hines VA medical center. These voice-activated devices allow patients to participate in activities, obtain information, and most importantly, call home using the video chat function. That means their loved ones, who may not have had the ability to visit them for much of the year, were able to see them and communicate with them virtually. With isolation we have all experienced during the past months due to COVID-19, it's heartwarming to know we have brought a ray of light into the lives of these veterans.

Thank you, to all of the departments that continue to financially support the ALA Foundation, and to those taking advantage of our grants.

If you have not yet received a grant in your state, we strongly encourage you to check out what the Foundation can offer and apply! We know great work is being done in every state, and we want to help you support more veterans, military, and their families. Any ALA Foundation board member is more than happy to assist you with the grant process, so feel free to ask for help

In that same vein, we humbly ask that you join us in our mission to reach every department by sharing the work of the Foundation and encouraging members to get involved.

Whether that be sharing stories of Foundation-funded projects at meetings, conferences, or even on social media, each time you mention the Foundation, a member is more likely to apply for a grant or make a gift.

Thank you again for your continued support, and for everything you do to serve veterans, military, and their families.

ALA GIRLS NATION  
CHAIRMAN: WENDY RIGGLE

The ALA Girls State programs are 100% reporting and continuing to work on the five goals of the ALA Programs Action Plan but in 2020 and 2021 had to also figure out how to “do” ALA Girls State, in whatever form they can.

The ALA Girls State Programs continue to instill an awareness of the American Legion Auxiliary. They encourage ALA Units to “host” a night at ALA GS, use “ALA Moments” to share highlights about the ALA programs and many have a Service Project at their ALA GS programs. Encouragement of ALA Girls State citizens to join the ALA is done by placing membership applications on the citizen’s beds and using their Samsung applications to recruit eligible members.

Almost all of the ALA Girls State Programs report using the internet and social networking sites. Most have Facebook pages, websites and other social media sites. The 2020 ALA Girls State Leadership Conference was well attended despite being held virtually. Many enjoyed the virtual format.

All 2019 ALA Girls States programs report their sessions went well. Fast forward to March/April 2020 when ALA Girls State programs were being forced to make program decisions in order to provide for the participants safety. Ten+ Programs took brave steps to provide an ALA GS Program in 2020. Their format and content was as different as night and day. Shorter versions of their in person session, One-day town halls, Google Class Rooms, and assignment based programs were a few used. All had great success with what they tried.

Virtual program highlights:

- Arizona held Primary and General elections and used city bloggers to facilitate whistle stops. They also held a virtual talent show.
- California had a one-day Town Hall and did a service project chosen by the girls which included things such as making a chalk walk with encouraging messages or organizing a blood drive.
- Delaware had their citizens study their Government write-up and submit bill work.
- New York used Google Classrooms to provide information about ALA programs, Americanism, ALA membership, & ALA GS Alumni Programs. Their 2-week program used moderators who interacted daily with the citizens.
- Rhode Island used Zoom meeting and Google Classroom to hold elections, give speeches, and write and debate bills.
- Hawaii’s virtual program included electing their Governor and Lt. Governor. They had plans for a meet and greet later in the summer but were not able to hold that event.
- Louisiana used social media posts that included guest speakers and a virtual service project where they asked the delegates to write about a hero in their lives.
- A one-day virtual program was held by North Carolina, which had the girls complete a virtual service project in order to receive their completion certificate.
- South Carolina held their session using themed social media days.
- Tennessee held a three-day virtual ALA Girls State session. They had a live panel of women Tennessee Supreme Court Justices who were interactive with the girls. They also highlighted Tennessee’s role in the passage of 19<sup>th</sup> amendment.

-Texas Virtual ALA Girls State was 5 days and citizens were divided into 19 cities and learned about all levels of government.

Putting together a successful ALA Girls State program is continuously interesting but the ALA Girls State Leaders are always up for the challenge. To help share ideas and answers, especially when decisions about their ALA GS 2021 programs are being contemplated, a series of Zoom Chat Meetings were held and more are being planned to network with each other as we continue to make challenging choices regarding this premiere program of the ALA.

## **Audit Committee Report - National Chairman Jeri Greenwell**

Unlike most National Committees, there is no formal reporting process required from Departments; however, many questions continue to arise as to the necessity of Audit Committees on all levels of our organization. The reason is simple, it demonstrates the independence of the audit function, and sets a higher standard of board governance. It can also influence an increasingly skeptical public and donor pool as they decide where to spend their discretionary dollars.

For clarity, this Committee, unlike the Finance Committee, assumes an *independent* oversight and advisory role of the financial reporting procedures, its audit process, internal controls and compliance with laws and regulations, meeting governance expectations on the IRS Form 990. It does *not* duplicate the work of a Finance Committee as it does *not* manage the financial oversight of operations, budget, or expenditures. The primary goal is to demonstrate financial integrity and transparency.

As part of your fiduciary responsibility, we continue to encourage you to convey the value, appropriateness, and importance of Audit Committees. Leaders on all levels of our organization are guardians of the ALA; responsible for guiding, supporting, and sustaining our mission, ideals, and assets. This fiduciary duty and responsibility are a legal and moral obligation in ensuring that the resources of the ALA are well protected and used efficiently in fulfilling our mission.

In addition to adopting the audit schedule, engaging the external audit firm, and confirming their compensation, the Committee assists the auditors in overseeing the financial reporting for the ALA and ALAF in a process that is autonomous of management. They do, however, consult with Management in confirming that all information reported substantiates to the IRS, and the public, that the organization is operating in a manner consistent with its exempt, charitable purposes and continues to serve the mission for which the IRS granted tax-exempt status.

This is especially important because banks, creditors, and regulators require an audit of a company's financial statements. A clean audit report means a company followed accepted accounting standards and we are extremely proud of National's continuous clean report record!

The Audit Committee continually review policies that are designed to mitigate threats to our organization and provide perspective in areas that could be considered potential risks, if not effectively identified and managed. This past year has exhibited the importance of the review of the outline of the National Disaster & Recovery Plan and Emergency Action Plan as they serve as a roadmap for continuing operations under adverse conditions and details the steps our organization should take to recover from a catastrophic event.

One incident of fraud or scandal could put our entire organization at risk and greatly affect our reputation, credibility, and trustworthiness especially in the eyes of our members, donors and the public. Therefore, a National Background Check Policy is included in the NEC agenda for its' consideration.

Risk management does not have to be thought of in bad things that can happen but rather quality assurance – a means to conscientiously create a culture wherein risk is routinely examined and managed simply as a part of doing good business.

This Committee recognizes that safeguarding our organization requires having, and following, proper procedure for insight, internal controls and checks and balances.



**2020-2021**  
**MID-YEAR PROGRESS REPORT**  
Mid-Year National Executive Committee  
Meeting

Program/Committee: Americanism  
National Chairman: Denise Conrad  
Program Coordinator: Chrystal Daulton

**INSTRUCTIONS**

**National Deadline: February 8, 2021**

Please send your completed report to your staff liaison/program coordinator, allowing time for them to help you proof it before your report is submitted on February 8, 2021.

In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

After reviewing the objectives in the action plan, what progress have you made so far? Even though there have been restrictions, our members have continued the mission. Star Spangled Kids has been reported in several Departments. Social media has become more prominent in many Units as they promote the Essay Contest and other initiatives.

Is there anything exceptional to report? Units are making videos to distribute to their local schools promoting everything from the Essay Contest to Proper Flag Etiquette. They are becoming part of the curriculum and conversation by partnering with the teacher for the online Zoom classroom. The Americanism Program is 100% reporting.

**NATIONAL AMERICANISM MID-YEAR REPORT 2020-21**

Submitted by National Americanism Chairman Denise Conrad

We will forever refer to this year as a year like no other, and there have been definite challenges promoting our Americanism Program. However, our members have once again shown their ability to adapt and overcome any obstacle.

For some members that meant learning how to navigate social media and engage others through Facebook, Instagram, Twitter etc. All across the nation, members are sharing videos and information on social media as a way to reach out to other members, teachers, and parents to promote the Essay Contest, Americanism, and Patriotism. In Kentucky members periodically posted a flag etiquette question on the Department Facebook page with all winner's names going into a drawing for a small prize. Utah had members join the teachers in the Zoom classroom to promote all things about the flag. In New Mexico Flag Fun Facts were sent to the teachers for Zoom classrooms to complete with questions and answers. The Department of Colorado did a very creative project with their Juniors in December. They had the 25 Patriotic Days of Christmas. Videos were submitted and selected with one brief video posting each day beginning December 1. Topics covered were the Pledge of Allegiance,

singing the National Anthem, a letter to a deployed family member, reciting the Preamble to the Constitution, patriotic poetry, flag etiquette, flag folding, flag disposal, and so much more.

Star Spangled Kids was promoted in West Virginia by supplying flags to an entire football team to carry onto the field at the beginning of each game. Ohio passed out pocket sized U. S. Constitution Booklets to youth, including the Junior Auxiliary members at their Midyear Conference. Texas collected over 1,000 letters from school children to send to deployed troops. Maine Auxiliary members supported a National Honor Society placement of two incredibly special flags on the school's Veterans Wall. One flag was flown over Baghdad in 2009 and the other was flown during Operation Enduring Freedom in 2011.

Some Units still have great contacts with their local newspaper, church bulletins, and local organizations newsletters. In Washington, a Unit worked with the local paper and ran several fill-in Q&A features such as the Preamble to the Constitution and the preamble to the Articles of Confederation.

The Department of Vermont decided to take on a challenge of #Kindness Matters. They had tie-dyed T-shirts made with the words "Color Me American" printed on them with an American Flag. Funds raised help to promote the Department Americanism Program.

In Puerto Rico and Mississippi, as if the pandemic were not enough, it was topped by some of the worst weather seen in the area's history. However, they still found a way to promote Americanism by replacing tattered flags with new ones and properly disposing of the tattered ones.

Our members continue to support the ALA Americanism program through the Essay Contest, the American Flag, and support of The American Legion initiatives. Even in a time of great distress our members are resilient and continue the mission of Service Not Self.

(Optional) What request do you have for the NEC members to take back to their department? Words have weight and consequences. Be careful of your social media activity and post positive responses. Please be kind to each other, and help out nation to heal.

From which departments did you NOT receive a report?

- |  |                                       |                                     |  |                                       |                                     |
|--|---------------------------------------|-------------------------------------|--|---------------------------------------|-------------------------------------|
| <input type="checkbox"/> Alabama       | <input type="checkbox"/> Alaska       | <input type="checkbox"/> Arizona    | <input type="checkbox"/> Arkansas      | <input type="checkbox"/> California   | <input type="checkbox"/> Colorado   |
| <input type="checkbox"/> Connecticut   | <input type="checkbox"/> Delaware     | <input type="checkbox"/> D.C.       | <input type="checkbox"/> Florida       | <input type="checkbox"/> Georgia      | <input type="checkbox"/> Hawaii     |
| <input type="checkbox"/> Idaho         | <input type="checkbox"/> Illinois     | <input type="checkbox"/> Indiana    | <input type="checkbox"/> Iowa          | <input type="checkbox"/> Kansas       | <input type="checkbox"/> Kentucky   |
| <input type="checkbox"/> Louisiana     | <input type="checkbox"/> Maine        | <input type="checkbox"/> Maryland   | <input type="checkbox"/> Massachusetts |                                       | <input type="checkbox"/> Michigan   |
| <input type="checkbox"/> Minnesota     | <input type="checkbox"/> Mississippi  | <input type="checkbox"/> Missouri   | <input type="checkbox"/> Montana       | <input type="checkbox"/> Nebraska     | <input type="checkbox"/> Nevada     |
| <input type="checkbox"/> New Hampshire |                                       | <input type="checkbox"/> New Jersey | <input type="checkbox"/> New Mexico    | <input type="checkbox"/> New York     | <input type="checkbox"/> N Carolina |
| <input type="checkbox"/> N Dakota      | <input type="checkbox"/> Ohio         | <input type="checkbox"/> Oklahoma   | <input type="checkbox"/> Oregon        | <input type="checkbox"/> Pennsylvania |                                     |
| <input type="checkbox"/> Puerto Rico   | <input type="checkbox"/> Rhode Island |                                     | <input type="checkbox"/> S Carolina    | <input type="checkbox"/> S Dakota     | <input type="checkbox"/> Tennessee  |
| <input type="checkbox"/> Texas         | <input type="checkbox"/> Utah         | <input type="checkbox"/> Vermont    | <input type="checkbox"/> Virginia      | <input type="checkbox"/> Washington   |                                     |
| <input type="checkbox"/> W Virginia    | <input type="checkbox"/> Wisconsin    | <input type="checkbox"/> Wyoming    |  |                                       |                                     |



**2020-2021**  
**MID-YEAR PROGRESS REPORT**  
Mid-Year National Executive Committee  
Meeting

Program/Committee: Children & Youth

National Chairman: Lisa Williamson

Program Coordinator: Kristin Hinshaw

INSTRUCTIONS

**National Deadline: February 8, 2021**

Please send your completed report to your staff liaison/program coordinator, allowing time for them to help you proof it before your report is submitted on February 8, 2021.

In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

After reviewing the objectives in the action plan, what progress have you made so far? Tough times create tough people. The silver linings that have emerged due to COVID-19 are numerous, amazing and truly heartwarming. American Legion Auxiliary members have stepped up during this challenging year; many have transitioned into a virtual world to continue to support our Mission, and for the Children & Youth program, to help our military and veterans' children.

The common theme from all 52 Department reports received is how the pandemic has hampered the way they worked the C&Y program, but most report that they knuckled down and figured out a way to continue to protect, care for and support our children and youth.

Is there anything exceptional to report? Before the pandemic forced closures and lockdowns, our C&Y efforts were focused on our ALA Youth Hero Awards and Good Deed Awards; once COVID-19 changed our daily lives, the reasons these youth are being honored with YHA and GDA have also changed.

#ALAGoodDeed awards were presented to a group of teens in Pennsylvania that played the National Anthem every day at noon on Facebook Live! Another young man in New Jersey was honored with a GDA for playing Taps nightly outside a veteran's home who was hit hard by the pandemic. And an 11-year-old Californian boy received the GDA for playing the Star-Spangled Banner on his trumpet every evening, wanting people to not lose hope!

Units in Arkansas, Iowa, Massachusetts, Michigan, Minnesota, Montana, Missouri, New York, North Carolina, Pennsylvania, South Dakota, Washington and Wisconsin awarded GDAs to youth who made face masks, face shields and mask lanyards, donating them to those front line and essential workers, our elders and those in need.

Other GDA recipients include two boys, ages 6 and 11, who made "thank you" signs for Ohio firemen for being frontline workers. Two sisters in Arizona made nearly 2000 cards to quarantined people and coordinated with others to help. A young girl in New York wrote thank you notes for essential workers. A 9-year-old North Carolina boy delivered thank you cards to essential workers to boost morale, while a Texas boy, age 5, made care packages for essential workers. And, a 6-year-old created a foundation that provides care packages for homeless and meals for essential workers. All were awarded GDAs.

For our senior home residents, two South Dakota sisters, both Junior members, made signs and "visited" nursing home residents through the windows to bring cheer. As well, a teenage Arkansas girl made posters and stopped by each resident's window at nursing home.

Two Junior members from Arizona became the family caretakers when their mother was isolated with COVID-19. Another Arkansas teen grocery-shopped for others during pandemic. All are GDA recipients!

US President John F, Kennedy once remarked, "As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them." These kiddos live by their word!

During this administrative year, the ALA has awarded over 400 GDAs; we still are shy a few YHAs when it comes to reaching our goal of 100 recipients as we Celebrate A Century of Service, but I'm convinced it's well within our sights!! With youth like this, how can we go wrong? Who would like to be just like these youth when we grow up?

(Optional) What request do you have for the NEC members to take back to their department? April is Children & Youth Month, also known as Month of the Military Child (#MOMC). The Legion Family recognizes military kids for their sacrifice and bravery during April. "Purple Up! For Military Kids" is a day for communities to wear purple to show support and thank military children; April 15th is the date the ALA is recognizing for Purple Up! this year.

As a suggestion, perhaps incorporating the C&Y initiative - Kids of Deployed are Heroes 2 (KDH2) - into your PurpleUp! Day as there are many parallels. KDH2 honors our military kids separated from their military parent during deployment or temporary duty assignment. Details can be found on our newly revamped website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org).

Year-End Reports are due by May 15, 2021. Since Star Spangled Kids has been moved to Americanism, please answer the following question instead of the one about SSK: "How did your units and department demonstrate "Celebrating a Century of Service," with the focus centering on "The Health and Well-Being of our Veterans, Military, and Their Families"?"

From which departments did you NOT receive a report?

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Mid-Year Community Service Report  
American Legion Auxiliary  
Jeanne Haas, Chairman

Across the United States and Puerto Rico, American Legion Auxiliary members continue to offer assistance in their home communities to enhance the lives of others. To paraphrase the words of Vermont Community Service Chairman, "while reported amounts donated and hours served may be fewer, the activities in our communities are Mighty Mouse Stuff."

Every Department reporting shared some type of food distribution in their communities. Unit members collected and distributed food as a Unit or in collaboration with local community food pantries. Meals were prepared and served to essential workers in conjunction with summer lunch programs and for community members. The Department of Pennsylvania reported a Unit hosting a pick-up/delivery meal effort for their "Give Back to the Community Day" as a thank you for the support of the community. In the Department of Maine, a request came for 100 jars of beets which was filled quickly by members of the ALA. The Department of Virginia shared that a Unit purchase food vouchers for essential workers to be used as needed.

Mask making and distribution was the second-most-listed activity of many Departments. Unit members provided masks to Veterans, schools, nursing homes, Senior centers and on trees and Blessing Walls for community members to take. The Department of Georgia reported a donation for a 3-D printer to make masks in an area of that state. Donations of clothes, winter attire, blankets and hygiene items ranked high in activities listed by Units from many ALA Departments. During the month of October, the Department of Colorado reported the "Socktober" event that resulted in 748 pairs of needed socks donated.

Many Units partnered with other local community service groups to provide for the needs of their residents. Working with shelters, centers, soup kitchens and community leaders, American Legion Auxiliary members help support the needs of their communities. In Lewes, Delaware, American Legion Auxiliary members coordinated the Hospitality Ambassador Program for that community. In Oregon, a Unit helped with the purchase of a needed AED machine. A Unit in Texas help provide needed bullet proof vests for the local law enforcement while in Mississippi ALA members teamed up with Neighborhood Watch groups to provide Tasers to Real Estate agents for their safety.

Members of our organization reported performing wellness checks on community members, sending more cards and encouraging messages, providing thank you and care packages for front line workers and coordinated community wellbeing activities. A Unit from the Department of Illinois decorated evergreen trees for the Christmas holidays so that residents of the local nursing home could enjoy. A South Dakota Unit reported organizing community scavenger hunts in their town. Participating in drive through parades for graduations, birthdays and festivals such as Florida's Swamp Cabbage Festival provided enjoyment for community members. A Unit in the Department of Wyoming recognized the family of the baby born on or near Veterans Day with a basket full of infant items. It was heartwarming to see the number of "caring" events American Legion Auxiliary members participated in during the pandemic.

While many "Acts of Kindness and Support" Community Service activities did not report a dollar amount or hours served, the number of reported money spent on Community Service activities was \$990,505.93, with 189,731 hours of service in this program.



2020-2021  
**Mid-year Progress Report**  
 Mid-Year National Executive Committee Meeting

**INSTRUCTIONS**

**National Deadline: February 8, 2021**  
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In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

Program/Committee: Community Service  
 National Chairman: Jeanne Haas  
 Program Coordinator: Elizabeth Sendelweck

After reviewing the objectives in the action plan, what progress have you made so far? Members are exceeding the objective of being visible in the community while serving. Reports show activities in the 49 Departments that reported promoting service in every community.

Is there anything exceptional to report? Eastern Division reported \$ 846,714.23 in monetary and in kind donations.

(Optional) What request do you have for the NEC members to take back to their department? Continue being visible in local communities while following state mandates and safety issues.

From which departments did you NOT receive a report?

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ALA National Constitution & Bylaws Committee Report  
February 13, 2021  
Trish Ward, Chairman

The 2019-2021 ALA National Constitution and Bylaws committee has kept busy with many inquiries, questions, and requests for information as related to governing documents, actions required and best practices for meeting conduct while navigating a global pandemic. Now more than ever, governing documents, language and rules for meeting requirements have taken a heightened priority over many other activities. As outlined in the ALA National Constitution and Bylaws, the purpose of the ALA National Constitution and Bylaws committee is to “inform members about having proper governing documents at all levels.” In response to this directive, we have encouraged members to develop strong parliamentary resources to assure that units, districts, counties, and departments have resources in place to answer questions as they relate to legal mandates and parliamentary procedure. The ALA National committee continues to provide best practices, insight, and direction where we are able and when in our scope of responsibility.

Who said the Constitution and Bylaws Program isn't fun?! From Mt. Rushmore to The Alamo to Jackrabbit Corner in Arizona, members embraced the first ALA National Read Your Constitution and Bylaws day (November 14, 2020) with energy and enthusiasm. Whether in the pool, on a zoom call or in front of a national landmark, pictures of our members actively reading governing documents have been submitted and shared. The committee continues to accept photographs until June 1 for consideration of two \$50.00 gift cards to be awarded at national convention to the departments submitting the most creative photograph and best representation of the experience at a national landmark. It's not too late to get involved so be sure to send photos of your team reading the ALA National Constitution and Bylaws booklet.

The ALA National Constitution and Bylaws committee has been especially engaged with all departments via monthly bulletins and documentation. This info has included understanding legalities for electronic meetings and voting, developing resolutions and when they are appropriate and topics from cleaning up governing documents to best practices to present amendments. Actively arming our teams to make sure they are on a good path for solidifying and clarifying their governing documents has been a primary goal. The team has stressed communication and we have worked hard to be overly responsive and consistent in aligning our responses to assure legal and parliamentary alignment. Under normal circumstances, the ALA National C&B general email box receives 1-2 inquiries per month. Since April of 2020 we have responded to over 70 inquiries.

The 100<sup>th</sup> anniversary of the American Legion Auxiliary has provided a unique opportunity to investigate and understand the evolution of our governing documents from the early years of foundation. We have read of the challenges embraced by this organization through global unrest and domestic conflict and are encouraged that over time, our governing documents have provided a strong roadmap to assuring stability and growth. Mrs. Edward M. Box, ALA National Constitution and Bylaws Chairman (1942-1943) so eloquently said, “Let us keep our feet squarely on the ground, our eyes on the stars, and our head and hands employed with our tasks – and that we shall do if we know our constitution and bylaws and live up to its ennobling provisions.”

MID-YEAR REPORT 2019-2021  
NATIONAL EDUCATION COMMITTEE  
DEBRA ALBERS, NATIONAL CHAIRMAN

The Departments of the American Legion Auxiliary have been tested greatly during the past 10 months due to the Covid-19 Virus. The Education of our youth was placed in jeopardy as schools have attempted to carry on with some normalcy, but Units have been up to the task to carry on with the programs of the American Legion Auxiliary.

Despite setbacks and inability to enter schools, "Give 10 to Education" saw great success with nearly every Department reporting the use of this popular program. Many Departments reported continuing to fill backpacks with school supplies and delivering them to schools. The items delivered included were the usual crayons, pens, pencils, note pads, boxes of tissues, breakfast items, etc., but in 2020 there was a twist. Masks, sterile gloves, hand sanitizer, sanitizing wipes and cleaning supplies were popular items that were requested and donated. Due to shortages, units in Connecticut made hand sanitizer for schools and masks. One unit member from Texas made school supplies in the likeness of cakes and donated them to 11 schools. Alaska reported serving breakfasts to low-income students and donating winter gloves and hats. Due to ease of collection and dropping off items as well as monetary donations, this program survived with great accomplishment in the face of Covid-19.

Scholarship judging became an issue in March of 2020. While deadlines to local Units were due March 1 and to Departments by March 15, these segments of the process were easy to meet. Beyond this timeline with the closure of Department offices and those working from home, the deadlines had to be moved back a month. Departments and Division Chairmen had to "think outside of the box" to find new ways to judge scholarships and meet new deadlines. Miraculously all scholarship finalists were able to be submitted by May 15. Of great significance, the new Junior Member Loyalty Scholarship was met with great enthusiasm. It was reported that all the new scholarship recipients have requested the money quickly evidencing the need for this scholarship.

Although twenty-one Departments reported in 2019-20 using this program, few have used "Veterans in the Community Schools" due to the lack of access to schools in 2020. The National Education Committee discussed this issue at their virtual meeting in August and vowed to focus on "Veterans in the Community Schools." Units did not report much success in promoting virtual programs as was envisioned. In California, though, three units hosted 8 veterans in presenting an interactive session through Zoom with three schools. Dr. Barbara Johnson presented a virtual program to an elementary school in Arkansas about her time as an Army female during "Desert Storm." A few Departments reported hosting Veterans by Zoom for Veteran's Day programs. No matter how important this program is to the youth of our nation, few have used it since the onset of Covid-19.

Teacher Appreciation and American Education Weeks were two programs promoted in 2019-2020. These programs like "Give 10" could be supported without entering the school. One Unit in Missouri submitted a letter to the Editor thanking teachers for their service. Many Departments reported delivering Cookies, baskets of fruit, veggie trays, cheese and meat trays, doughnuts, wrapped goodies including thank you notes to teachers and staff during the pandemic. Judith Gap #70 in Montana made goodie sacks for teachers with notecards, pens, pencils, note pads and candy. Aberdeen Unit #26 of Mississippi provided Anti-Bullying, Fire Safety, and Veterans Comic books as well as Halloween coloring books to schools in their area.

With fifty-two Departments responding, I am pleased to report Education was 100% in reporting.



**2020-2021**  
**MID-YEAR PROGRESS REPORT**  
Mid-Year National Executive Committee  
Meeting

Program/Committee: Junior Activities  
National Chairman: Suzanne Knapp  
Program Coordinator: Kristin Hinshaw

INSTRUCTIONS

**National Deadline: February 8, 2021**

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In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

After reviewing the objectives in the action plan, what progress have you made so far?

Is there anything exceptional to report? Yes

Many Departments have been doing their best during this COVID pandemic. One department said it best, "The year of 2020 will never be forgotten in our lifetime. This has been the biggest challenge in our lifetimes. I know as of this time last year we had no way of foreseeing what we were about to endure. The best thing to come out of this is the resilience of these Juniors at this time of their lives." With many events being cancelled because of COVID regulations, our Juniors have shown ingenuity and resilience in the completion of events and tasks.

American Legion Auxiliary programs are being successfully worked on. Flexibility and creativeness playing a major role. The patch program has been one of the big focuses this year along with the young SAL participation. These patched have been worked on and using Facebook or YouTube to accomplish the presentation parts. This year has made all departments take a step back and reevaluate how we do things and move forward.

A few other highlights of the juniors this year, meeting the National President and receiving her pin, being taught about elections and voting, recording a Veterans history, all along with taking the juniors online course through the ALA Academy. Juniors are working the ALA mission as well as attending zoom meetings, making facemasks, utilizing social media to keep in touch with friends and the American Legion Family, and participating in RED Fridays,

With most Departments leaving their Junior Officers in place, new events were planned. Many held a drive thru Halloween party, presented, by video, the Military Child Ceremony, stuffed school backpacks,

made Honor Flight Banners, held scavenger hunts and held nursing home parades so the residents could see that they were not forgotten. Talking and playing tic-tac-toe thru a window put many smiles on their faces.

How great is it to hear that a junior member near to aging out is partnering with a freshman to initiate the ALA patch program at their K-12 private school! Hat's off to Hawaii's Harlow Thomas and Keilani Stewart for such a great idea. With this and the amount of departments that have reported patch program work, we should have a tremendous amount of patches earned this year.

ALA Junior Mentor Training has begun and has been received very well. This will be a four-part series. Course One was Getting Started with Juniors, Course Two is ALA Junior Patch Program, Course Three will be Working with Juniors and The Legion Family and Course Four will be Junior Meetings. The first two courses have been well attended and our hopes are for the last two to also be. These courses will help units to start and keep their Juniors active. Please be sure to spread the word that these courses are available live and also on the ALA Academy.

The American Legion Auxiliary has a great future. The Junior members have learned about the past, learning in the present and looking toward the future. There is no "I can't do anything to help", it is "How do I help". They are coming up with their own ideas and planning the event. The American Legion Auxiliary Juniors are intelligent, knowledgeable, enthusiastic and ready to lead us into the future.

One of the best comments from the mid-year reports is "Wow! To have one of the best years for our juniors and probably the worst year in one report is unbelievable!" I could not agree more! This year has been hard, but our future is in great hands.

(Optional) What request do you have for the NEC members to take back to their department?

From which departments did you NOT receive a report?

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W Virginia  Wisconsin  Wyoming

**Program/Committee:** Leadership

**National Chairman:** Diana Sirovina

**Program Coordinator:** Kristin Hinshaw

**After reviewing the objectives in the action plan. What progress have you made so far?**

After reviewing the 47 mid-year department reports submitted, it was interesting to see how resourceful our members were in spite of the unusual and difficult circumstances they faced these past months. Department chairmen keep in touch with their members through newsletters and postings on social media. Following the Program Action Plan, department chairmen encouraged their members to participate in the ALA Academy classes online training sessions. Many workshops and training sessions were scheduled only to have them cancelled due to local restrictions on gatherings. But that did not stop some of our departments from having virtual meetings and conferences and staying in touch with their members.

**Is there anything exceptional to report?**

The Departments of Alabama and Texas reported that they had units with active Junior groups and encouraged them to take the Junior ALA Academy class as well as assisting them in studying their unit's constitution & bylaws. The Department of Montana reported that Juniors were working with Senior members on ALA Academy classes.

Connecticut's Department Chairman reported that members were encouraged to lead by sharing information with each other by phone, mail, conference calls, social media, mentoring, or just staying in touch to check on one another, and sharing the wealth of information on the national website.

The Department of Florida held a virtual Fall Conference. Each chairman did their own presentation via YouTube. Their Leadership Team will be working on more videos for members to watch individually or in a group so members can stay connected.

Several Departments, including Nebraska, Ohio, Virginia, and California, held training sessions for their department officers and chairmen via Zoom conferences. The Department of Minnesota indicated they were in the process of planning virtual training sessions.

The Department Chairman from Ohio created a leadership e-bulletin for department officers and chairmen. Members heard about it and wanted to be included. Distribution is now over 100 members with more being added as requests come in.

The Department of New Hampshire did have a few workshops and were pleased that gentlemen from the Legion and SAL attended. They also reported members that took the ALA Academy were surprised by the amount of information and how much they learned.

When most people think about leadership, they see someone running a meeting or committee. With the pandemic changing everything we do, many of our members proved that leadership is an action more than a position. The Department of Puerto Rico is perhaps one of the best examples of leadership in action. This past year they have dealt with the pandemic as well as an earthquake. They stated: *"We as members of the ALA have been helping those in need. Our units have been helping their communities with*

*essentials like water clothes, food, first aid kits. People needed most was a hug, an arm to cry on or an ear to listen. This year I am grateful because every member of our department has demonstrated the leader they are inside.”*

**What request do you have for the NEC to take back to their department?**

In these unprecedented times it is more important than ever to stay connected to our members. We need to encourage members to take advantage of the learning opportunities the ALA provides so they will be prepared when they decide to assume a leadership role. Promoting the ALA Academy is a good way to do that.



**2020-2021**  
**MID-YEAR PROGRESS REPORT**  
Mid-Year National Executive Committee Meeting

Program/Committee: Legislative

National Chairman: Norma Tramm

Program Coordinator: Tyra Nelson , Program Liaison

**INSTRUCTIONS**

**National Deadline: February 8, 2021**

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In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

After reviewing the objectives in the action plan, what progress have you made so far? The American Legion Auxiliary legislative program has a single focus. We only focus on advocating for veteran's issues. We strictly follow The American Legion's Legislative Priorities. The 117th congress is just beginning and TAL will have an updated Legislative agenda available soon. The American Legion Family is nonpartisan.

Our Legislative voice matters as you can see by some of the bills that are now law.

A bill to authorize the Secretary of Veterans Affairs to treat certain programs of education converted to distance learning by reason of emergencies and health-related situations in the same manner as programs of education pursued at educational institutions, and for other purposes. Became Public Law No: 116-128 03/21/2020

Commander John Scott Hannon Veterans Mental Health Care Improvement Act of 2019. Became Public Law No: 116-171 on 10/17/2020

Transparency and Effective Accountability Measures for Veteran Caregivers Act or the TEAM Veteran Caregivers Act. Became Public Law No: 116-278 on 12/31/2020

National Defense Authorization Act for Fiscal Year 2021. Became Public Law No: 116-283 on 01/01/2021

Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020. Became Public Law No: 116-315 on 01/05/2021

The National ALA legislative committee sends a unified message each month to the departments. Messages have included: 'Toxic Exposures and Burn Pits', 'Health Care for Women Veterans', 'Support for Gold Star Families', 'Suicide Prevention', 'Buddy Check Week', 'Deborah Sampson Act' and 'TEAM Veterans Care Act.' Department Legislative Chairmen share the information with unit members.

Everyone can take advantage of the information in the eBulletins. Some of the messages shared by the committee were 'Connect with Congress during stay at home', 'Flag Amendment', 'How to Host a meet the Candidate's night', and 'Electronic Health Records.' Find this information on our National Website.

The second Monday of each month a video is posted on the ALA Legislative Facebook page to share vital information. We welcome The American Legion Family to be part of our group. It is necessary to answer three questions before being admitted.

Prior to the shutdown last year, Department Chairmen were able to attend the Washington Conference. They were honored to participate with Legion members to 'storm the hill' and discuss legion priorities. This year the Washington Conference will be held virtually.

During COVID restrictions, some departments were not able to share information in the usual manner. ALA members are creative as they shared Facebook posts, monthly bulletins, zoom calls, phone call and emails. When possible, copies of the ALA Legislative Advocacy guide, TAL Legislative Agenda and handbook were distributed to members. Others were directed to Department websites, TAL and ALA websites, Legion Legislative Alerts, TAL Dispatch and congress.gov for information.

At the unit level members have provided education regarding TAL legislative agenda. One Unit uses five minutes of education at each meeting. Unit members have been diligent in developing and maintain relationships with their elected officials.

Dedicated members continued to find ways to connect with their elected officials. Social media, phone calls, written letters and emails were sent and had responses from elected officials. Members are great advocates for TAL Legislative agenda.

Is there anything exceptional to report? In Tennessee Loretto Unit 146 is working with Leona Middle School because of the student's interest in the flag amendment. They are wishing to contacting members of Congress for the passage of the flag amendment.

Many states have a task force consisting of the Service Organizations to promote state legislation that benefits veterans and active military. Colorado, Minnesota and Missouri have shared that the ALA has been invited to participate in their meetings.

(Optional) What request do you have for the NEC members to take back to their department? The ALA's National Legislative Council serves as a complimentary council to TAL's National Legislative Council. With the 117th Congress in session and new members of congress we need to renew our relationship with each elected official. Dedicated ALA members should be found that are willing to keep in close contact concerning TAL legislative agenda.

From which departments did you NOT receive a report?

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REPORT OF LIAISON TO CHILD WELFARE FOUNDATION

NATIONAL EXECUTIVE COMMITTEE - FEBRUARY 2021

Kristin Hinshaw Program Coordinator

Congratulations to AZ, IA, MA, MS, NC, NE, OH, SC, TX, UT, & WI, the eleven departments that have exceeded their donations from a year ago as of January 31, 2021. Our sincere thanks, for making the extra effort, and hard work in making a difference in the lives of the children. Great job!

Also thank you to the two departments WI and SC that are using the CWF piggy banks for their fundraising efforts. These piggy banks can be obtained by contacting the Americanism Department at The American Legion. Stacy Cope can ship a case of 64 or just a handful if you wish to order some. Free of charge. Email; [americansn@legion.org](mailto:americansn@legion.org). Check with your American Legion Post to see if you can have this tool placed where donations might be encouraged.

We need to continue to be creative in our fundraising efforts and come up with additional unique and special ideas. Hopefully our lives will get back to some normal routines and we can increase our donations to the Child Welfare Foundation. This committee does not have a yearend report but would like to be advised of how your Departments raised funds for the wellbeing of our children. The American Legion will be making awards at the National Convention to the Departments in the appropriate categories.

The winners for year ending 2020 are as follows:

Garland D. Murphy, Jr Award, - Department of Florida

Udie Grant Legacy Award – Department of Florida

Meritorious Achievement Award, Department of Ohio

Excellence Award – Department of Kentucky

Congratulations to those Departments, I'm sure The American Legion has sent these awards to the Departments.

We have we have until May 31, 2021, to make contributions to be eligible for the awards. Please put forth that extra effort and continue promoting donations to the Child Welfare Foundation.

Thank you and I wish you much success in the remainder of our administrative year.

Kristine S. West, Chairman  
Liaison to Child Welfare Foundation  
Desi Stoy, Vice Chairman  
Lisa Williamson, Member



**2020-2021**  
**MID-YEAR PROGRESS REPORT**  
Mid-Year National Executive Committee  
Meeting

Program/Committee: Membership

National Chairman: Pam Ray

Program Coordinator: Kelly Harrier

INSTRUCTIONS

**National Deadline: February 8, 2021**

Please send your completed report to your staff liaison/program coordinator, allowing time for them to help you proof it before your report is submitted on February 8, 2021.

In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

After reviewing the objectives in the action plan, what progress have you made so far? 2020, What a year! Progress is hard to determine in some cases, but easier in others. We finished calendar year 2019 at 601,112. We finished calendar year 2020 with 577,892. That is a difference of 23,220. That is better than projected so to me, that is progress! Did we finish with a higher number? No. Did we close the gap? Yes. That is progress. Progress is 5 Departments finished calendar year 2020 at or over 100% compared to 4 Departments for calendar year 2019! Progress is 868 male members of the American Legion Auxiliary with our first male Unit President! New units and unit closures were not available yet at the time of this writing. President Nicole will share those numbers with the NEC from the podium. For me, progress has been watching our members continue to step up and help our veterans and active military in spite of a pandemic and it is so exciting to see how many have learned to utilize Zoom and Go to Meetings! They of course will not take the place of in person contact, but what a great way to stay in touch.

Is there anything exceptional to report? Congratulations to the 14 members that achieved the 10 new senior members recruited by 11/10/2020! While that is down from last year, I am so excited for these members! We also had 210 Units that reached 100% by 11/10/2020 and were entered into the \$100 drawing. The winning Units have received their checks and I know they will be putting that money to great use serving our mission. We had two Departments that earned the Pearl Harbor Award, 75% by Pearl Harbor Day. Congratulations to the Departments of Iowa and Nebraska! Our first deadline for the R/R 5 award was won by 34 ALA members and 1 SAL member! In spite of the pandemic, the Department of Florida found a way to hold a membership recruiting class. Minnesota is using the national award dates to give awards in their Departments. Also in Minnesota, any information and/or newsletters that are received from National or the Northwestern Division chairman is being sent to all District membership chairmen to share with their Units. In Montana, one Unit is offering to pay the membership for any member suffering financial hardship due to COVID-19! Nebraska recognizes all Units making 100% on social media! This chairman has really loved being able to congratulate them. Units and Districts in Nebraska are making sure to recognize their long time members with certificates. The membership chairman in Maine is also sharing congratulations to 100% Units on social media as well as District standings! I love being a part of that celebration! The Department of Iowa offers information about the American Legion Family with their take out and delivery dinners as well as places a sticker on each dinner with contact numbers for more information.

(Optional) What request do you have for the NEC members to take back to their department? Our new member numbers are WAY down. By this time last year we had recruited 27,689 new members. For 2021 membership we have only recruited 15,095. Please let your Departments know that we can still make up this difference. Things in many states are starting to open up and we need to go get those renewals and those new members. Our week of caring and sharing is coming up. What a perfect time to catch those renewals and rejoins. Ladies, we cannot continue to lose membership and we cannot let COVID be our crutch to explain our decreasing numbers. Your membership team is available and more than willing to assist you with anything you need. We can help make calls, we can send emails, and we can encourage each and every member if you need us to do that. Interest forms are a guaranteed lead and likely member. We must all make an extra effort to work these. If you need help, again, your team is here to assist. Remember, there is still money to be won! But you have to earn it! Let's work together to honor our past by recruiting and renewing for our great organization for today and tomorrow.

Our Eastern Division Chairman, Laura Santino, says it best. "...take a moment to remember our past and how things worked when our Units knew every member by name, and who they were related to in our (American) Legion family. Learning from our past helped a majority of us get to this point and if we keep taking one breath at a time, we can get through this next phase. Membership is everyone's program and if we each ask someone to join us and remember to find at least one person to 'replace us' when we are gone, we can have an organization full of loving people who want to work for the better."

From which departments did you NOT receive a report?

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**2020-2021**  
**MID-YEAR PROGRESS REPORT**  
Mid-Year National Executive Committee  
Meeting

Program/Committee: National Security Committee  
National Chairman: Melanie Taylor  
Program Coordinator: Tyra Nelson, DC Site Director

INSTRUCTIONS

**National Deadline: February 8, 2021**

Please send your completed report to your staff liaison/program coordinator, allowing time for them to help you proof it before your report is submitted on February 8, 2021.

In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

After reviewing the objectives in the action plan, what progress have you made so far? Departments reported sending care packages to troops serving overseas.

Financial assistance was provided to families of deployed service members. Units reported gift cards, gas cards and cash were given out to military families in need.

Blue Star Banners were presented at ALA Girls State sessions to the delegates with family members serving in the military.

Units reported participating in "Welcome Home" and "Deployment" ceremonies by providing refreshments and handing out American flags to the soldiers and their families.

Donations were made to the USO.

Drive thru Christmas parties were also provided for military families.

Is there anything exceptional to report?

The Department of Wisconsin working with the USO made "Camo Bears" out of old military uniforms. These bears were given to the children of a deployed parent.

The Department of Maine participated in the Maine National Guard Family Program and helped host a drive thru Christmas Family Day at the Westbrook Armory for the families of deployed soldiers. They made "flat daddy's" (enlarged photos of the soldier on heavy duty card stock). The families were invited to pick up their "flat daddy, the children were able to fill a bag with toys of their choice, and they enjoyed cookies and hot chocolate.

The Department of Colorado provided classroom supplies to a deployed soldiers wife, her first year teaching.

The Department of Arkansas has a Junior member that campaigned for female plastic toy soldiers to be made and a company in Pennsylvania started production. This young Junior member was interviewed on Good Morning America, stating that she could only find male toy soldiers and she felt that there needed to be female soldiers as well, so they could also be honored.

The Department of California, 18th District collected 1,601 toys for the children at Ft. Irwin Elementary School for Christmas. A call went out to the Legion family and their communities asking for donated toys for these military children and the local community children as well.

(Optional) What request do you have for the NEC members to take back to their department? Again, I ask that the NEC member please let their department National Security Chairmen and Units know that the ALA National Security Program is related to only active duty military, National Guard Reserves and their immediate families.

From which departments did you NOT receive a report?

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# REPORT OF THE NATIONAL SECRETARY

## American Legion Auxiliary National Executive Committee Meeting February 27, 2021

### ALA BYLAWS

#### Article III Duties of Officers

##### Section 5. National Secretary

It shall be the duty of the National Secretary to record proceedings of the National Executive Committee meetings and the National Organization in convention assembled, to keep all records of the National Organization, and to perform other duties as assigned. It is the specific responsibility of the National Secretary as a corporate officer to maintain constant and continuous control of all trademarks, trade names, patents and copyrights of the American Legion Auxiliary, including, but not limited to, on the recommendation of Counsel General, the hiring and engagement of competent outside legal counsel and others as needed to protect the trade names and trademarks.

#### Meeting Proceedings

- August 29, 2020 Regular NEC Meeting  
The Minutes Approval Committee (NEC FL – Michele DeGennaro; NEC MS – Tina Hurst; NEC KY – Jerilynn Kabel) met virtually 10/22/2020 and approved the minutes for the August Regular NEC meeting.
- September 23, 2020 Special NEC Meeting  
The Minutes Approval Committee met virtually 1/12/2021 and approved the minutes for the September Special Meeting to approve the ALA and ALAF annual budget.

Minutes are available to members on the member portal of the national website under Meetings/Events and are stored permanently on the shared drive at NHQ under Proceedings.

#### Corporate Filings

1. Corporate entity reports were filed with the Indiana Secretary of State's office.
  - a. ALA: 2/1/2020; next filing due 11/30/2022
  - b. ALA Foundation: 9/30/2020; next filing due 9/30/2022
2. Charitable Fundraising
  - a. State Registration Renewals: Copilevitz, Lam & Raney verified on 2/8/2021 that all registrations in all states have been filed.
  - b. State Disclosure Statements have been reviewed and updated.

#### Trademark Control

Requests to use the both the ALA emblem and ALA Girls State logo were down significantly in 2020.

<u>2020</u>	<u>2019</u>
76 ALA	180 ALA
34 Girls State	80 Girls State

*Submitted by ALA National Secretary Linda Boone*

**REPORT OF THE NATIONAL TREASURER  
American Legion Auxiliary  
National Executive Committee Meeting  
FEBRUARY 27, 2021**

Section 6. National Treasurer

It shall be the duty of the National Treasurer to serve as custodian of the funds of the National Organization, to account for the same, to sign all checks in dispersing the funds of the Organization, and shall perform other duties as assigned. In the absence of or in addition to the National Treasurer, the National Secretary shall be authorized to sign checks according to policy.

**YTD budget figures**

1<sup>st</sup> Quarter FY21 ALA YTD actual to budget and narrative.

**Disbursement of Funds**

Weekly reports of disbursements provided by management.

**Finance Committee Meetings**

The Finance Committee met, September 9, 2020 FY21 Proposed Budget Review, October 22, 2020 (Alternative Investment), and November 2, 2020 – Fall committee meeting

**Valeo Financial Advisors, LLC**

P. Richard Evans presented Investment Review as of September 30, 2020 on 11/02/2020 National Finance Committee meeting

**National Treasurer as Trustee, 401k Retirement Plan for ALA NHQ Staff**

Required 3<sup>rd</sup> year review by Trustee and management; plan restatement documents completed

*Submitted by ALA National Treasurer Marybeth Revoir*

American Legion Auxiliary  
2020-2021 Mid-Year Progress Report  
Poppy Committee  
Beth McGinn, Chairman

Just as the red Poppy survived the war-torn fields of havoc in WWI so has it endured the limitations placed on Auxiliary members during the pandemic with the advent of quarantines and social distancing. But these restrictions did not deter units and departments in their quest to highlight the importance of the Poppy and how funds donated support veterans, military and their families. Because many Post homes, local schools and other typical points of distribution were closed, different options had to be considered. But just like the red Poppy, Auxiliary members displayed their resilience by finding clever and innovative ways to promote the symbolism of the Poppy.

Units included poppies in cards sent to Veterans and nursing homes. Wyoming Unit 13 ordered Poppy kits that were mailed to their State Veterans home where two poppy makers reside. Ten thousand completed poppies were sold to Emblem Sales and in North Dakota one Poppy maker at the Veterans Home in Lisbon completed poppies that were shared with units for their upcoming May events. In Massachusetts five women made over 55,000 poppies and this year they expanded their supply chain to include Rhode Island, West Virginia, and Puerto Rico.

Countless units, like Unit 45 in Tennessee, held successful Poppy drive-thru events at their post homes that were advertised on social media forums and in newspapers. Units in Connecticut sent Poppies in letters to their membership requesting donations and several departments held Zoom meetings during their Fall and Winter conferences highlighting the need to continue to support the Poppy Program.

Mid-year reports included the creative talent of members who made and sold Poppy masks, held Poppy wreath and centerpiece contests as ways to supplement the loss of Poppy revenue usually acquired through traditional methods of distribution. Delaware Unit 28 attached a Poppy and a Poppy informational bookmark to 100 brown bag lunches on National Poppy Day that were handed out in the community to veterans, elderly and children who did not have access to school lunches.

Members found ways to distribute poppies during ceremonies, virtually and in-person, on Memorial Day, 9/11 Patriot Day, POW/MIA Day and MLK Day of Service and sent out Poppy Coloring books, the Poppy story and Poppy poster contest information to schools to be disseminated to their students. Little Miss Poppy contests were still held, and winners chosen to represent their units and departments.

National Poppy Day this year is May 28 and since units are no longer limited to using the traditional crepe paper poppy, many are already preparing for the event by creating all types of Poppy items such as cookies, balloons, pins, hats and wreaths to raise money to boost their funds needed to assist veterans, military and their families during this critical time of hardship for many.

We can all take a lesson from the resiliency of our members who have continued to focus on the mission of the American Legion Auxiliary and its programs by maintaining a positive outlook through these difficult times.



American Legion Auxiliary

Public Relations NEC written report, 2021

Marty Peters, National Chairman

### **Carrying On for our Veterans with Imagination and Determination**

It takes more than a pandemic to stop members of the American Legion Auxiliary from serving veterans, military, and their families. Throughout the COVID-19 pandemic members have continued our mission by using public relations tools to share our spirit of service not self.

When our world seemed to screech to a halt, our mission didn't stop, it didn't even pause! Our members found ways to switch their efforts to meet new needs and new challenges.

Public relations is reaching the right people with the right message at the right time. This unique double-year included eight months of normalcy and almost twelve months (so far) of social distancing, masks, closings, and limited gatherings. Across our organization, our members shared messages of our mission. The popularity of social media channels has grown and expanded the reach of members, units, and departments. If the adage is true, "a picture is worth a thousand words", then through social media the ALA has conveyed millions of words. In most photos the members are branded. Some even have branded masks.

Despite this last year of units being unable to host traditional ceremonies and meetings, members found ways to do things virtually or social distanced. Annual parades to honor veterans were cancelled so some units took the parades to retirement centers and nursing homes. Some of these parades were covered by the local media but more importantly the veterans and their families were thrilled to be remembered and honored. Drive-thru Halloween and back-to-school events kept the units and the mission active and publicized. Poppy fields with crosses were scattered across our country to great attention. Fields of flags and innovative new ideas such as 25 patriotic days until Christmas in Colorado; a unit in Arizona worked with their city to light the city water tower orange to bring attention to the effects of Agent Orange; front-line workers and first responders were honored; drive-by poppy distributions; and a myriad of new and interesting ideas have unfolded.

Tried and true letters to the editor, proclamations, photographs, and media releases were welcomed to spread good news during the lockdowns. Newsletters and telephone trees were activated to stay in touch with one another and share the public relations internally – assisting with membership renewals as well.

I encourage ALA public relations chairs to:

- Start writing their end of year reports now – they have two years of activities to include.
- Ask for ALA Ambassador nominations. In fact, please make it your personal mission to be sure there is at least one nomination from your Department for an ALA Ambassador.
- As the reporting year ends, please review the award opportunities available to the members, units, and the department.

Sadly, there have been changes to the National Public Relations Committee due to the death of Vice Chairman Martha Setlock. Ree Ann Ross accepted the vice-chair position and Debra Lewis has joined our committee.

The lockdowns, closed post homes and the social distancing across our country have created the need for even more powerful public relations efforts and our dedicated American Legion Auxiliary members have answered the challenge. In the words of Jackie Westover, Iowa P.R. Chairman, “Public relations did not go into quarantine but became more important to help each and every person get through this together” as our members learned new tricks, thought outside the box, and exercised all aspects of the tools in our public relations toolbox.

**AMERICAN LEGION AUXILIARY  
STRATEGIC PLANNING COMMITTEE  
REPORT TO THE NEC  
February 27, 2021**

**Committee Members:**

Linda Boone, Chair  
Stephanie Abisi, Vice Chair  
Janet Jefford  
Kathy Dungan  
Lisa Chaplin  
Nancy Brown Park  
Tamara Shumate  
Kelly Circle, Executive Director

**Ex Officio Members:**

Nicole Clapp, Natl President  
Kathy Daudistel, Natl Vice President  
Vickie Koutz, VA&R Chair  
Lisa Williamson, C&Y Chair  
Trish Ward (added 02-2021)

**Executive Staff:**

Kelly Circle, Executive Director  
Kelly Harrier, Membership Director  
Mike Butt, Communications & Marketing Director  
Madison Maves, Development Director  
Tamara Shumate, Administration Director  
Gary Ward, Finance Director  
Shannon Hitchcock, HR Director  
Tyra Nelson, DC Site Director  
Colette Fike, Programs & Events Director  
Stephanie Abisi, Operations Director

**ALA Strategic Plan Goals (adopted by the NEC 08-2019)**

- 1) Cultivate a variety of Mission engagement opportunities.
- 2) Enhance organizational effectiveness of all levels: national, department, unit.
- 3) Recruit and retain members through mission engagement.
- 4) Ensure financial stewardship of resources to maximize mission delivery.
- 5) Enhance and foster the family relationship with The American Legion.

Since September 2019, when the five strategic plan goals were adopted, the staff began to refocus on mission delivery and outcomes in their daily work to ensure alignment with the adopted goals.

During the July 2020 Committee Meeting feedback was provided to the executive staff to ensure strategies were in alignment with adopted goals and desired outcomes. Discussions led to some additional tactics being included.

Staff continues developing action plans and implementing strategies and tactics at various stages in each division. Many are a continuation of existing strategies and testing of new strategies is being done.

The biggest challenge in the entire strategic planning process is to determine the metrics that will assist in the evaluation of each division's efforts. Traditional nonprofit benchmarks for performance are not readily available for membership organizations of our size. Staff is having to test different metrics to determine what will be appropriate to measure our performance as an organization.

At every Strategic Planning Committee meeting an "Evaluation" of the plans will be done and the information gathered will be reported to the NEC during the next regularly scheduled meeting. This first review occurred on February 2, 2021. You will hear from Executive Director, Kelly Circle an executive summary for FY2021 Q1.

Currently the Strategic Planning Committee is exploring ways to engage departments in supporting the five national goals. There have been several meetings of a sub-committee to provide ideas to the full committee, which will continue through the year.



**2020-2021**  
**MID-YEAR PROGRESS REPORT**  
Mid-Year National Executive Committee  
Meeting

Program/Committee: V A & R

National Chairman: Vickie Koutz

Program Coordinator: Chrystal Daulton

**INSTRUCTIONS**

**National Deadline: February 8, 2021**

Please send your completed report to your staff liaison/program coordinator, allowing time for them to help you proof it before your report is submitted on February 8, 2021.

In 600 words or less, using 11-point Times New Roman font, highlight the progress made implementing the program plan.

After reviewing the objectives in the action plan, what progress have you made so far?

Is there anything exceptional to report?      YES

2020 brought its own unique challenges to delivery of the VA&R mission. Every department reported that the pandemic prevented them from volunteering on site at local VA facilities. Even though facilities were closed to volunteers, members found ways to still donate items that were delivered to staff for distribution. These items included lap blankets, adult clothing protectors, walker and wheelchair bags, neck pillows, toothbrushes, toothpaste, combs, shaving cream, razors, deodorant, soap, body wash, and the list goes on and on for everything the patients needed.

Recognizing the needs of homeless shelters also facing the challenge of COVID, sleeping mats, hats, scarves, gloves, boots, coats, backpacks, luggage, socks, quilts, pillowcases along with hygiene items, were delivered to homeless shelters for our veterans.

When the call went out for facilities and nursing homes needing face masks, our Auxiliary members immediately stepped up and began finding ways to source thousands of masks for the essential workers.

The seamstresses in our ranks even began making them at an amazing speed.

Isolation was a primary concern with our veterans and unit members countered that with continued

Outreach to veterans through phone calls, social media and emails to check on them. Members also picked up medicine at the local pharmacy and took veterans (while observing COVID precautions and local mandates) to doctor's appointments. They also would run errands such as grocery shopping for veterans in their community.

Units did drive throughs in their post parking lots on Veterans Day and during Christmas, local parents and children remained in their cars while they were presented with “to go” lunches and/or dinners.

Units donated money for the National Veterans Creative Arts Fund, even though it was virtual, the opportunity for everyone to watch this year made our members more aware of what their money goes toward.

Despite COVID so many aspects of our mission prevailed. Just a few of the inspirational examples are:

- A Unit in Nebraska purchased a Lucynt projector, which is a gaming system that stimulates the brain, plays assorted music and entertains and sooth the veterans’ minds.
- A new furnace was purchased by a unit in Kentucky, when they learned that a disabled veteran was in need. A Utah member donated \$5,000 to a veteran’s family to pay for his funeral.
- Members signed hundreds of Christmas cards for veterans, first responders and police departments, thanking them for their service.
- A Unit in South Carolina donated to a veteran’s child who needed hearing aids. Virginia members made “fidget blankets” that were sent to hospitals for dementia patients. These help patients keep their minds occupied by fidgeting with the different objects that are sewn on to the blanket.
- Love for our deceased veterans was shown across the nation as members not only took the time to make wreaths but to also help in laying them for the Wreaths Across America project.
- In Texas, items collected for their VA facilities and nursing homes, were shared with neighboring departments (Louisiana and Mississippi) VAMC’s and clinics who were in dire need due to hurricane damages incurred in their states.

As you can see, even during a pandemic, our members showed their love by continuing to do what they do best, always being there to help our veterans and their families.

Vickie Koutz

VA&R National Chairman

(Optional) What request do you have for the NEC members to take back to their department?

From which departments did you NOT receive a report?

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| <input type="checkbox"/> Alabama       | <input type="checkbox"/> Alaska                  | <input type="checkbox"/> Arizona               | <input type="checkbox"/> Arkansas      | <input type="checkbox"/> California   | <input type="checkbox"/> Colorado   |
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| <input type="checkbox"/> Idaho         | <input type="checkbox"/> Illinois                | <input type="checkbox"/> Indiana               | <input type="checkbox"/> Iowa          | <input type="checkbox"/> Kansas       | <input type="checkbox"/> Kentucky   |
| <input type="checkbox"/> Louisiana     | <input type="checkbox"/> Maine                   | <input type="checkbox"/> Maryland              | <input type="checkbox"/> Massachusetts |                                       | <input type="checkbox"/> Michigan   |
| <input type="checkbox"/> Minnesota     | <input type="checkbox"/> Mississippi             | <input type="checkbox"/> Missouri              | <input type="checkbox"/> Montana       | <input type="checkbox"/> Nebraska     | <input type="checkbox"/> Nevada     |
| <input type="checkbox"/> New Hampshire |  | <input checked="" type="checkbox"/> New Jersey | <input type="checkbox"/> New Mexico    | <input type="checkbox"/> New York     | <input type="checkbox"/> N Carolina |
| <input type="checkbox"/> N Dakota      | <input type="checkbox"/> Ohio                    | <input type="checkbox"/> Oklahoma              | <input type="checkbox"/> Oregon        | <input type="checkbox"/> Pennsylvania |                                     |
| <input type="checkbox"/> Puerto Rico   | <input checked="" type="checkbox"/> Rhode Island |  | <input type="checkbox"/> S Carolina    | <input type="checkbox"/> S Dakota     | <input type="checkbox"/> Tennessee  |
| <input type="checkbox"/> Texas         | <input type="checkbox"/> Utah                    | <input type="checkbox"/> Vermont               | <input type="checkbox"/> Virginia      | <input type="checkbox"/> Washington   |                                     |
| <input type="checkbox"/> W Virginia    | <input type="checkbox"/> Wisconsin               | <input type="checkbox"/> Wyoming               |  |                                       |                                     |

**APPENDIX C**



**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**2021 MID-YEAR NEC MEETING**



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Indianapolis, IN 46240  
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Audit Committee  
American Legion Auxiliary National Headquarters and  
American Legion Auxiliary Foundation, Inc.  
Indianapolis, IN

Thank you for the opportunity to serve the American Legion Auxiliary National Headquarters (the "Auxiliary") and the American Legion Auxiliary Foundation, Inc. (the "Foundation"), collectively referred to herein as the "Organization", as independent auditors. We have completed our audit of the consolidated financial statements, which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our opinion on the consolidated financial statements, which is unmodified, is included on pages 1 and 2 of the consolidated financial statements.

U.S. GAAS requires that certain matters relating to the conduct of our audit be communicated to those charged with governance. The purpose of this report is to provide the required communications regarding the conduct of our audit, our findings, and our recommendations noted during the performance of our audit engagement.

This report is intended solely for the information and use of those charged with governance and Management, and is not intended to be, and should not be, used by anyone other than these specified parties.

U.S. GAAS defines the following positions of responsibility:

**Management:** *"The person(s) with executive responsibility for the conduct of the entity's operations."* For some entities, Management includes some or all of those charged with governance; for example, executive members of a governance board or an owner-manager.

**Those Charged with Governance:** *"The person(s) or organizations(s) with responsibility for overseeing the strategic direction of the entity and the obligations related to the accountability of the entity. This includes overseeing the financial reporting process."* For some entities, those charged with governance may include Management personnel; for example, executive members of a governance board or an owner-manager.

## **Objective of the Audit**

---

The objective of our audit is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling us to express an opinion on whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and to report on the consolidated financial statements, and communicate as required by U.S. GAAS, in accordance with our audit findings.

## ***Management and Auditor Responsibilities***

---

### ***Management Responsibilities***

Management is responsible for: (1) establishing and maintaining internal control, including monitoring ongoing activities; (2) the selection and application of accounting principles; and (3) the fair presentation of the consolidated financial statements in conformity with U.S. GAAP, including adjusting the consolidated financial statements to correct material misstatements, and providing certain written representations from Management in a representation letter about the consolidated financial statements and related matters including representations that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, if any, are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving: (1) Management; (2) employees who have significant roles in internal control; and (3) others where the fraud could have a material effect on the consolidated financial statements. These responsibilities include informing us of knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others. In addition, Management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Management is also responsible for: (1) providing us with access to all information which you are aware that is relevant to the preparation and fair presentation of the consolidated financial statements; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom you or we determine it necessary to obtain audit evidence.

### ***Auditor Responsibilities***

As the independent auditor of the entity, our firm is responsible for performing the audit in accordance with U.S. GAAS, and for obtaining reasonable, rather than absolute, assurance to form and express an opinion about whether the consolidated financial statements that have been prepared by Management, with the oversight of those charged with governance, are prepared, in all material respects, in conformity with U.S. GAAP, and are free of material misstatement, whether from: (1) errors; (2) fraudulent financial reporting; (3) misappropriation of assets; or (4) violations of laws or governmental regulations that are attributable to the entity or acts by Management or employees acting on behalf of the entity.

Our audit includes obtaining an understanding of the entity and its environment, including internal control over financial reporting, sufficient to assess the risks of material misstatement of the consolidated financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance or express an opinion on the effectiveness of internal control, or to identify deficiencies in internal control.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements; therefore, an audit involves judgment about the number of transactions to be examined and the areas to be tested. 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.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we have not performed a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit has been properly planned and performed in accordance with U.S. GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the consolidated financial statements.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors. The audit of the consolidated financial statements does not relieve Management or those charged with governance of their responsibilities, even if our firm, as independent auditors, assists in drafting the consolidated financial statements, in whole or in part, based on information provided during the performance of the audit.

## REQUIRED COMMUNICATIONS

### *Planned Scope and Timing of the Audit*

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There were no significant changes to the planned scope and timing of the audit, which was communicated in our audit planning communications as documented in our Audit Scope and Planning Report.

### *Qualitative Aspects of the Entity's Significant Accounting Practices*

---

The accounting policies and the use of accounting estimates in the preparation of the consolidated financial statements are disclosed in Note 1 to the financial statements. As part of our audit, we reviewed and concur with the Organization's:

- a) Selection and appropriateness of the significant accounting policies, and there are no changes in significant accounting policies from prior audit years other than those changes disclosed in Note 1 to the consolidated financial statements, including application of new accounting pronouncements, and there are no significant accounting policies in controversial or emerging areas;
- b) Accounting estimates, including Management's identification of accounting estimates and process for making accounting estimates;
- c) Overall neutrality, consistency, and clarity of the disclosures in the consolidated financial statements.

### *Significant Difficulties Encountered During the Audit*

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Management and other personnel were prepared, cooperative, and provided our representatives with all information requested during our audit. Our representatives were provided access to all employees and information requested was provided. There were no significant difficulties encountered in the performance of our audit.

## ***Disagreements with Management***

---

There were no disagreements with Management or accounting personnel, including the application of accounting principles, basis for Management's judgments and accounting estimates, scope of the audit, disclosures included in the Organization's consolidated financial statements or wording of the Independent Auditor's Report.

## ***Other Findings or Issues***

---

There were no other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process.

## ***Corrected and Uncorrected Misstatements***

---

Our tolerable error was established at \$240,000 and Clearly Trivial Misstatements were considered to be below \$40,000.

Attached hereto are all audit adjustments proposed for adjustment and all adjustments provided by Management, which have been recorded in the consolidated financial statements.

## ***Consultation with Other Accountants***

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We are not aware of any instances where Management or accounting personnel consulted with other accountants regarding accounting or auditing matters which may affect the consolidated financial statements.

# **INTERNAL CONTROL**

Internal Control is defined as a process, effected by those charged with governance, Management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include controls relating to financial reporting and operations objectives.

In planning and performing our audit of the consolidated financial statements of the Organization as of and for the year ended September 30, 2020, we considered the Organization's internal control over financial reporting in order to design auditing 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 on the effectiveness of the Organization's internal control.

Statements on Auditing Standards establishes standards on communicating matters related to an entity's internal control over financial reporting identified in an audit of consolidated financial statements and provides guidance on evaluating the severity of matters identified as follows:

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 deficiency in *design* exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A "*Significant Deficiency*" is a deficiency, or 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.

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.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

## ***Current Year Reportable Matters***

---

We did not identify any deficiencies in internal control that were considered to be material weaknesses, as described above, or other reportable matters during our 2020 audit procedures.

\* \* \* \* \*

We would like to express our appreciation to you and your personnel for providing us the opportunity to continue to serve you and the Organization. If you would like to discuss the conduct of our audit or any other matters, please feel free to contact Michael A. Staton, Managing Director, or Justin Schwartz, Audit Supervisor, at any time.

*Alending CPA Group*

February 3, 2021

Client: **American Legion Auxiliary**  
Engagement: **American Legion Auxiliary**  
Period Ending: **9/30/2020**  
Workpaper: **Adjusting Journal Entries (ALA)**

Account	Description	Debit	Credit	B/S Impact	I/S Impact
<b>Adjusting Journal Entries JE # 1</b>					
To adjust fixed assets to actual./TRH20					
100-00-000-1204	Building Improvements	57,000.00		57,000	
100-00-000-1211	Permanent Equip.	8,909.00		8,909	
100-00-000-1257	Acc. Depr.-Cavalcade	13,072.00		13,072	
100-00-000-1258	Acc. Depr.-Leasehold Improvements	77,346.00		77,346	
100-06-132-5035	M&G: Depreciation Expense	12,875.00		12,875	
100-00-000-1256	Acc. Depr.-Permanent Equip.		12,875.00	(12,875)	
100-00-000-1256	Acc. Depr.-Permanent Equip.		13,072.00	(13,072)	
100-00-000-1256	Acc. Depr.-Permanent Equip.		77,346.00	(77,346)	
100-06-132-5050	M&G: Equipment		8,909.00		(8,909)
100-06-132-5053	M&G: Capital Asset Improvements Expense		57,000.00		(57,000)
<b>Total</b>		<b>169,202.00</b>	<b>169,202.00</b>		
<b>Adjusting Journal Entries JE # 2</b>					
To record pension adjustment. /JBS-20					
100-00-000-2160	Pension Plan:Funding Status	130,248.00		130,248	
100-06-960-5991	UB: M&G Audit Allocations- OUT	106,702.00			106,702
100-00-000-3160	Pension Plan:Unrecognized Loss		13,447.00	(13,447)	
100-00-000-3161	Pension:Unamrtzd Pr Serv Cost		4,805.00	(4,805)	
100-00-000-3161	Pension:Unamrtzd Pr Serv Cost		5,294.00	(5,294)	
100-01-960-5990	UB: MDS Audit Allocations-IN		18,139.00		(18,139)
100-01-960-5990	UB: MDS Audit Allocations-IN		33,078.00		(33,078)
100-02-960-5990	UB: YES Audit Allocations-IN		5,335.00		(5,335)
100-05-960-5990	UB: VP Audit Allocations-IN		7,469.00		(7,469)
100-06-960-5004	UB: M&G TAL Pension Plan		106,702.00		(106,702)
100-06-960-5990	UB: M&G Audit Allocations- IN		37,346.00		(37,346)
100-07-960-5990	UB: FR Audit Allocations- IN		5,335.00		(5,335)
<b>Total</b>		<b>236,950.00</b>	<b>236,950.00</b>		
<b>Adjusting Journal Entries JE # 3</b>					
To progress net assets. /JBS-20					
100-06-132-5020	M&G: Supplies	4.00			4
200-00-000-3050	Net Assets: Temporarily Restricted	1.00		1	
100-00-000-3030	Net Assets: Unrestricted		3.00	(3)	
300-00-000-3060	Net Assets: Permanently Restricted		2.00	(2)	
<b>Total</b>		<b>5.00</b>	<b>5.00</b>		
<b>Adjusting Journal Entries JE # 4</b>					
Client provided entry to move Cobra EE exp for all FY20. /JBS-20					
100-06-132-5003	M&G: Employee Benefits	4,726.00			4,726
100-00-000-2024	PRE-TAX W/H: Health Insurance		4,188.00	(4,188)	
100-00-000-2025	PRE-TAX W/H: Dental/Vision Insurance		538.00	(538)	
<b>Total</b>		<b>4,726.00</b>	<b>4,726.00</b>		
<b>Adjusting Journal Entries JE # 5</b>					
To close out prior year deposits/receipts./TRH20					
100-01-128-2260	PUFL: Deposits/Receipts	166,060.00		166,060	
100-01-128-2210	PUFL: Fund		166,059.00	(166,059)	
100-06-132-5020	M&G: Supplies		1.00		(1)
<b>Total</b>		<b>166,060.00</b>	<b>166,060.00</b>		
<b>Adjusting Journal Entries JE # 6</b>					
CLIENT PROVIDED ENTRY TO RECONCILE DUE TO DUE FROM./TRH20					
100-00-000-1996	Due From: ALAF/Other	50.00		50	
100-00-000-1990	Due To/From		50.00	(50)	
<b>Total</b>		<b>50.00</b>	<b>50.00</b>		
<b>Adjusting Journal Entries JE # 7</b>					
To adjust FMV of alternative investments. /JBS-20					
100-00-000-1041	Other Investments-Cost	43,024.00		43,024	
100-06-132-4420	M&G: Investment Income-Interest/Dividends	7,432.00			7,432
100-06-132-5155	M&G: Investment Fees	1,332.00			1,332
100-06-960-4425	UB: M&G Investment Income/Loss-Othr Inv	7,299.00			7,299
100-00-000-1042	Other investments-FMV Adjustment		13,816.00	(13,816)	
100-06-132-5020	M&G: Supplies		7,299.00		(7,299)
100-06-960-4425	UB: M&G Investment Income/Loss-Othr Inv		37,972.00		(37,972)
<b>Total</b>		<b>59,087.00</b>	<b>59,087.00</b>		

Client: **American Legion Auxiliary**  
 Engagement: **American Legion Auxiliary**  
 Period Ending: **9/30/2020**  
 Workpaper: **Adjusting Journal Entries (ALA)**

Account	Description	Debit	Credit	
<b>Adjusting Journal Entries JE # 8</b>				
To zero out allocations. /JBS-20				
100-06-132-5930	M&G: Misc. Expenses	1.00		1
100-06-960-5991	UB: M&G Audit Allocations- OUT	2.00		2
100-04-125-5020	PR: Supplies		1.00	(1)
100-06-132-5930	M&G: Misc. Expenses		2.00	(2)
<b>Total</b>		<u><b>3.00</b></u>	<u><b>3.00</b></u>	
<b>Adjusting Journal Entries JE # 9</b>				
Client provided entry to adjust prepaid expenses. /JBS-20				
100-00-000-1101	Prepaid Expenses	312.00		312
100-00-000-1101	Prepaid Expenses	534.00		534
100-00-000-1101	Prepaid Expenses	34,974.00		34,974
100-06-132-5040	M&G: Insurance/Security	1,235.00		1,235
100-00-000-1101	Prepaid Expenses		1,235.00	(1,235)
100-02-117-5100	GN: Travel		34,974.00	(34,974)
100-06-132-5040	M&G: Insurance/Security		312.00	(312)
100-06-132-5040	M&G: Insurance/Security		534.00	(534)
<b>Total</b>		<u><b>37,055.00</b></u>	<u><b>37,055.00</b></u>	
<b>Adjusting Journal Entries JE # 10</b>				
Client Provided Entry for intercompany elimination. /JBS-20				
100-05-139-4012	NVCAF: Grants	39,600.00		39,600
100-06-132-4012	M&G: Grants	2,550.00		2,550
100-05-139-4015	NVCAF: Grants from ALAF		39,600.00	(39,600)
100-06-132-4015	M&G: Grants from ALAF		2,550.00	(2,550)
<b>Total</b>		<u><b>42,150.00</b></u>	<u><b>42,150.00</b></u>	
			<u>165,766</u>	<u>(165,766)</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

## 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. ALA 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 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:

### Change in Accounting Principle

During 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective October 1, 2019, using the full retrospective method.



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

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020 AND 2019



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

TABLE OF CONTENTS  
SEPTEMBER 30, 2020 AND 2019

	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4 - 5
Consolidated Statements of Functional Expenses	6 - 7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 31
<b>Supplemental Information:</b>	
Analysis of Deferred Revenue - PUFL	32
Consolidating Statement of Financial Position as of September 30, 2020	33
Consolidating Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2020	34
Consolidating Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2019	35



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## 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, 2020 and 2019, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 consolidated 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, 2020 and 2019, and the results of its changes in net assets, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## **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 on pages 32 to 35 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.

*Alending CPA Group*

February 3, 2021

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2020 AND 2019

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,615,812	\$ 1,246,149
Investments	37,972,186	34,441,518
Investments - PUFL	4,232,292	4,051,055
Prepaid expenses	109,837	162,664
Property and equipment, net	2,772,183	2,734,781
Other assets	<u>48,578</u>	<u>121,215</u>
Total assets	<u>\$ 46,750,888</u>	<u>\$ 42,757,382</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Accounts payable	\$ 606,644	\$ 606,810
Accrued expenses	275,272	189,318
Accrued scholarships	127,500	87,000
Deferred revenue - dues	2,954,169	3,026,187
Deferred revenue - PUFL	4,106,929	3,923,051
Deferred revenue - other	5,000	34,285
Liability for pension benefits (Note 12)	1,349,919	1,480,167
Note payable	<u>566,500</u>	<u>-0-</u>
Total liabilities	<u>9,991,933</u>	<u>9,346,818</u>
<b>Net Assets:</b>		
Without donor restriction	34,903,397	31,957,032
With donor restriction	<u>3,493,513</u>	<u>3,115,033</u>
Total net assets before accumulated other comprehensive loss	38,396,910	35,072,065
Accumulated other comprehensive loss (Note 12 and 19)	<u>(1,637,955)</u>	<u>(1,661,501)</u>
Total net assets	<u>36,758,955</u>	<u>33,410,564</u>
Total liabilities and net assets	<u>\$ 46,750,888</u>	<u>\$ 42,757,382</u>

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>Revenue and Support:</b>				
Contract revenues				
Membership dues	\$ 6,571,753	\$ -0-	\$ 6,571,753	\$ 6,368,414
Non-contract revenues:				
Contributions	662,146	802,737	1,464,883	1,644,644
Advertising	236,846	-0-	236,846	283,426
Other	407,836	-0-	407,836	664,816
	<u>1,306,828</u>	<u>802,737</u>	<u>2,109,565</u>	<u>2,592,886</u>
Total revenue and support	<u>7,878,581</u>	<u>802,737</u>	<u>8,681,318</u>	<u>8,961,300</u>
<b>Net Assets Released From Donor Restrictions</b>	<u>609,693</u>	<u>(609,693)</u>	<u>-0-</u>	<u>-0-</u>
	<u>8,488,274</u>	<u>193,044</u>	<u>8,681,318</u>	<u>8,961,300</u>
<b>Expenses:</b>				
Member and department support services	3,772,795	-0-	3,772,795	4,783,752
Youth and education services	688,052	-0-	688,052	892,838
Veterans and military families programs	780,884	-0-	780,884	669,860
Total program services	5,241,731	-0-	5,241,731	6,346,450
Management and general	1,652,036	-0-	1,652,036	1,616,428
Fundraising	1,182,671	-0-	1,182,671	763,420
Total expenses	<u>8,076,438</u>	<u>-0-</u>	<u>8,076,438</u>	<u>8,726,298</u>
Change in net assets from operations	411,836	193,044	604,880	235,002
<b>Investment Income, Net of Expenses</b>	<u>2,534,529</u>	<u>185,436</u>	<u>2,719,965</u>	<u>799,247</u>
Change in net assets	2,946,365	378,480	3,324,845	1,034,249
<b>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</b>	<u>31,957,032</u>	<u>3,115,033</u>	<u>35,072,065</u>	<u>34,037,816</u>
<b>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</b>	<u>\$ 34,903,397</u>	<u>\$ 3,493,513</u>	<u>\$ 38,396,910</u>	<u>\$ 35,072,065</u>

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Support:</b>			
Contract revenues			
Membership dues	\$ 6,368,414	\$ -0-	\$ 6,368,414
Non-contract revenues:			
Contributions	814,358	830,286	1,644,644
Advertising	283,426	-0-	283,426
Other	664,816	-0-	664,816
	<u>1,762,600</u>	<u>830,286</u>	<u>2,592,886</u>
Total revenue and support	<u>8,131,014</u>	<u>830,286</u>	<u>8,961,300</u>
<b>Net Assets Released From Donor Restrictions</b>	<u>550,514</u>	<u>(550,514)</u>	<u>-0-</u>
	<u>8,681,528</u>	<u>279,772</u>	<u>8,961,300</u>
<b>Expenses:</b>			
Member and department support services	4,783,752	-0-	4,783,752
Youth and education services	892,838	-0-	892,838
Veterans and military families programs	669,860	-0-	669,860
Total program services	6,346,450	-0-	6,346,450
Management and general	1,616,428	-0-	1,616,428
Fundraising	763,420	-0-	763,420
Total expenses	<u>8,726,298</u>	<u>-0-</u>	<u>8,726,298</u>
Change in net assets from operations	(44,770)	279,772	235,002
<b>Investment Income, Net of Expenses</b>	<u>735,221</u>	<u>64,026</u>	<u>799,247</u>
Change in net assets	690,451	343,798	1,034,249
<b>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</b>	<u>31,266,581</u>	<u>2,771,235</u>	<u>34,037,816</u>
<b>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</b>	<u>\$ 31,957,032</u>	<u>\$ 3,115,033</u>	<u>\$ 35,072,065</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, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2020 Totals</b>	<b>2019 Totals</b>
Personnel and related benefits	\$ 1,868,006	\$ 1,066,284	\$ 165,309	\$ 3,099,599	\$ 2,667,744
General operating expenses	484,705	254,771	46,304	785,780	873,757
Travel, conferences and meetings	528,880	119,058	5,331	653,269	1,677,009
Occupancy	17,776	20,137	1,281	39,194	141,300
Professional services and fees	367,511	172,917	118,080	658,508	874,467
Printing, publicity and awards	814,126	6,403	639,402	1,459,931	1,133,260
Postage and freight	649,563	6,866	206,964	863,393	850,217
Grants and scholarships	474,697	2,550	-0-	477,247	448,191
Other	<u>36,467</u>	<u>3,050</u>	<u>-0-</u>	<u>39,517</u>	<u>60,353</u>
Total expenses	<u>\$ 5,241,731</u>	<u>\$ 1,652,036</u>	<u>\$ 1,182,671</u>	<u>\$ 8,076,438</u>	<u>\$ 8,726,298</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, 2019

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Totals</b>
Personnel and related benefits	\$ 1,699,050	\$ 839,583	\$ 129,111	\$ 2,667,744
General operating expenses	521,582	308,009	44,166	873,757
Travel, conferences and meetings	1,470,563	188,464	17,982	1,677,009
Occupancy	88,112	46,369	6,819	141,300
Professional services and fees	560,784	200,857	112,826	874,467
Printing, publicity and awards	805,739	6,972	320,549	1,133,260
Postage and freight	710,609	7,641	131,967	850,217
Grants and scholarships	448,191	-0-	-0-	448,191
Other	<u>41,820</u>	<u>18,533</u>	<u>-0-</u>	<u>60,353</u>
Total expenses	<u>\$ 6,346,450</u>	<u>\$ 1,616,428</u>	<u>\$ 763,420</u>	<u>\$ 8,726,298</u>

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 3,324,845	\$ 1,034,249
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	157,455	142,290
Loss on disposal of assets	-0-	16,998
Net realized losses on investments	21,790	183,178
Net realized (gains) losses on investments - PUFL	(22,025)	20,938
Net unrealized gains on investments	(1,894,675)	(36,934)
Net unrealized (gains) losses on investments - PUFL	(208,722)	2,246
Net periodic pension expense	15,036	9,065
Changes in operating assets and liabilities:		
Prepaid expenses	52,827	37,031
Other assets	72,637	18,833
Accounts payable	(166)	(760,748)
Accrued expenses and scholarships	126,454	(24,633)
Deferred revenue - dues	(72,018)	479,082
Deferred revenue - PUFL	183,878	(128,402)
Deferred revenue - other	(29,285)	(11,590)
Liability for pension benefits	(121,738)	(30,000)
Net cash provided by operating activities	<u>1,606,293</u>	<u>951,603</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(194,857)	(664,172)
Purchase of investments	(3,782,005)	(2,746,164)
Proceeds from sale of investments	2,124,222	2,408,055
Purchase of investments - PUFL	(97,069)	(111,104)
Proceeds from sale of investments - PUFL	146,579	175,181
Net cash used in investing activities	<u>(1,803,130)</u>	<u>(938,204)</u>
<b>Cash Flows From Financing Activities:</b>		
Borrowings on note payable	566,500	-0-
<b>Net Change in Cash and Cash Equivalents</b>	369,663	13,399
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,246,149</u>	<u>1,232,750</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,615,812</u>	<u>\$ 1,246,149</u>

See accompanying Notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

## 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:

### Change in Accounting Principle

During 2014, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective October 1, 2019, using the full retrospective method.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

As part of the adoption of the ASU, the Organization elected the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocate to remaining performance obligations when the Organization expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

The majority of the Organization's revenue subject to the ASU is recognized over a period of time based on its membership periods. In addition, the majority of the Organization's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the ASU adoption.

**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, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization uses the following accounts to distinguish among restrictions:

***Net Assets Without Donor Restrictions***

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

***Net Assets With Donor Restrictions***

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

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 value and have a readily determinable fair value. Investment return includes dividends, interest, fees, and realized and unrealized gains and losses on investments carried at fair value.

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

For contracts with customers, the Organization derives its revenues primarily from membership dues, which are recognized as income in the applicable membership period. Membership dues are paid annually based on a calendar year-end. Contract revenues are recognized in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services performed. Incidental items that are immaterial in the context of the contract are recognized as expense. The Organization does not have any significant financing components as payment is received at or shortly after members are invoiced. Costs incurred to obtain a contract are expensed as incurred.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

Disaggregation of Revenues from Contracts with Customers

All of the Organization's revenues are from performance obligations satisfied over time and, accordingly, no contract revenues are from performance obligations satisfied at a point in time.

Performance Obligations

For performance obligations related to membership dues contract revenue, control transfers to the customer over time. Revenues from these sources are recognized in the period to which the fees relate.

Variable Consideration

The nature of the Organization's business and customer contracts does not give rise to significant variables of the total amount of the contract price. Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

Functional Expenses

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

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, 2020, 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, 2017.

Subsequent Events

Subsequent events have been evaluated through February 3, 2021, which is the date the consolidated financial statements were available for issuance.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

**2. LIQUIDITY AND AVAILABILITY**

The following reflects the Organization's financial assets as of September 30, 2020 and 2019, reduced by amounts not available for general use within one year from the date of the Statements of Financial Position:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,615,812	\$ 1,246,149
Investments	37,972,186	34,441,518
Investments (PUFL)	<u>4,232,292</u>	<u>4,051,055</u>
	<u>43,820,290</u>	<u>39,738,722</u>
Less amounts not available to be used for general expenditure within one year:		
PUFL trust liability	(4,106,929)	(3,923,051)
Board designated funds (Note 8)	(5,622,637)	(5,218,052)
Donor restricted funds	(858,031)	(779,169)
Donor restricted endowment	<u>(2,635,482)</u>	<u>(2,335,864)</u>
	<u>(13,223,079)</u>	<u>(12,256,136)</u>
Financial assets available to meeting cash needs for general expenditures within one year	<u>\$ 30,597,211</u>	<u>\$ 27,482,586</u>

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.

The Organization receives annual membership dues which are ongoing, major and central to its annual operations. Membership dues revenue was \$6,571,753 and \$6,368,414 for the years ended September 30, 2020 and 2019, 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

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

**3. CONTRACT LIABILITIES**

The Organization’s contract liabilities comprise of the following as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred revenue - dues:		
Beginning of year	\$ 3,026,187	\$ 2,547,105
End of year	\$ 2,954,169	\$ 3,026,187
Deferred revenue - PUFL (Note 11):		
Beginning of year	\$ 3,923,051	\$ 4,051,453
End of year	\$ 4,106,929	\$ 3,923,051

**4. 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, 2020 and 2019.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

**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.

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

The following is a description of the valuation methodology used for the Organization's investments measured at fair value as of September 30, 2020 and 2019. There have been no changes in the methodologies used as of September 30, 2020.

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

*Mutual Funds:* Valued at the daily closing prices as reported by the fund. Mutual funds held by the Organization are open-end mutual funds and are 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. A money market fund is an open-ended fund that invests in short-term debt securities and commercial paper.

*Partnerships:* Valued based on an annual independent valuation of the related private company. The partnerships are not registered with the Securities and Exchange Commission.

Assets measured at fair value on a recurring basis at September 30, 2020 include the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 36,590,608	\$ 1,381,578	\$ 37,972,186
Investments - PUFL (Note 11)	<u>4,232,292</u>	<u>-0-</u>	<u>4,232,292</u>
	<u>\$ 40,822,900</u>	<u>\$ 1,381,578</u>	<u>\$ 42,204,478</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

Assets measured at fair value on a recurring basis at September 30, 2019 include the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 33,446,294	\$ 995,224	\$ 34,441,518
Investments - PUFL (Note 11)	<u>4,051,055</u>	<u>-0-</u>	<u>4,051,055</u>
	<u>\$ 37,497,349</u>	<u>\$ 995,224</u>	<u>\$ 38,492,573</u>

The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2020:

	<u>Fair Value Measurement Using Significant Unobservable Inputs (Level 3)</u>
	<u>Partnerships</u>
Beginning Balance, September 30, 2019	\$ 995,224
Deposits	550,441
Withdrawals	(128,481)
Realized losses	(21,790)
Unrealized losses	<u>(13,816)</u>
Ending Balance, September 30, 2020	<u>\$ 1,381,578</u>

The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2019:

	<u>Fair Value Measurement Using Significant Unobservable Inputs (Level 3)</u>		
	<u>Hedge Fund</u>	<u>Partnerships</u>	<u>Total</u>
Beginning Balance, September 30, 2018	\$ 5,808	\$ 301,940	\$ 307,748
Deposits	-0-	820,000	820,000
Withdrawals	(4,213)	(99,548)	(103,761)
Realized losses	(648)	(7,771)	(8,419)
Unrealized losses	<u>(947)</u>	<u>(19,397)</u>	<u>(20,344)</u>
Ending Balance, September 30, 2019	<u>\$ -0-</u>	<u>\$ 995,224</u>	<u>\$ 995,224</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

**5. INVESTMENTS AND INVESTMENT RETURN**

A summary of the Organization's investments and investment returns as of September 30, 2020 and 2019 and for the years then ended is as follows:

	2020		2019	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
<b>Investments:</b>				
Money market funds	\$ 320,928	\$ 320,928	\$ 269,182	\$ 269,182
Exchange traded funds	7,333,250	12,939,243	6,567,714	11,729,222
Mutual funds	19,072,181	23,330,437	18,653,640	21,447,890
Partnerships and other	1,456,801	1,381,578	1,056,631	995,224
Total investments	<u>\$ 28,183,160</u>	<u>\$ 37,972,186</u>	<u>\$ 26,547,167</u>	<u>\$ 34,441,518</u>

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, 2020 and 2019:

	2020						Total
	General Fund	Board Designated Funds	Without Donor Restrictions Total	With Donor Restrictions	Auxiliary Total	Foundation Total	
Dividends and interest (net of expenses of \$40,539)	\$ 706,191	\$ 76,823	\$ 783,014	\$ 23,242	\$ 806,256	\$ 40,824	\$ 847,080
Net realized losses on investments	(21,347)	-0-	(21,347)	-0-	(21,347)	(443)	(21,790)
Net unrealized gains (losses) on investments	1,613,426	159,436	1,772,862	54,066	1,826,928	67,747	1,894,675
Total investment income	<u>\$ 2,298,270</u>	<u>\$ 236,259</u>	<u>\$ 2,534,529</u>	<u>\$ 77,308</u>	<u>\$ 2,611,837</u>	<u>\$ 108,128</u>	<u>\$ 2,719,965</u>
	2019						Total
	General Fund	Board Designated Funds	Total Funds Without Restriction	Donor Restricted Funds	Auxiliary Total	Foundation Total	
Dividends and interest (net of expenses of \$40,458)	\$ 805,794	\$ 80,958	\$ 886,752	\$ 25,108	\$ 911,860	\$ 33,631	\$ 945,491
Net realized gains on investments	(172,612)	(6,542)	(179,154)	(2,726)	(181,880)	(1,298)	(183,178)
Net unrealized gains on investments	16,707	10,916	27,623	901	28,524	8,410	36,934
Total investment income	<u>\$ 649,889</u>	<u>\$ 85,332</u>	<u>\$ 735,221</u>	<u>\$ 23,283</u>	<u>\$ 758,504</u>	<u>\$ 40,743</u>	<u>\$ 799,247</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

**6. PROPERTY AND EQUIPMENT**

The Organization's property and equipment for the years ended September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 270,400	\$ 270,400
Building and improvements	2,266,589	2,154,642
Furniture, office equipment and information technology	<u>1,778,958</u>	<u>1,696,049</u>
	4,315,947	4,121,091
Accumulated depreciation and amortization	<u>(1,543,764)</u>	<u>(1,386,310)</u>
	<u>\$ 2,772,183</u>	<u>\$ 2,734,781</u>

**7. NOTE PAYABLE**

Effective April 29, 2020, the Organization borrowed \$566,500 from a bank under the U.S. Small Business Administration's Paycheck Protection Program ("PPP"). Under the terms of the program, a portion or all of the loan may be forgiven if the Organization maintains certain levels of employment and spends the funds on qualified expenditures during a specified period following the funding of the loan. The loan accrues interest at 1% and no principal or interest payments are required for up to ten months after the deferral period. The Organization has applied for forgiveness and expects for the loan to be forgiven during the year ended September 30, 2021.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

**8. 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Auxiliary Net Assets Without Donor Restrictions:		
General operations	\$ 29,268,819	\$ 26,727,039
Auxiliary Board Designated Net Assets:		
National President's Scholarship Fund Endowment (NEC designated)	2,237,922	2,080,635
NEC designated reserves	2,189,353	2,039,353
Auxiliary Emergency Fund	670,036	626,536
Spirit of Youth Fund	418,439	364,641
Other	<u>106,887</u>	<u>106,887</u>
Total Auxiliary Board Designated Net Assets	<u>5,622,637</u>	<u>5,218,052</u>
Total Auxiliary Net Assets Without Donor Restrictions	<u>34,891,456</u>	<u>31,945,091</u>
Foundation Net Assets Without Donor Restrictions:		
General operations	<u>11,941</u>	<u>11,941</u>
Total consolidated net assets without donor restrictions	<u>\$ 34,903,397</u>	<u>\$ 31,957,032</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

**9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<b>Auxiliary Net Assets with Donor Restrictions:</b>		
Subject to expenditure for specific purposes:		
Spirit of Youth Fund	\$ 241,095	\$ 264,668
Emergency Fund grants	89,755	117,882
Other	178,154	80,810
	<u>509,004</u>	<u>463,360</u>
Endowment:		
Held in perpetuity	776,315	740,810
Undistributed endowment earnings	108,425	106,117
	<u>884,740</u>	<u>846,927</u>
 Total Auxiliary net assets with donor restrictions	 <u>1,393,744</u>	 <u>1,310,287</u>
<b>Foundation Net Assets with Donor Restrictions:</b>		
Subject to expenditure for specific purposes:		
Veteran Projects Fund	205,124	185,758
National and Local Veteran Creative Arts Festival(s)	140,188	126,336
Mission	3,715	3,715
	<u>349,027</u>	<u>315,809</u>
Endowment:		
Held in perpetuity	1,485,992	1,316,550
Undistributed endowment earnings	264,750	172,387
	<u>1,750,742</u>	<u>1,488,937</u>
 Total Foundation net assets with donor restrictions	 <u>2,099,769</u>	 <u>1,804,746</u>
 Total consolidated net assets with donor restrictions	 <u>\$ 3,493,513</u>	 <u>\$ 3,115,033</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

**10. NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets released from donor restrictions, due to the satisfaction of donor-imposed restrictions or by occurrence of other events specified by the donors during September 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Auxiliary:		
Emergency Fund grants and related expenses	\$ 223,988	\$ 189,160
National President's Scholarship Fund Endowment scholarships and related expenses, net of forfeitures	75,000	93,000
Spirit of Youth Fund scholarships and related expenses, net of forfeitures	63,880	46,744
Foundation:		
Endowment distributions in support of Auxiliary operations	14,731	30,606
Veteran Projects Fund Grants	42,087	86,204
National and Local Veteran Creative Arts Festival(s)	47,520	7,350
Auxiliary mission sub-grants to ALA National and ALA Departments, Districts, and Units	27,750	7,400
Costs of direct mail campaigns	114,737	90,050
	<u>\$ 609,693</u>	<u>\$ 550,514</u>

**11. 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

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

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash	\$ 96,684	\$ 137,461
Investments - PUFL	<u>4,232,292</u>	<u>4,051,055</u>
Total assets	<u>\$ 4,328,976</u>	<u>\$ 4,188,516</u>
<b>Liabilities:</b>		
Due to General Operating Fund	\$ 222,047	\$ 265,465
Deferred revenue - PUFL	<u>4,106,929</u>	<u>3,923,051</u>
	<u>\$ 4,328,976</u>	<u>\$ 4,188,516</u>

The cost and market value of investments in the PUFL Membership trust as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
<b>Investments:</b>				
Money market funds	\$ 87,227	\$ 87,227	\$ 86,905	\$ 86,905
Exchange traded funds	1,598,135	2,697,443	1,625,942	1,962,850
Mutual funds and other	<u>1,425,932</u>	<u>1,447,622</u>	<u>1,425,932</u>	<u>2,001,300</u>
Total investments	<u>\$ 3,111,294</u>	<u>\$ 4,232,292</u>	<u>\$ 3,138,779</u>	<u>\$ 4,051,055</u>

The following schedule summarizes the PUFL Membership trust investment income for the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Dividends and interest (net of expenses)	\$ 72,490	\$ 87,502
Net realized gains (losses) on investments	22,025	(20,938)
Net unrealized gains (losses) on investments	<u>208,722</u>	<u>(2,246)</u>
Total investment income	<u>\$ 303,237</u>	<u>\$ 64,318</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

12. 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:

	<u>2020</u>	<u>2019</u>
Projected benefit obligation	\$ (3,865,476)	\$ (3,747,855)
Fair value of plan assets	<u>2,515,557</u>	<u>2,267,688</u>
Funded status	<u>\$ (1,349,919)</u>	<u>\$ (1,480,167)</u>
Accumulated benefit obligation	<u>\$ (3,865,476)</u>	<u>\$ (3,747,855)</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:

	<u>2020</u>	<u>2019</u>
Liability for pension benefits	\$ 1,349,919	\$ 1,480,167
Unrecognized losses (Note 19)	(1,522,324)	(1,535,771)
Unamortized prior service cost (Note 19)	(115,631)	(125,730)
Net periodic pension cost	15,036	9,065
Employer contributions	121,738	30,000
Benefits paid	228,227	187,881

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

	<u>2020</u>	<u>2019</u>
Weighted-average assumptions:		
Discount rate	2.21%	2.88%
Rate of compensation increase	N/A	N/A

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

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

	<u>2020</u>	<u>2019</u>
Weighted-average assumptions:		
Discount rate	2.21%	2.88%
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 the years ended September 30:

2021	\$ 225,734
2022	238,645
2023	232,382
2024	225,857
2025	219,253
2026 - 2030	<u>1,033,509</u>
	<u>\$ 2,175,380</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. Plan assets are re-balanced quarterly. The most recent target asset allocation percentages and the actual plan assets by category at September 30, 2020 and 2019 were as follows:

	<u>Target</u>	<u>2020</u>	<u>2019</u>
Equity securities	40 - 60%	28%	28%
Debt securities	40 - 60%	67%	70%
Other	0 - 20%	5%	2%

The market values of the investments are measured by a Level 1 input in accordance with U.S. GAAP.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

**13. PROFIT SHARING PLAN**

The Auxiliary established a 401(k) Profit Sharing Plan subsequent to the freezing of the pension plan in 2008 (Note 12). 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 (2) years of service and becoming fully vested upon the fifth (5<sup>th</sup>) year of service. The Auxiliary contributed \$131,258 and \$107,910 in 2020 and 2019, respectively.

**14. OPERATING LEASES**

The Auxiliary leased its National Headquarters office under an operating lease agreement that expired in January 2019 subsequent to the purchase of the new headquarters property. Total lease expense for the National Headquarters office was \$65,045 for the year ended September 30, 2019.

**15. 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.

Activities between the Auxiliary and the Legion for the years ended September 30, 2020 and 2019 are summarized below:

	<u>2020</u>	<u>2019</u>
<b>Disbursements to Legion:</b>		
Conferences and convention	\$ 72,283	\$ 9,699
Legal services	11,500	7,500
National emblem sales	6,112	27,388
Contributions to the Legion and its affiliates	124,238	32,500
Other	11,004	24,420
	<u>\$ 225,137</u>	<u>\$ 101,507</u>
<b>Receipts:</b>		
National emblem sales	<u>\$ 37,651</u>	<u>\$ 65,858</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

16. NATIONAL PRESIDENT'S SCHOLARSHIP FUND ENDOWMENT

Composition of Endowment Net Assets

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 National Executive Committee ("NEC") and donor-designated funds. Contributions to the NEC-designated and donor-designated 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.

Endowment net assets at September 30, 2020 include the following:

	NEC <u>Designated</u>	Donor <u>Designated</u>	<u>Total</u>
Historic gift value	\$ 1,593,290	\$ 740,810	\$ 2,334,100
Accumulated earnings	<u>487,345</u>	<u>106,117</u>	<u>593,462</u>
Mission endowment net assets, beginning of year	<u>2,080,635</u>	<u>846,927</u>	<u>2,927,562</u>
Additions to endowment	-0-	35,505	35,505
Scholarships paid, net of forfeitures	-0-	(75,000)	(75,000)
Interest and dividends, net of fees	53,458	23,242	76,700
Unrealized gains	<u>103,829</u>	<u>54,066</u>	<u>157,895</u>
Change in endowment net assets	<u>157,287</u>	<u>37,813</u>	<u>195,100</u>
Mission endowment net assets, end of year	<u>\$ 2,237,922</u>	<u>\$ 884,740</u>	<u>\$ 3,122,662</u>
Historic gift value	\$ 1,593,290	\$ 776,315	\$ 2,369,605
Accumulated earnings	<u>644,632</u>	<u>108,425</u>	<u>753,057</u>
Mission endowment net assets, end of year	<u>\$ 2,237,922</u>	<u>\$ 884,740</u>	<u>\$ 3,122,662</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

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

	NEC <u>Designated</u>	Donor <u>Designated</u>	<u>Total</u>
Historic gift value	\$ 1,593,290	\$ 721,599	\$ 2,314,889
Accumulated earnings	<u>429,540</u>	<u>175,834</u>	<u>605,374</u>
Mission endowment net assets, beginning of year	<u>2,022,830</u>	<u>897,433</u>	<u>2,920,263</u>
Additions to endowment	-0-	19,211	19,211
Scholarships paid, net of forfeitures	-0-	(93,000)	(93,000)
Interest and dividends, net of fees	54,657	25,108	79,765
Realized gains	(4,327)	(2,726)	(7,053)
Unrealized gains	<u>7,475</u>	<u>901</u>	<u>8,376</u>
Change in endowment net assets	<u>57,805</u>	<u>(50,506)</u>	<u>7,299</u>
Mission endowment net assets, end of year	<u>\$ 2,080,635</u>	<u>\$ 846,927</u>	<u>\$ 2,927,562</u>
Historic gift value	\$ 1,593,290	\$ 740,810	\$ 2,334,100
Accumulated earnings	<u>487,345</u>	<u>106,117</u>	<u>593,462</u>
Mission endowment net assets, end of year	<u>\$ 2,080,635</u>	<u>\$ 846,927</u>	<u>\$ 2,927,562</u>

**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 UPMIFA 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 donor-restricted net assets: a) the original value of gifts donated to the donor-restricted endowment; b) the original value of subsequent gifts to the donor-restricted endowment; and c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is available to be appropriated for expenditure by the Organization.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

Endowment Draws

Endowment draws, net of forfeitures, of \$75,000 and \$93,000 were made during the years ended September 30, 2020 and 2019, 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 NEC 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 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.

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:

	<u>Target</u>
Equity securities	55%
Debt securities	28%
Cash and equivalents	2%
Alternative investments	15%

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

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.

17. AMERICAN LEGION AUXILIARY FOUNDATION ALA MISSION ENDOWMENT

Composition of ALA Mission 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.

Mission endowment net assets at September 30, 2020 and 2019 include the following:

	<u>2020</u>	<u>2019</u>
Historic gift value	\$ 1,316,550	\$ 1,063,255
Accumulated earnings	172,387	165,316
Endowment net assets, beginning of year	<u>1,488,937</u>	<u>1,228,571</u>
Additions to endowment, net	169,442	253,295
Endowment distributions	(14,731)	(30,606)
Interest and dividends, net of fees	39,790	30,565
Realized gains (losses)	(443)	(1,298)
Unrealized gains	<u>67,747</u>	<u>8,410</u>
Change in endowment net assets	<u>261,805</u>	<u>260,366</u>
Endowment net assets, end of year	<u>\$ 1,750,742</u>	<u>\$ 1,488,937</u>
Historic gift value	\$ 1,485,992	\$ 1,316,550
Accumulated earnings	<u>264,750</u>	<u>172,387</u>
Endowment net assets, end of year	<u>\$ 1,750,742</u>	<u>\$ 1,488,937</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

Governing Board's Interpretation of Relevant Law

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

Endowment Draws

Endowment draws during the years ending September 30, 2020 and 2019 were \$14,731 and \$30,606, 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.

**18. CONCENTRATIONS**

The Organization maintains cash and cash equivalents 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

19. COMPREHENSIVE INCOME

Comprehensive income for the years ended September 30, 2020 and 2019 includes the following:

	<u>2020</u>	<u>2019</u>
Change in net assets	\$ <u>3,324,845</u>	\$ <u>1,034,249</u>
Other comprehensive income:		
Unrecognized losses, beginning of year	1,535,771	1,001,279
Unrecognized losses, end of year	<u>1,522,324</u>	<u>1,535,771</u>
Change in unrecognized losses	<u>13,447</u>	<u>(534,492)</u>
Unamortized prior service cost, beginning of year	125,730	135,829
Unamortized prior service cost, end of year	<u>115,631</u>	<u>125,730</u>
Change in unamortized prior service cost	<u>10,099</u>	<u>10,099</u>
	<u>23,546</u>	<u>(524,393)</u>
Comprehensive income	\$ <u>3,348,391</u>	\$ <u>509,856</u>

SUPPLEMENTARY INFORMATION

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

ANALYSIS OF DEFERRED REVENUE – PUFL  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Increases:</b>		
Membership dues	\$ 222,567	\$ 166,060
Investment income	303,237	64,318
	<u>525,804</u>	<u>230,378</u>
<b>Decreases:</b>		
Distributions to departments	287,444	297,416
Administrative expense	54,482	61,364
	<u>341,926</u>	<u>358,780</u>
<b>Net Increase (Decrease)</b>	183,878	(128,402)
<b>Deferred Revenue, Beginning of Year</b>	<u>3,923,051</u>	<u>4,051,453</u>
<b>Deferred Revenue, End of Year</b>	<u>\$ 4,106,929</u>	<u>\$ 3,923,051</u>

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2020

**ASSETS**

	<u>Auxiliary</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,041,245	\$ 574,567	\$ -0-	\$ 1,615,812
Investments	36,325,697	1,646,489	-0-	37,972,186
Investments - PUFL	4,232,292	-0-	-0-	4,232,292
Prepaid expenses	109,837	-0-	-0-	109,837
Property and equipment, net	2,772,183	-0-	-0-	2,772,183
Other assets	<u>50,678</u>	<u>-0-</u>	<u>(2,100)</u>	<u>48,578</u>
Total assets	<u>\$ 44,531,932</u>	<u>\$ 2,221,056</u>	<u>\$ (2,100)</u>	<u>\$ 46,750,888</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>				
Accounts payable	\$ 504,398	\$ 104,346	\$ (2,100)	\$ 606,644
Accrued expenses	275,272	-0-	-0-	275,272
Accrued scholarships	127,500	-0-	-0-	127,500
Deferred revenue - dues	2,954,169	-0-	-0-	2,954,169
Deferred revenue - PUFL	4,106,929	-0-	-0-	4,106,929
Deferred revenue - other	-0-	5,000	-0-	5,000
Liability for pension benefits	1,349,919	-0-	-0-	1,349,919
Note payable	<u>566,500</u>	<u>-0-</u>	<u>-0-</u>	<u>566,500</u>
Total liabilities	<u>9,884,687</u>	<u>109,346</u>	<u>(2,100)</u>	<u>9,991,933</u>
<b>Net Assets:</b>				
Without donor restrictions	34,891,456	11,941	-0-	34,903,397
With donor restrictions	<u>1,393,744</u>	<u>2,099,769</u>	<u>-0-</u>	<u>3,493,513</u>
Total net assets before accumulated other comprehensive loss	36,285,200	2,111,710	-0-	38,396,910
Accumulated other comprehensive loss	<u>(1,637,955)</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,637,955)</u>
Total net assets	<u>34,647,245</u>	<u>2,111,710</u>	<u>-0-</u>	<u>36,758,955</u>
Total liabilities and net assets	<u>\$ 44,531,932</u>	<u>\$ 2,221,056</u>	<u>\$ (2,100)</u>	<u>\$ 46,750,888</u>

See Independent Auditor's Report on pages 1 - 2.

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

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2020**

	Auxiliary			Foundation			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Auxiliary Total	Without Donor Restrictions	With Donor Restrictions	Foundation Total		
<b>Revenue and Support:</b>								
Contract revenues:								
Membership dues	\$ 6,571,753	\$ -0-	\$ 6,571,753	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,571,753
Non-contract revenues:								
Contributions	699,196	369,017	1,068,213	179,790	433,720	613,510	(216,840)	1,464,883
Advertising	236,846	-0-	236,846	-0-	-0-	-0-	-0-	236,846
Other	407,836	-0-	407,836	-0-	-0-	-0-	-0-	407,836
	<u>1,343,878</u>	<u>369,017</u>	<u>1,712,895</u>	<u>179,790</u>	<u>433,720</u>	<u>613,510</u>	<u>(216,840)</u>	<u>2,109,565</u>
Total revenue and support	<u>7,915,631</u>	<u>369,017</u>	<u>8,284,648</u>	<u>179,790</u>	<u>433,720</u>	<u>613,510</u>	<u>(216,840)</u>	<u>8,681,318</u>
<b>Net assets released from donor restrictions</b>	<u>362,868</u>	<u>(362,868)</u>	<u>-0-</u>	<u>246,825</u>	<u>(246,825)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>8,278,499</u>	<u>6,149</u>	<u>8,284,648</u>	<u>426,615</u>	<u>186,895</u>	<u>613,510</u>	<u>(216,840)</u>	<u>8,681,318</u>
<b>Expenses:</b>								
Member and department support services	3,756,354	-0-	3,756,354	16,441	-0-	16,441	-0-	3,772,795
Youth and education services	655,919	-0-	655,919	32,133	-0-	32,133	-0-	688,052
Veterans and military families programs	717,993	-0-	717,993	102,491	-0-	102,491	(39,600)	780,884
Total program services	5,130,266	-0-	5,130,266	151,065	-0-	151,065	(39,600)	5,241,731
Management and general	1,735,893	-0-	1,735,893	93,383	-0-	93,383	(177,240)	1,652,036
Fundraising	1,000,504	-0-	1,000,504	182,167	-0-	182,167	-0-	1,182,671
Total expenses	<u>7,866,663</u>	<u>-0-</u>	<u>7,866,663</u>	<u>426,615</u>	<u>-0-</u>	<u>426,615</u>	<u>(216,840)</u>	<u>8,076,438</u>
Change in net assets from operations	411,836	6,149	417,985	-0-	186,895	186,895	-0-	604,880
<b>Investment Income, Net of Expenses</b>	<u>2,534,529</u>	<u>77,308</u>	<u>2,611,837</u>	<u>-0-</u>	<u>108,128</u>	<u>108,128</u>	<u>-0-</u>	<u>2,719,965</u>
Change in net assets	2,946,365	83,457	3,029,822	-0-	295,023	295,023	-0-	3,324,845
<b>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</b>	<u>31,945,091</u>	<u>1,310,287</u>	<u>33,255,378</u>	<u>11,941</u>	<u>1,804,746</u>	<u>1,816,687</u>	<u>-0-</u>	<u>35,072,065</u>
<b>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</b>	<u>\$ 34,891,456</u>	<u>\$ 1,393,744</u>	<u>\$ 36,285,200</u>	<u>\$ 11,941</u>	<u>\$ 2,099,769</u>	<u>\$ 2,111,710</u>	<u>\$ -0-</u>	<u>\$ 38,396,910</u>

See Independent Auditor's Report on pages 1 - 2.

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

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2019**

	Auxiliary			Foundation			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Auxiliary Total	Without Donor Restrictions	With Donor Restrictions	Foundation Total		
<b>Revenue and Support:</b>								
Contract revenues:								
Membership dues	\$ 6,368,414	\$ -0-	\$ 6,368,414	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,368,414
Non-contract revenues:								
Contributions	837,074	313,314	1,150,388	255,465	516,972	772,437	(278,181)	1,644,644
Federal grants and cost sharing	283,426	-0-	283,426	-0-	-0-	-0-	-0-	283,426
Advertising	664,816	-0-	664,816	-0-	-0-	-0-	-0-	664,816
Other	1,785,316	313,314	2,098,630	255,465	516,972	772,437	(278,181)	2,592,886
Total revenue and support	8,153,730	313,314	8,467,044	255,465	516,972	772,437	(278,181)	8,961,300
<b>Net assets released from donor restrictions</b>	328,904	(328,904)	-0-	221,610	(221,610)	-0-	-0-	-0-
Total revenue and support	8,482,634	(15,590)	8,467,044	477,075	295,362	772,437	(278,181)	8,961,300
<b>Expenses:</b>								
Member and department support services	4,783,752	-0-	4,783,752	-0-	-0-	-0-	-0-	4,783,752
Youth and education services	872,363	-0-	872,363	43,191	-0-	43,191	(22,716)	892,838
Veterans and military families programs	546,180	-0-	546,180	123,680	-0-	123,680	-0-	669,860
Total program services	6,202,295	-0-	6,202,295	166,871	-0-	166,871	(22,716)	6,346,450
Management and general	1,765,356	-0-	1,765,356	106,537	-0-	106,537	(255,465)	1,616,428
Fundraising	559,753	-0-	559,753	203,667	-0-	203,667	-0-	763,420
Total expenses	8,527,404	-0-	8,527,404	477,075	-0-	477,075	(278,181)	8,726,298
Change in net assets from operations	(44,770)	(15,590)	(60,360)	-0-	295,362	295,362	-0-	235,002
<b>Investment Income, Net of Expenses</b>	735,221	23,283	758,504	-0-	40,743	40,743	-0-	799,247
Change in net assets	690,451	7,693	698,144	-0-	336,105	336,105	-0-	1,034,249
<b>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</b>	31,254,640	1,302,594	32,557,234	11,941	1,468,641	1,480,582	-0-	34,037,816
<b>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</b>	\$ 31,945,091	\$ 1,310,287	\$ 33,255,378	\$ 11,941	\$ 1,804,746	\$ 1,816,687	\$ -0-	\$ 35,072,065

See Independent Auditor's Report on pages 1 - 2.

**AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS**  
**Statement of Activities**  
**Quarter Ended December 31, 2020 and 2019**

	QUARTER ENDED 12/31/2020			QUARTER ENDED 12/31/2019		
	Actual	Budget	Over (Under) Budget	Actual	Budget	Over (Under) Budget
<b>REVENUE</b>						
Programs:						
Member and Department Support Services	\$ 3,709,304	\$ 3,653,483	\$ 55,821	\$ 3,982,780	\$ 3,693,128	\$ 289,652
Youth and Education Services	\$ 1,017	\$ 1,700	\$ (683)	\$ 24,586	\$ 28,600	\$ (4,014)
Veteran and Military Family Programs	\$ -	\$ 5,000	\$ (5,000)	\$ 5,416	\$ 6,000	\$ (584)
Total Program Services	\$ 3,710,321	\$ 3,660,183	\$ 50,138	\$ 4,012,782	\$ 3,727,728	\$ 285,054
Management and General	\$ 220	\$ 300	\$ (80)	\$ 2,497	\$ 300	\$ 2,197
Fundraising	\$ 473,176	\$ 286,923	\$ 186,253	\$ 222,934	\$ 309,769	\$ (86,835)
<b>Total Revenue</b>	<b>\$ 4,183,717</b>	<b>\$ 3,947,406</b>	<b>\$ 236,311</b>	<b>\$ 4,238,213</b>	<b>\$ 4,037,797</b>	<b>\$ 200,416</b>
<b>EXPENSES</b>						
Programs:						
Member and Department Support Services	\$ 809,218	\$ 1,153,990	\$ 344,772	\$ 1,056,565	\$ 1,213,359	\$ 156,794
Youth and Education Services	\$ 58,238	\$ 102,320	\$ 44,082	\$ 157,236	\$ 133,289	\$ (23,947)
Veteran and Military Family Programs	\$ 62,273	\$ 161,172	\$ 98,899	\$ 161,636	\$ 232,187	\$ 70,551
Total Program Services	\$ 929,729	\$ 1,417,482	\$ 487,753	\$ 1,375,437	\$ 1,578,835	\$ 203,398
Management and General	\$ 739,141	\$ 840,877	\$ 101,736	\$ 568,191	\$ 727,021	\$ 158,830
Fundraising	\$ 262,045	\$ 370,420	\$ 108,375	\$ 350,684	\$ 327,229	\$ (23,455)
<b>Total Expenses</b>	<b>\$ 1,930,915</b>	<b>\$ 2,628,779</b>	<b>\$ 697,864</b>	<b>\$ 2,294,312</b>	<b>\$ 2,633,085</b>	<b>\$ 338,773</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 2,252,802</b>	<b>\$ 1,318,627</b>	<b>\$ 934,175</b>	<b>\$ 1,943,901</b>	<b>\$ 1,404,712</b>	<b>\$ 539,189</b>
<b>Other Revenue/Expenses</b>						
- Internal Release from Reserves	\$ (132,751)	\$ (250,800)	\$ (118,049)	\$ (81,131)	\$ (63,400)	\$ 17,731
+ Investment Income: Interest/Dividends	\$ 410,969	\$ 274,599	\$ (136,370)	\$ 350,175	\$ 295,218	\$ (54,957)
± UB: Invest. Income: Realized/Unrealized Gains/Losses	\$ 3,784,116	\$ -	\$ (3,784,116)	\$ 1,606,894	\$ -	\$ (1,606,894)
- Accruals	\$ (51,556)	\$ -	\$ 51,556	\$ (3,929)	\$ -	\$ 3,929
<b>NET INCOME (LOSS)</b>	<b>\$ 6,632,204</b>	<b>\$ 1,844,026</b>	<b>\$ 4,788,178</b>	<b>\$ 3,986,030</b>	<b>\$ 1,636,530</b>	<b>\$ 2,349,500</b>

**American Legion Auxiliary National Headquarters**  
**Comparative Statement of Financial Position**  
**December 2020 and 2019**

	At 12/31/2020	At 12/31/2019	Variance \$	Variance %
<b>Assets</b>				
Cash - Non PUFL	\$ 1,702,143	\$ 332,043	\$ 1,370,099	413%
Cash - PUFL	\$ 93,176	\$ 67,963	\$ 25,213	37%
Investments - Non PUFL	\$ 41,544,266	\$ 37,103,580	\$ 4,440,686	12%
Investments - PUFL	\$ 4,544,753	\$ 4,163,108	\$ 381,645	9%
Receivables - Non Grants	\$ 38,033	\$ (1,894)	\$ 39,928	-2108%
Prepaid Expenses and Deposits	\$ 165,705	\$ 117,021	\$ 48,684	42%
Fixed Assets	\$ 2,740,108	\$ 2,700,194	\$ 39,914	1%
Due to/from - PUFL	\$ (18,126)	\$ (17,786)	\$ (340)	2%
Due from ALA Foundation	\$ 397	\$ 5,685	\$ (5,288)	-93%
Other Assets	\$ 4,170	\$ 4,214	\$ (44)	-1%
<b>Total Assets</b>	<b>\$ 50,814,625</b>	<b>\$ 44,474,128</b>	<b>\$ 6,340,497</b>	<b>14%</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 143,167	\$ 336,879	\$ (193,711)	-58%
Loans Payable	\$ 566,500	\$ -	\$ 566,500	100%
Accrued Expenses - Scholarships	\$ 127,500	\$ 87,000	\$ 40,500	47%
Accrued Expenses - Non Scholarships	\$ 214,662	\$ 144,920	\$ 69,743	48%
Deferred Income - Dues	\$ 2,615,566	\$ 2,685,924	\$ (70,359)	-3%
Deferred Income - PUFL	\$ 4,655,986	\$ 4,247,685	\$ 408,301	10%
Deferred Income - Other	\$ 225	\$ 2,600	\$ (2,375)	-91%
Liability for Retirement Benefits	\$ 1,349,919	\$ 1,480,167	\$ (130,248)	-9%
Due to/from - PUFL	\$ (18,126)	\$ (17,786)	\$ (340)	2%
Due To ALA Foundation	\$ 982	\$ 578	\$ 404	70%
Other	\$ 10,362	\$ 8,534	\$ 1,828	21%
<b>Total Liabilities</b>	<b>\$ 9,666,743</b>	<b>\$ 8,976,501</b>	<b>\$ 690,242</b>	<b>8%</b>
<b>Net Assets</b>	<b>\$ 41,147,882</b>	<b>\$ 35,497,628</b>	<b>\$ 5,650,255</b>	<b>16%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 50,814,625</b>	<b>\$ 44,474,128</b>	<b>\$ 6,340,497</b>	<b>14%</b>

**APPENDIX D**



**SUMMARY OF MOTIONS/RESOLUTIONS**

**2021 MID-YEAR NEC MEETING**

**National Executive Committee  
2021 Mid-Year Meeting  
Via Zoom  
February 27, 2021**

**Summary of Motions/Resolutions**

*M/S/C = Moved/Seconded/Carried*

M/S/C Minutes Approval Committee: NEC [FL] Michele DeGennaro, NEC [MS] Tina Hurst, NEC [KY] Jerilynn Kabel met virtually on January 12, 2021 and approved the minutes from the 2020 Special NEC Meeting held September 23, 2020.

M/S/C to approve the items on the Consent Agenda, as circulated in advance in NEC board packet emailed 2/19/21:

- to ratify Unit Charter Cancellations (54 charters)
- to confirm National Appointments changes and appointments to Inclusion & Diversity Special Committee and Code of Ethical Conduct Review Special Committee

National Finance Committee Policy Recommendations

- to adopt the updated ALA National President Foreign Travel Policy
- to adopt the new AEF Grant Policy
- to adopt the updated ALA Contract and Signature Authority Policy
- to adopt the ALA Investment Policy Statement

National Audit Committee Policy Recommendations

- to adopt the new ALA Employee and Volunteer Background Check Policy

*Yes: 41                  No: 7*

M/C Motion from National Audit Committee to accept the external auditor's Fiscal Year 2020 audit reports of both the American Legion Auxiliary and the ALA Foundation, as orally presented by Mike Staton, CPA and Justin Schwartz, CPA, Alerding CPA Group.

*Yes: 45                  No: 1*