



**NATIONAL EXECUTIVE  
COMMITTEE MEETING**

**March 22-23, 2014**

**Washington Hilton Hotel  
Washington, D.C.**



**MEMBERS PRESENT**  
**SATURDAY, MARCH 22, 2014**

**National Officers**

National President .....	Nancy Brown-Park
National Vice President .....	Janet Jefford
Central Division National Vice President .....	Donna Ray
Eastern Division National Vice President .....	Margaret McMahon
Northwestern Division National Vice President .....	Patricia “Pat” Steranka
Southern Division National Vice President.....	Angela Kilcrease
Western Division National Vice President.....	Ginger Cox
National Chaplain .....	Shelley Riggs
National Historian .....	Sharon L. Doran
National Secretary .....	Mary “Dubbie” Buckler
National Treasurer .....	Marta Hedding

**Past National Presidents**

Pearl M. Behrend  
Linda Boone  
Phyllis Sickmond  
Virginia Hobbs  
Elizabeth Stewart  
Katherine Morris  
Carol Van Kirk  
JoAnn Cronin  
Jan Pulvermacher-Ryan  
Desirée Stoy  
Miriam Junge  
Carlene Ashworth  
Kris Nelson  
Peggy Thomas

## National Executive Committeewomen

Alabama .....	Dorothy Broad
Alaska .....	Susan Diaz
Arizona .....	Kathleen Medalen
Arkansas .....	Lisa Evridge
California .....	Anita Biggs
Colorado .....	Karen Boehler
Connecticut .....	Nancy Hansen
Delaware .....	Dolores Taylor
District of Columbia .....	-
Florida .....	Peggy Hearlson
Georgia .....	Susie Mash
Hawaii .....	Laura Hashimoto
Idaho .....	Barbara Gehring
Illinois .....	Pat Sienkiewicz
Indiana .....	Nancy Gunning
Iowa .....	Mary Littrell
Kansas .....	Cherie Thomas
Kentucky .....	Lois Hall
Louisiana .....	Monique Batiste
Maine .....	Mary Jane McLoon
Maryland .....	Ivy Christoffers
Massachusetts .....	Judith Hall
Michigan .....	Mary A. Yuncker
Minnesota .....	Raleen Tolzmann
Mississippi .....	Sarah Edwards
Missouri .....	Laura Mosby
Montana .....	Karen Susag
Nebraska .....	Cheryl Vap
Nevada .....	Pat Salmen
New Hampshire .....	Claudia Vatcher
New Jersey .....	Leila Newell
New Mexico .....	Mary Heiligenthal
New York .....	Sally Johnston
North Carolina .....	Mary Ward
North Dakota .....	Linda Juntunen
Ohio .....	Vicky Buck
Oklahoma .....	Dorothy Clingenpeel
Oregon .....	Pam Seelye
Pennsylvania .....	B.J. Lysic
Puerto Rico .....	Hilda Soto
Rhode Island .....	Dianne Winston
South Carolina .....	Barbara Stoffer
South Dakota .....	Barb Vetter
Tennessee .....	Geneva Pettit
Texas .....	Marty Peters
Utah .....	Ellen Nathan
Vermont .....	Candace Huseman
Virginia .....	Anne Starke
Washington .....	Jane Montaney

West Virginia .....	Debra Fox
Wisconsin .....	Diana Sirovina
Wyoming .....	Joyce Menke

**MEMBERS PRESENT  
SUNDAY, MARCH 23, 2014**

**National Officers**

National President .....	Nancy Brown-Park
National Vice President .....	Janet Jefford
Central Division National Vice President .....	Donna Ray
Eastern Division National Vice President .....	Margaret McMahon
Northwestern Division National Vice President .....	Patricia “Pat” Steranka
Southern Division National Vice President.....	Angela Kilcrease
Western Division National Vice President .....	Ginger Cox
National Chaplain .....	Shelley Riggs
National Historian .....	Sharon L. Doran
National Secretary .....	Mary “Dubbie” Buckler
National Treasurer .....	Marta Hedding

**Past National Presidents**

- Pearl M. Behrend
- Linda Boone
- Linda Newsome
- Phyllis Sickmond
- Virginia Hobbs
- Elizabeth Stewart
- Kristine West
- Carol Van Kirk
- JoAnn Cronin
- Jan Pulvermacher-Ryan
- Desireé Stoy
- Miriam Junge
- Rita Navarreté
- Carlene Ashworth
- Kris Nelson
- Peggy Thomas

## National Executive Committeewomen

Alabama .....	Dorothy Broad
Alaska .....	Susan Diaz
Arizona .....	Kathleen Medalen
Arkansas .....	Lisa Evridge
California .....	Anita Biggs
Colorado .....	Karen Boehler
Connecticut .....	Nancy Hansen
Delaware .....	Dolores Taylor
District of Columbia .....	-
Florida .....	Peggy Hearlson
Georgia .....	Susie Mash
Hawaii .....	Laura Hashimoto
Idaho .....	Barbara Gehring
Illinois .....	Pat Sienkiewicz
Indiana .....	Nancy Gunning
Iowa .....	Mary Littrell
Kansas .....	Cherie Thomas
Kentucky .....	Lois Hall
Louisiana .....	-
Maine .....	Mary Jane McLoon
Maryland .....	Ivy Christoffers
Massachusetts .....	Judith Hall
Michigan .....	Mary A. Yuncker
Minnesota .....	Raleen Tolzmann
Mississippi .....	Sarah Edwards
Missouri .....	Laura Mosby
Montana .....	Karen Susag
Nebraska .....	Cheryl Vap
Nevada .....	Pat Salmen
New Hampshire .....	Claudia Vatcher
New Jersey .....	Leila Newell
New Mexico .....	Mary Heiligenthal
New York .....	Sally Johnston
North Carolina .....	Mary Ward
North Dakota .....	Linda Juntunen
Ohio .....	Vicky Buck
Oklahoma .....	Dorothy Clingenpeel
Oregon .....	Pam Seelye
Pennsylvania .....	B.J. Lysic
Puerto Rico .....	Hilda Soto
Rhode Island .....	Dianne Winston
South Carolina .....	Barbara Stoffer
South Dakota .....	Barb Vetter
Tennessee .....	Geneva Pettit
Texas .....	Marty Peters
Utah .....	Ellen Nathan
Vermont .....	Candace Huseman
Virginia .....	Anne Starke
Washington .....	Jane Montaney

West Virginia .....	Debra Fox
Wisconsin .....	Diana Sirovina
Wyoming .....	Joyce Menke

**TABLE OF CONTENTS**

**SATURDAY, MARCH 22, 2014**

**NATIONAL EXECUTIVE COMMITTEE MEETING**

Call to Order .....	8
Introductions .....	9
Audit Committee Report .....	14
External Auditor’s Report .....	16
Finance Committee Report .....	25
American Legion Auxiliary Foundation Report .....	27
Legislative Committee Report .....	30
Auxiliary Emergency Fund Report .....	31
Membership Committee Report .....	32
Public Relations Committee Report .....	33
Leadership Committee Report .....	34

**SUNDAY, MARCH 23, 2014**

**NATIONAL EXECUTIVE COMMITTEE MEETING**

Call to Order .....	37
Americanism Report .....	37
ALA Girls Nation Report .....	38
Junior Activities Report .....	39
Children & Youth Report .....	41
Community Service Report .....	42
Education Report .....	43
Past Presidents Parley Report .....	44
National Security Report .....	44
Veterans Affairs & Rehabilitation Report .....	46
Poppy Report .....	48
National Secretary’s Report .....	50
Strategic Planning Report .....	55

<b><u>APPENDIX A:</u></b> National Mid-Year Reports: National Chairmen .....	70
--	----

<b><u>APPENDIX B:</u></b> Financial Statements .....	93
--	----

<b><u>APPENDIX C:</u></b> Summary of Motions/Resolutions Adopted .....	150
--	-----

**SATURDAY, MARCH 22, 2014**  
**NATIONAL EXECUTIVE COMMITTEE MEETING**

PRESIDENT BROWN-PARK: Can we have a two-minute warning?  
(Ringing of the bell.)

PRESIDENT BROWN-PARK: This National Executive Committee will now come to order. Please disable all electronic devices or place them in the silent mode. Please rise and remain standing for the opening ceremonies.

Linda Workman and Sherry Schneider will advance the colors.

National Chaplain Shelley Riggs will offer the invocation.

CHAPLAIN RIGGS: Let us pray. Almighty God, tonight we gather to discuss and make decisions for the good of our organization. We ask Your blessing upon us as we set our sights on the accomplishments made to date and strive to continue doing great things. We pray for Your blessing and guidance on President Nancy as well as her officers and chairmen. This year has been a year to pass it on.

We ask You to uphold our country's leaders as well as our servicemen and women who so bravely defend our Constitution and our well-being. We pray for You to keep close those who could not be with us at this meeting because of illness or other problems. May they be sheltered by Your great wings of love and healing. We know You are near, so please be a guiding light to us at all times.

We all are God's precious children no matter of the creed, color, or race. Let our lives reflect God's abiding love so that others will know of His grace. All this we ask in Your most holy name, Amen.

VOICES: Amen.

CHAPLAIN RIGGS: A hug is a great gift, one size fits us all and it's easy to exchange. So turn to one another and give each other a hug. And now pass it on. Okay, quiet for the rest of the program.

PRESIDENT BROWN-PARK: Thank you. What a great way to start, that's great. Thank you, Shelley. The chair calls upon Americanism Chairman Martha Lee Thatcher to lead the Pledge of Allegiance and the National Anthem.

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

ALL: (Singing.) Oh say can you see by the dawn's early light what so proudly we hailed at the twilight's last gleaming? Whose broad stripes and bright stars through the perilous fight o'er the ramparts we watched were so gallantly streaming. And the rockets red glare, the bombs bursting in air, gave proof through the night that our Flag was still there. Oh say does that Star Spangled Banner yet wave o'er the land of the free and the home of the brave.

PRESIDENT BROWN-PARK: Thank you. Now Constitution & Bylaws Chairman Kathy Dungan will lead us in the preamble to the Constitution.

ALL: For God and Country, we associate ourselves together for the following purposes: to uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate a 100 percent Americanism; to preserve the memories of the instances of our associations during the Great Wars; to inculcate a

sense of individual obligation to the community, state, and nation; to combat the autocracy of both the classes and the masses; to make right the master of might; to promote peace and goodwill on earth; to safeguard and transmit through posterity the principles of justice, freedom, and democracy; to participate in and contribute to the accomplishments of the aims and purposes of the American Legion; to consecrate and sanctify our association by our devotion to mutual helpfulness.

PRESIDENT BROWN-PARK: National Security Chairman Marie Goede will offer the POW/MIA Resolution.

CHAIRMAN GOEDE: The American Legion Resolution #288 adopted at the 67th American Legion National Convention calls for designating a POW/MIA Chair at all official meetings of the American Legion as a physical symbol of thousands of POW/MIAs still unaccounted for from all wars and conflicts involving the United States of America. The Chair cover on the empty chair, a reminder for all of us to spare no effort to secure the release of any American prisoners from captivity, the repatriation of the remains of those who died bravely in defense of liberty, and a full accounting of those missing. Let us rededicate ourselves for this vital endeavor.

PRESIDENT BROWN-PARK: Would the color bearers please retire and the audience please be seated?

The mid-year meeting of the National Executive Committee is convened. Welcome to all of you and thank you for being here this evening. I trust your travels were safe and absent of too many challenges, yes? Were they? Better than mine, I hope. And I am pleased to see all of you and am excited to be conducting the business at hand.

The National Executive Committee is the Auxiliary's governing board which makes each of you caretakers of this organization. As caretakers you all have the fiduciary obligation to act on behalf of the organization and advance its interests. Could I have a little more light? Okay. Does anybody have a flashlight? Okay. I could just make this up and it would be okay, right?

All decisions made by this governing board must be informed decisions made with undivided allegiance to this organization's mission. Please know that I take your role -- this is supposed to be serious stuff. Please know that I take your role and responsibility very seriously and I hope you do the same. I welcome your active participation in both listening and sharing your voices as the business before you is presented.

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

I would like to welcome all the Past National Presidents. Would you please stand and be recognized?

(Applause.)

PRESIDENT BROWN-PARK: I would also like to recognize the National Chairmen and the many National Committee members that are present. Will you please stand and be recognized?

(Applause.)

PRESIDENT BROWN-PARK: I welcome your support and being part of the team that is committed to make this organization successful. I am happy to see so many

department representatives here. Are there any empty chairs? Just one? Oh, two? Okay. Great. We are a community based organization and I thank you all for being here.

I would like to recognize our National Staff members who are present tonight, don't sneak out the door, and thank them for their diligence and hard work in putting this meeting together. They are an awesome group of people. They have done an incredible job.

(Applause.)

PRESIDENT BROWN-PARK: It is amazing to watch what they do at the National Staff and how they pull these meetings together. Thank you, each and every one of you, for all the really hard work that you do and have done before we ever got to this point. So thank you so much.

Okay, so everybody in the room, how many are here for the first time? Whoa, that's pretty awesome. Well, we hope you like it and you come back again. My hope is that you will have a terrific National Executive Committee meeting and everybody here has a productive and informative Washington, D.C. Conference. And I think we have a lot of fun things planned so I think it is going to be fun. So on that note, let's get started.

Please remember that everyone wishing to speak is first asked to make her way to the microphone in the center aisle, right here, right? There's one here, and one here. This is the only way your remarks can be heard for recording by our report for the transcripts of the meeting. You must be recognized by the Chair before speaking.

In lieu of having our National Secretary call the roll of the National Executive Committee, I ask that your attendance be documented by signing in the appropriate space on the attendance sheet that is being provided. Has everybody seen that? Okay. It's coming around. Each of you is charged with the responsibility to document your attendance at this meeting. These sheets will be collected at the close of the meeting.

So I would like to make a few introductions. I'm going to start over here, Janet Jefford, National Vice President.

(Applause.)

PRESIDENT BROWN-PARK: Donna Ray, Central Division National Vice President.

(Applause.)

PRESIDENT BROWN-PARK: Maggie McMahon, Eastern Division National Vice President.

(Applause.)

PRESIDENT BROWN-PARK: And Maggie told me I can't go back into their Division anymore because every time I do it snows. Pat Steranka, Northwestern Division National Vice President.

(Applause.)

PRESIDENT BROWN-PARK: Angela Kilcrease, Southern Division National Vice President.

(Applause.)

PRESIDENT BROWN-PARK: Ginger Cox, Western Division National Vice President.

(Applause.)

PRESIDENT BROWN-PARK: Shelley Riggs, National Chaplain.

(Applause.)

PRESIDENT BROWN-PARK: Sharon Doran, National Historian.

(Applause.)

PRESIDENT BROWN-PARK: Mary “Dubbie” Buckler, National Secretary.

(Applause.)

PRESIDENT BROWN-PARK: Marta Hedding, National Treasurer.

(Applause.)

PRESIDENT BROWN-PARK: Chris Dickey will serve as our Parliamentarian for this meeting.

(Applause.)

PRESIDENT BROWN-PARK: Linda Workman, my personal page from the Department of California.

(Applause.)

PRESIDENT BROWN-PARK: And Sherry Schneider, a personal page also from the Department of California.

(Applause.)

PRESIDENT BROWN-PARK: And in case you were wondering, yes, they are mother and daughter.

Before we begin with the consent agenda I would like to remind everyone that the Minutes Approval Committee is responsible for approving the NEC’s meeting minutes. This year’s committee consists of the NEC from Virginia, Connecticut, and Wisconsin. Just stand for a second so that we know you are all here. Perfect, thank you.

(Applause.)

PRESIDENT BROWN-PARK: The Chair has received confirmation that the Minutes Approval Committee duly met, thoroughly reviewed, and after making any necessary proofing edits approved the proceedings from the pre- and post-convention NEC meetings. The proceedings are posted on the American Legion Auxiliary website.

We will begin by utilizing a consent agenda in lieu of multiple motions to handle many of the basic business items. These items are listed on your agenda and include appointment changes from convention; the charter cancellations since August, 2013; National Finance Committee’s policies reviewed and updated, and those include merchandising and licensing policy review; membership list protection and member benefits; National Audit Committee policy reviewed and updated and that includes emergency response and disaster recovery plan renewal; resolutions, a resolution supporting the American Legion’s legislative priorities; resolution supporting Franklin Project National Service.

You received information on each of these items prior to this meeting and any updates have been placed on your chair. The consent agenda works as follows. The Chair will entertain a motion to adopt all items as presented with no discussion necessary. If a member wishes to discuss any of the items or make corrections to an item the Chair will entertain a motion to remove that item from the consent agenda prior to voting. Voting on the consent agenda will then proceed and then the item removed from the consent agenda will be handled separately. I want to again remind all of you that anyone wishing to speak is first asked to make their way to the microphone in the center aisle and

wait to be recognized by the Chair before speaking. Are there any questions on the use of the consent agenda?

The Chair will entertain a motion to adopt the consent agenda.

MS. PETERS: I wanted to request that the Franklin Project be taken off the consent agenda.

PRESIDENT BROWN-PARK: Okay, we can do that. I still, I need a motion to adopt the consent agenda, removing the Franklin Project from that. Yes, now you can.

MS. MONTANEY: Madam President? Jane Montaney, NEC Department of Washington. I move we accept the consent agenda with the removal of the Franklin Project.

PRESIDENT BROWN-PARK: Is there a second?

VOICE: Second.

PRESIDENT BROWN-PARK: Okay. The motion has been made to adopt the consent agenda, removing the Franklin Fund resolution. There is no debate on the consent agenda. All those in favor of adopting the consent agenda say, "Aye."

(A chorus of ayes.)

PRESIDENT BROWN-PARK: Those opposed say, "No."

(No response.)

PRESIDENT BROWN-PARK: Motion carried.

I'd like to ask for a motion to adopt the National Community Service Committee support for the Franklin Project Consent of National Service Opportunities Resolution.

VOICE: I move that we adopt the resolution on the Franklin Project.

PRESIDENT BROWN-PARK: Do I have a second?

MS. MONTANEY: Second.

PRESIDENT BROWN-PARK: We have a second, Jane from the State of Washington, right? Now it's open for discussion. Is there any discussion on the Franklin Project?

MS. PETERS: Marty Peters, NEC, Department of Texas. Sorry, I forgot to do that last time. I am uncomfortable with one word. And it is in the one, two, three, four, fifth paragraph. And it says expected. And I would be very comfortable if it said encouraged. But expected just sounds a little too expected.

PRESIDENT BROWN-PARK: Is it in the whereas or the resolved?

MS. PETERS: It is in the whereas.

PRESIDENT BROWN-PARK: In the fifth paragraph? One, two, three, four, five.

MS. PETERS: Next to the --

PRESIDENT BROWN-PARK: So it says whereas a large nonpartisan group of nationally prominent Americans, is that the one you are looking at?

MS. PETERS: That is that whereas.

PRESIDENT BROWN-PARK: That is the whereas? Okay.

MS. PETERS: And in, and in, it says Americans at some point in their lives -- wait. "A full-time voluntary service to our country would become an expected patriotic act by all Americans at some point in their lives." And I think if we said encouraged it would give the same impression and yet not be quite as adamant. So thank you.

PRESIDENT BROWN-PARK: So quickly if I can respond to that, this is their wording. This is the Franklin Fund's wording that they are hoping that someday that young Americans will take on a role of service for a year. I had a, I can share a little bit with you -- I guess I can do that, right? About the Franklin Project. The Franklin Project is General McChrystal, people who are very prominent in military and in other parts of government and society said, you know, we currently have one percent of Americans that serve the United States. And they truly believe that we would have a stronger America if more young people volunteered, if they gave a year of service. So they are hoping that eventually young people will say, "I am going to give a year of my life of service." And that is really what it's about. It's not about, it's not our wording, it's their wording. But that's their goal. That is their hope for America because they think they will build stronger Americans with better citizenship. Because today only one percent serves.

And I think if you talk to most people in the military they would say there are many ways to serve our country, not just in uniform. And as our military starts to shrink there aren't going to be those opportunities. I know as I talk to them there are two universities today that are going to actually have students who will take a year before they start college. So Tufts University is one. Tufts is offering a program where they will instead of starting college right after high school they will start, they will do a year of service and then start the following year. And I think we all know there are a lot of young people that really aren't ready for college right out of high school. So this gives young people an opportunity to give back to the country. So that's really what this is about. We are just, so this is a, Dubbie is handing me a note. This is really their vision statement. This is not an action plan. So we are sort of, I think we are thinking as an organization that we support their vision because of our, what we believe as far as Americanism goes and how we believe, what we believe about the country and the youth of our country. That is really what it's about. So it's not a commitment to anything by the American Legion Auxiliary.

MS. PETERS: Just a word --

PRESIDENT BROWN-PARK: Yes. But that you would have to take up with them because that is their vision. Any other discussion? All those in favor please say, "Aye."

(A chorus of ayes.)

PRESIDENT BROWN-PARK: All those opposed?

(No response.)

PRESIDENT BROWN-PARK: The resolution passes. Thank you very much. Okay. It gives me great pleasure to call upon National Vice President Janet Jefford to bring greetings.

VICE PRESIDENT JEFFORD: Madam President, NEC, and members, welcome to our mid-year NEC meeting and the Washington Conference. To the NEC and officers, I ask that you listen carefully and bring back the important information to your departments. As you will hear tomorrow, communication is key to an effective organization. I am asking you to be the voice of the national organization and share what you learn here with your departments. In the words of President Nancy, pass it on.

President Nancy and our National Staff have worked hard on this Washington Conference. Please try to attend all the sessions. Tuesday is our day on the Hill. It is one

of the main reasons we are here. I urge everyone to participate with your Legion family to promote the legislative agenda of the American Legion.

President Nancy, I hope you have a great conference and that it doesn't rain on your mob, on your flash mob. I wish you safe travels and good health and you continue to pass on your love and your commitment for the American Legion Auxiliary. Thank you, Nancy.

(Applause.)

PRESIDENT BROWN-PARK: Thank you, Janet. It is now my pleasure to welcome Past National President Peggy Thomas to bring greetings on behalf of all of our Past National Presidents.

(Applause.)

PAST NATIONAL PRESIDENT THOMAS: Madam President, good evening all.

VOICES: Good evening.

PAST NATIONAL PRESIDENT THOMAS: I would like to ask all our Past National Presidents to stand and turn toward the assembly so they can get a good look at your beautiful faces.

(Laughter.)

(Applause.)

PAST NATIONAL PRESIDENT THOMAS: I bring you greetings on behalf of all the Past National Presidents and say welcome to our nation's capital. A lot of planning has gone in to what you will be experiencing the next few days as you heard Janet just said. I want you to take advantage of every opportunity to learn, experience, and take back to your unit and your departments what you learn here. And Madam President, I wish for you a most successful conference.

PRESIDENT BROWN-PARK: Thank you, Peggy.

(Applause.)

PRESIDENT BROWN-PARK: So I want you to know I was just in the Department of Virginia and Peggy had laryngitis. Do you know how difficult that was for her to not be able to talk?

(Laughter.)

PRESIDENT BROWN-PARK: It was great. We had a really great time. I had a great time.

(Laughter.)

PRESIDENT BROWN-PARK: I had a great time in Virginia. So just a little sneak, we did a Walk, Run, Roll in Virginia. And I'm sharing a little story, I hope you don't have the -- we did a Walk, Run, Roll in Virginia. It was incredible. There were 89 participants and they raised \$10,000.

(Applause.)

PRESIDENT BROWN-PARK: You go, Virginia. Okay. I now call on Audit Chair Paula Means to present her report.

(Applause.)

CHAIRMAN MEANS: Thank you, Madam President, for that very kind introduction. The American Legion Auxiliary's National Audit Committee has come into its own since its inception in 2010. The committee is comprised of outstanding

professionals with appropriate backgrounds and expertise in large scale public risk assessments and audits. Since the composition of our National Executive Committee changes every year, it is helpful to be reminded that the National Audit Committee functions as the American Legion Auxiliary's Risk Assessment Committee.

The Internal Revenue Service expects every nonprofit that has been granted tax-exempt status to have an audit committee. Its purpose and duties are very different from the Finance Committee. The Audit Committee consists of three members who are confirmed by you, the NEC, serving staggered three-year terms, plus two liaisons, one from the Auxiliary's Foundation Board and one from the National Finance Committee. This year the liaison members are the American Legion Auxiliary Foundation's President Linda Boone, who is also from the Department of Oregon, and National Finance Committee member Virginia Hobbs, who served as the immediate past Chair of the Audit Committee and hails from the Department of Kentucky. Where is Virginia? There she is. Pam Jackson and Anne Hathaway join me as the other two members appointed to a three-year term. Anne Hathaway is from the Department of Indiana and \$20 million operation with 500 employees, serving as the Director of the Hudson Institute and is now President of Hathaway Strategies, LLC. Pam Jackson is the former Department of Ohio Secretary and is presently the City Clerk of Beverly, Ohio.

You won't and shouldn't see our committee much at all. We do our work impartially and in the background. The Audit Committee purposefully operates at arms length from the rest of the organization to ensure a non-biased approach in performing its duties. One purpose of an Audit Committee is to recommend policies to you, the NEC, that safeguard the assets and reputation of the organization.

Thank you for ratifying the policy requiring that National Headquarters have an emergency response and disaster recovery plan. The NEC's role is to ratify the policy and the function of the Audit Committee is to ensure that the National Headquarters staff is indeed having and performing that plan. They do consistent with the policy that has been ratified.

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

The Audit Committee thoroughly reviews the IRS 990 reports for both the National Headquarters and the Foundation. The IRS 990 serves as the ALA's annual report to the federal government and to the public. There are a dozen different parts and several detailed schedules in the IRS 990. In fact, it is about 86 pages long. But the American Legion Auxiliary and the Foundation 990 reports document that each operation in manner consistent with the purpose identified and detailed in the IRS regulations.

In keeping with the expectations for transparency by the IRS and national nonprofit watchdog groups, National Headquarters posts the 990s on our website and the Foundation's 990s are posted on the American Legion Auxiliary's website. You are welcome to go and view those once they are posted.

Madam President, your National Audit Committee continues to operate in a conscientious and efficient manner. To be cost effective we have conducted our business via email and conference calls. The Audit Committee also reviews the annual

consolidated financial audits for both the American Legion Auxiliary and the Foundation. This year we also reviewed our first National Headquarters information technology review and audit.

We thank Past President and Past Chair of the Audit Committee Jenny Hobbs for requesting that such an external professional review be done. The new report provided us with information about risks that were associated with one of our most valuable assets, our IT equipment and its databases including the ALA management information system, plus all the records for National Headquarters operations such as program and financial records and every document that is posted on the website. So you can see making sure the IT system is operating properly is always a concern.

We are pleased to report that the National Headquarters first ever IT audit revealed no, that is let me repeat that, no material deficiencies in our national IT systems. The only significant recommendation to how IT equipment was housed, how the equipment is housed at National Headquarters, became apparent to us. And in fact the staff has already implemented the audit's recommendation by installing independent thermostats that ensure that the IT server room, that is the brains for those that don't know IT language, is not too cold, not too hot, but just right.

Finally we recently completed review of the IRS Form 990 reports for National Headquarters and the Foundation. We extend, and I would ask you to join me thanking the national staff for all of the work it took. Keep in mind they participated in the gathering of the materials for the financial statements, the consolidated financial statements, which our Finance Chair will be reporting on shortly, and not too long after that then did the 990 report. And that is amazing. It helped to be, it helped the Audit Committee be more informed when it went through the 990 to have just done the financials.

Madam President, it is now pleasure to introduce the American Legion Auxiliary's external auditor to present the actual audit report that I have now kind of walked you through how we do it and what we did. And now he is going to tell you the results of that work. Mike Alerding, he is a certified public accountant and is the managing partner of Alerding CPA Group, Inc. Mr. Alerding has over 30 years experience in public accounting, serving many corporations and not for profit entities across the country. He has served as the director on over 40 nonprofit boards, professional societies, and government entities, chairing 12 of them. He has also served on several independent audit committees with assets ranging from \$200,000 to \$200 million. He is committed to service, not self. He has established six foundations, is a frequent writer for business publications, has received numerous leadership awards, and is an international speaker on best practices for boards. And he did not pay me for all of that.

(Laughter.)

CHAIRMAN MEANS: It is my pleasure to introduce Mike Alerding to present our audit report. Mike?

(Applause.)

MR. ALERDING: We're going to give this a try. It does work, good. That's not always the case. Thank you very much, Paula. I do appreciate that. I didn't pay her,

honest to goodness. Maybe a little bit for the last little bit there, but other than that I tried to keep it off.

I am Mike Alerding. I am the audit senior partner at Alerding CPA Group. And you engage us every year to fulfill part of your fiduciary duty to all of the members of the American Legion Auxiliary, and that is a great responsibility. And part of what I am going to be talking about today is going to be the type of responsibility you have.

Here is a quick summary. And I know that a lot of this sounds like a little mumbo-jumbo. I hope to be able to take it from that kind of level and break it down a little bit into what really matters as the governing body. And you are in fact the governing body. Your responsibilities as the governing body I hope, and I know during the next few days you will get a much better sense for that, are really important. And the IRS, of all the things they have done in this whole change since 2003, everything they have focused on has been the governing body. It has not been the organizations. They constantly are talking about who is watching what. That is your job.

We're going to talk about our responsibility briefly. Review very briefly, because you are going to have a report on the financial statement from Nicole, so we will just give you kind of an overview of that. I have got some key financial indicators that I have been going through for the last eight or ten years that kind of roll forward where you have been and where you are headed. We do have a report to the Audit and Finance Committee that is, we will go through very quickly because we spent quite a bit of time today doing that in the Audit Committee meeting. We will talk about the Audit Committee update, a small amount. But then we are going to focus on governance and what it means and then our findings and recommendations which we do have every year a series of findings and recommendations. And then we're ready to go. Sorry about that. These things look really impressive and they just don't do it very well. Unless I don't have it on? All right. Okay. It worked today, honest to goodness it did. Okay. Okay. One more real quick here. Thank you. Thank you very much. Thank you very much.

(Laughter.)

MR. ALERDING: There is a bit of an inside joke. A couple of years ago or last year, this thing went missing. And afterward I was just absolutely blasted for about six months because they said I stole it.

(Laughter.)

MR. ALERDING: You know what? This is the least, I don't want this any more than anything on Earth, like a cold, that's what it is, because they never work. Okay. The audited financial statements, that is what you have on your chair, are your responsibility. They are your reflection to the world, not just the IRS but to donors and others we will talk about earlier, they reflect for the outside world how you operate economically. That is your responsibility to do and our responsibility is to provide you with an audit. And that is really important, that you have an independent audit for pretty much obvious reasons. If you didn't have an independent audit what would be, what would keep you from just putting anything out? So you engage us to do that exactly. And we have systems that we will walk through a little bit here that help us do it efficiently.

I do want to kind of carve out a real quick statement here that Paula just mentioned. This IT audit you just had, I have to give a lot of credit to Tim and Dubbie and Marta for pushing that so hard. That is, as you probably heard from Target and a few

other people right now, that is a major issue. And it's real timely that you did it. But what is most impressive to me is the size of your IT systems, the size of your hardware and software and the combination, the complexity of it, is such that it's really remarkable that they had no recommendations of any consequence. So again, congratulations to you and it's a reflection, I think, on how this organization is run.

Internal controls is what we live and die by in your organization. There are hundreds of thousands of transactions every year. There are a lot of things going on here. We can't possibly just repeat what you do so what we do is we test your internal control system and make sure that whatever you say you are doing is one, adequate, and two, is performing like it's supposed to. That is where most of our work is done. That is what we are looking at. And a lot of the recommendations you will see later come from that view of the organization, which is a risk based view. Then we issue an opinion on the financial statements and not the books and records. It's a misnomer that the auditors audit the books. We don't audit the books. We audit the document that is in front of you called the financial statements and that is different. The books and records are part of what makes up those financial statements, but it's not all of them. There are other things that make up those financial statements not unlike your legal information, your compliance information. All of that when you read the notes doesn't come from your books and records. It comes from the organization's structure itself.

The statements, as you heard earlier, include both the ALA and the Foundation. They are put together. However it is important that we all know, and you know this but it's really important that we focus on this sometimes, there are 9,500 organizations, or something like that, in ALA. They are not in here. It's really important that we all understand the audits of your departments and all of the state departments are not here, all of those locations are gone in terms of this audit. Because it is your responsibility where you come from to make sure likewise you are performing the same kinds of audits back there. So the numbers, even though they are fairly large, and they are large. You are a very large organization with Headquarters and with the Foundation, it doesn't even scratch the surface as to the overall size of the American Legion Auxiliary. You are a very large organization.

We also issued separate audit reports for the Foundation and for the ALA. And that's because the Foundation is a separate entity and it's used for different purposes in fundraising and other things.

Okay. What are those financials you have here? And I know a lot of people look at those and say, well, it's just like my checkbook, or those are the numbers. It's not really that simple. Those reflect the economic resources you get and those you spend and what you have. That's what it does. It reflects to the outside world what you have, what you receive, and what you spend. The audited financial statements basically are designed for people like you, the governing body. They are designed for you and they are also designed for these other organizations and actual donors. Today I cannot tell you how important outside financial statements are to donors. Foundations and individuals will not give a dime to an organization that doesn't have an independent audit. They just, they won't even, they won't even let it in the door.

Secondly, and we'll kind of weave this in here, seldom, in fact never in my -- actually that was wrong. It's actually over 40 years of doing this, I'm sure you could

already tell that, but over 40 years of doing this I have never seen any foundation or large organization that would give substantial amounts of funding to a not for profit that didn't require that every board member, every governing body person, be a donor to the organization. As a contribution, not as a membership due, but as a separate contributor. And I think it's absolutely critical now. There aren't minimums, and I don't think that's important, but I think American Legion Auxiliary really I believe should be looking at that as a potential policy. Whether it's a formally written policy or not, it's very important. Because the way the donor organizations look at this, they say, well you are asking me to support it. You are asking my organization to support it. What are you doing for yourself? And if you really believe in what you are doing, that is simple. It is just part of what you naturally would do. So part of that is the audit. Part of that is making sure that you've got 100 percent of the governing body as part of that contributor group.

I won't go through these. You've got those in front of you. There are four statements. There are three statements of notes. They are very important. They interrelated. And I think Nicole is going to go through those in a little bit. Here are a couple of highlights. Now you know, sometimes you really don't realize how big this organization is. But it is big. This is just Headquarters and Foundation and you can see that you have a little over \$8.6 million in revenues this past year. You had about \$9.2 million in expenses, most of which we will go through here in a minute are for your mission. So you actually had an operations loss of about \$598,000 which we will show you later has been bouncing all over the place for the last five years.

However, the good old stock market made us feel a little bit easier this year. It was good to us. We had a \$2.9 million gain in the stock market. Can we count on that? Probably not. So we have to get that under control. And I will tell you, this past year a lot of things changed. And they were critical and they were important and I cannot congratulate you enough as an organization, Past Presidents primarily, focusing on this thing, getting behind it. All of the NEC members who were here the last couple of years really sat down and focused on getting those dues increased in 40 or 50 years, whatever it was. It made an incredible difference. And you will see here later, but take a look at the, take a look at this last column. You go from \$4 million, to \$3.9 million, to \$3.7 million, and \$5.4 million. That is a substantial difference. That is not just play money, folks, that is real cash. That kept this organization moving in a directly it has to go.

Now you are not done. I don't think you, if you start letting off the pedal in terms of monitoring that then you can get yourself into some trouble. One of the things that we see every year and we monitor, we have about 40 not for profit clients that we do consulting and auditing for. And one of the areas we are always focused heavily on is pure unadulterated contributions. Not membership dues, not dues for services rendered, but pure contributions. One of my boards I was on for many years was the Symphony. I know Paula has been very active in it. We look at those financial statements and they have a lot of income from actually having the Symphony. So it is user based income. You pay for your ticket, and that becomes income. Well, good for them. But the way you really measure that organization is the dollar amount and the number of people who give to that organization out of their own free will because they believe in that mission. These I think could use some help. I believe that is kind of my next yelling and screaming and kicking chairs process here, is on the donations. I mentioned it a minute ago. Everybody

in the NEC should be doing it, at least to the extent you can. I don't think there should be minimums and the like, but I think everybody should have a call in that.

Secondly, something that really is important to me, I actually kept this, because I stole it from Dubbie. But your Planned Giving Guide. I don't know -- did you give it? Which one did I take, then? I took something. Oh, it was the By-laws. Yeah, I did the By-laws. Okay. This is, I don't know how many of you read this. I hope all of you read it. This is extremely well done. Dubbie has put together some independent kind of math for you on what happens to an organization with this number of members. And unfortunately it's nature, a lot of you are going to die. And in fact, let me think, all of you are going to die. Now, while we keep that in mind, let's just focus on that. I believe, correct me if I'm wrong in all of this, and I'm sure you will, but I think about an average of 14,000 members a year die. 14,000. And I think Dubbie your calculation said if five percent of them, five percent left you \$100, correct me if I'm wrong, but it's \$213,000 a year in additional planned giving gifts. I'm telling you, that is, there's gold in them there hills.

There are 72 million, not thousand, million baby boomers out there, I'm one of them, 72 million. I could write that if I had a board. It's a big number. I hate to tell all of them this, but they are going to be, they are going to be dying here in the next 15 to 20 years. That's just the way it is. Sorry. You are averaging 14,400. There's a couple of things in your strategic plan that I think are very important and I cannot tell you how impressed I am with the work you have done on the strategic plan in the last year especially. But it includes the Million Member Initiative, which I think is great because with the Million Member Initiative also comes more dying. I hate to say it that way, but that's what happens.

(Laughter.)

MR. ALERDING: There are more people. Dying is critical. You know, I'm telling you, John F. Kennedy in his inaugural address said that dying should be a taxable event and that's when he was putting together the estate planning stuff. I don't mean it should be a taxable event but it should be a fundraising event, it really should.

(Laughter.)

MR. ALERDING: You know, I don't mean to be crass. And I really, I'm sorry if I am. But I've used this example before. I'm on the board and have chaired twice now the television station in Indianapolis and they are not too different. They are a membership organization, really not too much different in a lot of ways. They have a couple of years ago formed a separate planned giving committee, there are now 12 of them I believe on there. You talk about an aggressive, once every other month, and the amount of dollars they are raising now is staggering. It isn't because they have a different, a better something to sell. I mean, think about public television. How hard is that to sell when there are 400 stations? So it's not that they have a more challenge, they have a less challenging approach, there is what it is. They work at it. They work hard at it. And that's what it takes. It just takes visiting people and moving them.

So in that column those are the two things I think have some future for this organization. And after the dues increase did some things it really has made a difference.

Here is the investment income that you have had over the last five years. And I just wanted to show you this because it is rather remarkable how it goes. 2009 we were in a brief recovery period; 2010, a big recovery; dropped off in 2011; 2012, 18 percent; last

year, 11 percent. You are all going rah-rah, hey. It's only 7.7 cumulative percent, which is pretty historically correct. The problem is those individual years can really jump up and get you. So you can't really rely on that to the extent you can.

What we do look at every year carefully, we talk to you about it every year, are the benchmark statistics. Now benchmarks are nothing more than that. They come out of, there are some written by the IRS but also most of them are written by watchdog organizations who put out kind of these, I don't know who makes them up, but they make up these things that say you should be in this range and the three primary areas you spend money on. One is your mission and purpose. Your mission and purpose, that is why you are here. And you are incredible at that: 89 percent of all the money you spend is directly relate to your mission and purpose. That is phenomenal. In fact, that is so far ahead of anything else we have got in our client base it is not funny.

Now when you get down to administration the thing that is interesting about administration is that the watchdog organizations and the IRS are very cognizant of organizations that are too skinny here, that are too lean. And I will tell you why they are afraid of it. Because this is where internal controls, and this is where internal management is couched. If you don't have sufficient IT systems, internal control systems, and management personnel on the ground then I am telling you now it will cause you problems. You are in the right area. The benchmark is five to ten percent, you are at about eight percent. I still think you are lean. I still think the ratio of your total members to administration staff is about half what it is for, yes, half what it is for the Legion.

Now I am not suggesting the Legion, we ought to just be the Legion. Don't misunderstand. But it is the only comparable organization I can look at it. We look at it in a number of membership organizations and you are as lean as any organization I have ever seen.

Now that is fun. That's good. Congratulate yourselves. You get a lot out of what you are spending your dollars for. However, you start looking at your strategic plan, and I'm not going to get into it today, I'm not selling it today, but I have looked at it and talked a lot about it to the Finance Committee, to Dubbie, and Tim, and Marta, and the one thing I hope we are all focusing on is making sure we don't short-sheet that plan by not providing the right kind of economic funding over the next whatever years in the budget to get that thing moving. Because it will have a significant effect. Invest in yourself, and that's where we are going to see.

The last one is the one I do talk about. You are at only three percent of the dollars you spend, three percent of the dollars are fundraising. That is very low. The benchmark on that is ten to 20 percent. Now you don't want to get above that. You know, some of these organizations that spend 80 cents to get a dollar, we don't ever want that. Those are disgusting. But to only spend three percent is a little low. So part of this whole remake through your strategic planning I hope will include some of that.

This last year dues increased \$1,177,000. Those are American dollars. That's a lot of money. That really helped. And what's most interesting to me, there was no appreciable change in the percentage and decline in membership. We were all concerned about that, everybody was. And I get it. It's, you know, every time you raise prices you always wonder if I'm going to lose customers. The decline and membership percentage didn't change hardly at all. So what it says is the membership dues didn't have anything

to do with it. It really went through and accomplished what it was supposed to do. It still, however, did not cover all the member services. So the amount of money you charge and you bring in in membership dues still isn't enough to cover all of your membership services. It's getting a lot better, though.

Contributions income I talked about, really increases only at about the rate of inflation and it is only 11 percent of your revenues. It is too small, I believe.

Investment income, substantial but you cannot count on it.

I will just quickly run through this. Your balance sheet is incredibly strong. But remember, it's not cash. You don't have cash on the balance sheet. You have assets, invested assets, that you had better be investing because if you are investing in cash, you earn a half of a percent. We are doing a little better than that. We are doing a lot better than that.

Total assets increased \$3.2 million but liabilities only increased about \$700,000 for the year, good year. That comes from those \$2.9 million we made on the market.

A couple of things here. We do have two, we have three, excuse me, three meetings a year with a Audit Committee. We do it by conference call primarily. A lot of it is email, a lot of us talking about what we are going to do. And the Audit Committee, I will tell you, does a wonderful job of making sure that we are following the kinds of risk abatement issues that they feel necessary. And they are really honest and you have outstanding people.

I'll talk to you a little bit later. There are some things I would like to see you do as part of the Audit Committee, but it is very effective as it stands today. The staff was cooperative. They always are. And I have to report that to you because that's my job. They are cooperative and they are always ready for us when we get in there, and we sincerely appreciate and enjoy working with them.

Tim and Marta and Dubbie, they are really, they are really concerned about controls. And not, you know, again, I'm not getting paid to say this, folks. They are concerned. Our auditors come back and tell me that when we audit an organization and the people at the top don't care about controls or they would rather do something else, we usually have problems. Goodwill back in the day, Enron, all of them. Go look. It's the same thing in every one of them. The people at the top didn't, that's not the case here. You've got people who really are concerned about it and do a wonderful job.

Governance and your structure, your current organizational structure. Governance, transparency, and accountability continue to be IRS' focus. That 990 form, and I think probably Nicole is the one who can speak to that more than any because she probably fills out more of it than anyone. (Inaudible) organization you would have to fill out and answer 382 questions on this form. I know, it's absurd when you think about it. Come on. What they are doing is what my lawyer's son says is the Fifth Amendment questions. He's saying, "I'm not answering those." And I say, "Oh yeah, you are. If you want to keep your exemption certificate you are going to answer them exactly as they say." They do have a reason for those yes/no answers. And you heard a little bit from Paula, you have heard a little bit throughout the day here, they are trying to put into a box where your organization is on the scale of governance.

We understand that there is a movement afoot, there is a proposal right now to establish an Executive Committee for the NEC. I simply cannot say enough about it. I

think it's a wonderful first step and it's not just a cosmetic step. It will help immensely on the 990 but it is really going to be functionally and structurally important. Right now the lack of continuity, and all I mean by that is that most of, this organization is interesting and in my experience unique in that the body that governs this, the NEC, in your organization by and large the members are elected for a one-year term. That is a struggle. That is a struggle to make sure that you have got a consistent movement of governance. And I think for those who, and I think there are a couple of states I believe that actually are encouraging their departments, a couple of departments, to have elections for more than one year. Are there any in here? I know the State of Washington -- look at this. Oh, good. That's very good. The more that happens the more stable this organization will get at the top and the more experience you are going to have in governing. And it doesn't mean you are trying to cheat anyone. What we are trying to provide a more effective governing body because that is what really helps you in the long run get it done. So that is really encouraging to see that.

My findings, or findings from it? You get a clean opinion. No material weaknesses in the past five years. And I can absolutely tell you there is no other client we have in any not for profit or for profit that has gone without those for five years. You ought to give yourselves a hand. That's amazing.

(Applause.)

MR. ALERDING: Membership related revenues have declined and they are going to need to be looked at as they go forward. You just have to watch those, you are going to have to watch those dues. The governance model has not changed during the year but the NEC proposal for an Executive Committee has.

Here is what I was talking about earlier. The Audit Committee is extremely effective, it has three voting members, five members. We believe pretty strongly that if you are going to have that committee it should have all five voting members. And here is why. If I am the ALA Foundation or the ALA Finance Committee, I want to make sure that I have some input into decisions that are made by the Audit Committee on risk assessment and appropriate mitigation of those. Right now that doesn't happen. The discussion is there, but the vote is not. And I think the way that will probably be best approached is to preclude the chairperson from the Finance Committee and from the Foundation, they are not allowed to be on the Audit Committee. And I think that is most appropriate because it is a conflict. It is an inborn conflict. So if that is the case I think, and you will see it in our recommendations, that eases that issue a lot. It doesn't cost you another dime. It means that two other people who are already in the committee, they just have to vote at the meetings so there is no additional cost whatsoever. But I think it's really important you have that done.

For your purposes the 990, all 86 pages, are reviewed ad nauseam by the Audit Committee and that is a major job. That is a lot of work. And I think that is, you are lucky you don't have to do it, let me put it to you that way. It is available if you would like to look at it. And the audit that you have in front of you is submitted with that and is a part of the public record. So anyone can walk in there and go online and see that.

My recommendations, to establish a process to continually review the need to review the adequacy of membership dues. You are a wonderful process organization. I have never seen an organization that is better at creating process. You are really good.

You know how to do that. I wish you could bottle that and make some money selling it. You need to think about that for dues, I believe. I think that will really help down the road. Continue to focus on increasing donations from members and outside donors, the NEC, and planned giving. I think those are really important. And then the Audit Committee structure to include voting members, as I just mentioned. Establish an Executive Committee, which I just applauded you for. I think that's wonderful. And advise the departments, if you can, I think I saw six hands or seven hands, if you when you go back can advise your department to select members for a longer term than one year, I cannot tell you how much a difference it is going to make in the effectiveness of the governing body. I think it will really, really go a long way.

Okay. And with that, I get done. And I am happy to respond to any questions before my voice goes out as well. No questions? Comments? This is good. This is good. This is very good.

(Applause.)

MR. ALERDING: Thank you all. Thank you.

CHAIRMAN MEANS: Madam President, the Audit Committee has approved the fiscal year 2013 audit and I move adoption of the external auditor's report as presented.

PRESIDENT BROWN-PARK: It has been moved to adopt the external auditor's fiscal year 2013 audit report. No second is required because this comes from a committee. Is there any discussion?

All those in favor of adopting the external auditor's fiscal year 2013 audit report as presented please say, "Aye."

(A chorus of ayes.)

PRESIDENT BROWN-PARK: Opposed, "No."

(No response.)

PRESIDENT BROWN-PARK: Motion carried. Thank you, Paula. And thank you, Mike. And I will tell you, thank you. You can give them a big round of applause, it's a lot of work.

(Applause.)

PRESIDENT BROWN-PARK: But I will also tell you that Mike failed to tell you about his public T.V. responsibility. He knows a lot about Downton Abbey.

MR. ALERDING: I do.

PRESIDENT BROWN-PARK: He knows a lot about Downton Abbey. Because it really helped actually save PBS TV. So it's kind of exciting. And we're all really mad because it's too short. It's like, come on. So anyway, we've had a lot of conversations about --

MR. ALERDING: Too short and they put two sessions together at the beginning of the year --

PRESIDENT BROWN-PARK: Yes so --

MR. ALERDING: -- and some of the subject matter was probably not terribly appropriate this year. So I think, we've heard it. I used to be like 6'5", I'm down to 5'6" now --

PRESIDENT BROWN-PARK: So public TV does have something that we don't have, and that's Downton Abbey so that would make a difference.

MR. ALERDING: You're right --

PRESIDENT BROWN-PARK: I now call on Finance Committee Chairman Nicole Clapp for the Finance Committee report.

(Applause.)

CHAIRMAN CLAPP: Good evening, everyone.

VOICES: Good evening.

CHAIRMAN CLAPP: Well since last met at National Convention your National Finance Committee held a conference call in November and we have met for the past few days here in D.C. As you know, our primary roles of your National Finance Committee include a variety of tasks. We monitor the financial statements, the investment planning structure, fundraising campaigns, something near and dear to all of our hearts, member benefits, and policy review.

I would like to ask the National Finance Committee members to please stand to be recognized. Each of these members have taken their responsibilities very seriously and bring individual skills and knowledge to our discussions. Currently serving our committee are four Past National Presidents. The Vice Chairman is Kris Nelson, Desi Stoy, JoAnn Cronin, and Jenny Hobbs. Thank you for your time and dedication.

(Applause.)

CHAIRMAN CLAPP: As you have just heard, we had a very positive result from our 2012-2013 fiscal year external audit and we are very appreciative to have a longstanding working relationship with Mike as well as his company of Alerding CPA Group. And so with the audit and our relationship with the Audit Committee, that is only strengthening our position here as an organization.

And now it's time to see how are we doing in this year? So I would ask our most famous Controller of all, Tim, to please come forward. And we will go through this together.

(Applause.)

CHAIRMAN CLAPP: Are you ready? Okay.

MR. BRESNAHAN: Thank you, Nicole. How is everybody doing tonight? Good? Can everybody hear me? I know sometimes my wife tells me that sometimes when I speak nothing is really, my lips are moving but nothing is coming out.

(Laughter.)

MR. BRESNAHAN: So my usual response is, "I'm sorry, what did you say?" She still loves me.

Okay. Tonight I'm going to go through the annual at a glance summary of our financial results for the first quarter ending 12/31/13. Thank you, Nicole. This can be found, I believe, on page 15 of your NEC packet.

CHAIRMAN CLAPP: The horizontal page. Your NEC packet, not your financials from the auditor. Yes, email.

MR. BRESNAHAN: Have you got it? Everybody okay? You are good? Okay. Our revenue, our first quarter year to date actual revenue, including investment earnings, was under year to date budgeted revenue by \$259,000, or six percent. The majority of this was due to year to date actual membership dues being under year to date budgeted membership dues by \$250,000, or seven percent.

All right, I'm going to go to expense now. Our first quarter year to date actual expense was better than year to date budgeted coming in under budget by \$415,000 or 21 percent.

CHAIRMAN CLAPP: That's a big woo-hoo.

VOICES: Woo-hoo.

MR. BRESNAHAN: Thank you, Nicole.

CHAIRMAN CLAPP: You're welcome.

MR. BRESNAHAN: Much of this was due to timing in our various activities.

Sometimes we budget to pay expenses in the first quarter and we don't actually pay those out till later on during the year.

CHAIRMAN CLAPP: And just a little history lesson, which is our biggest expense of the year? National Convention, which doesn't hit until the fourth quarter. So we look good now on expenses, but we have to hold that to get us to the end of the year. Because we need to up the revenues.

MR. BRESNAHAN: Thank you. She takes such good care of me. Our investments as of 12/31/13, our general fund balance was \$25.6 million; our Spirit of Youth Fund balance was \$433,000; the Helen Colby Small Fund balance was \$221,000; the National President's Scholarship Fund, Endowment Fund, I'm sorry, was \$1.2 million; our PUFL Trust Fund, that's Paid Up For Life Trust, was \$3.9 million. And oh I just want to, a quick note, the Helen Colby Small fund, that was a bequest from a former member Helen Colby Small some time ago, I think in the sixties. The investment earnings from that are used to help pay AEF grants. So I thought that is neat.

That is my report. Does anybody have any questions for me? Do you have any questions for me? Okay, thank you.

Okay, I just want to point out that if you do have any questions during the year please feel free to email me and I will get back with you as soon as I can. Okay?

CHAIRMAN CLAPP: But email you just about finance?

MR. BRESNAHAN: Yeah, I'm sorry. Just finance questions. Trust me, you don't want me answering other questions for you. So this concludes my report. I want to thank you all for allowing me to speak with you. And I do want to sincerely thank you for all you do for our organization. So thanks.

(Applause.)

CHAIRMAN CLAPP: We like our little dog and pony show. All right. Fundraising campaigns. Every time I get up here, and it's the fourth time I've gotten up here, we've had another successful quadriga, successful campaign with three campaigns for the ALA and one for the Foundation during this fiscal year.

Fiscal year donations, and remember our fiscal year, October through September, not calendar year. So we are only five months into this fiscal year. We have netted \$164,000 in direct mail campaigns so congratulations.

(Applause.)

CHAIRMAN CLAPP: I've seen several of you with your little day planners and I think on many walls and units I have seen the calendars for the Foundation. And that is already \$14,000 greater than we are projected to generate from the net guarantee. So again, we appreciate your support.

Now for 2013, so for the calendar year, we had over 212,000 actual gifts, not dollars, but individual gifts that were given to the ALA and the Foundation. Interesting note, though, half, so 106,000 came from non-members. I think some of those people should be members. So it is tremendous support we get from the external community. But we need to tap into that community in other ways as well. We heard Mike say that our fundraising is very low at the three percentile. We need to continue to build upon that. And those 106,000 gifts I think we could be able to get something and generate some energy from those individuals. But again, every dime helps. And as Finance Chair, I am happy if the green comes from internal or external. It doesn't matter.

But then in this room we know that Tim is the minority, because we all like to spend, USAA credit card. So again this year we are in our April (inaudible) of working with the credit card company that gives us a guarantee every year of at least \$25,000. So as I said last year at Convention, spend, spend, spend. Because it all comes back to you because we split the royalties with the departments and National. And those checks are always fun to present in September.

Then as Finance, we like to have a little fun in our committee and we don't just get all caught up in the numbers. We like to make sure the education is happening and there's opportunities as we put budgets together that impact each one of you as individual members and what your needs are. So we value the knowledge and opportunities at the mission trainings we have once again been able to bring to our organization. This year there were 251 members that attended the mission trainings last Fall. So congratulations. And as a committee, we are excited to help support the learning opportunities of the new unveiling of the department specific trainings that are just underway. So we are hoping that we will continue to be able to build upon those opportunities in the future.

I too would like to thank you on behalf of the committee for your support of the ALA policies for the Finance Committee that you approved earlier this evening: merchandising and licensing, member benefits, and the member list fee protection policy.

So Madam President, that concludes our report from the Finance Committee this evening.

PRESIDENT BROWN-PARK: The Finance report will be filed for audit. Are there any questions regarding the Finance report? No questions. Thank you, Nicole. Thank you, Tim. Awesome job.

CHAIRMAN CLAPP: You're welcome.  
(Applause.)

PRESIDENT BROWN-PARK: I'll tell you, they do an absolutely incredible job. And we appreciate everything that they do. Nicole really keeps us on track. She has done a great job in shortening our actual meetings. We have saved a lot of money. So Nicole, we really do appreciate your leadership, and Tim as well. So thank you very much.

I now call on the Foundation President Linda Boone for the Foundation report.

PRESIDENT BOONE: Nicole, she is way too tall. Okay, good evening everybody.

VOICES: Good evening.

PRESIDENT BOONE: What year was the Foundation established for the Auxiliary? 2007, yes. So this is our seventh year of operation. And we're going to highlight some of the things that we have accomplished in the last few months.

Fundraising, as you heard about the wall calendar, the direct mail piece, that was part of the fundraising. We are still raising funds, or providing an incentive gift to people who give a cumulative total of \$250 or more to the Foundation, that is our stained glass ornament that was on the back of the last magazine. And this is, you are in the City now, you can actually go see the real big live one at the National Cathedral. This is a replica of that stained glass that the Auxiliary along with an anonymous donor had commissioned and put in the National Cathedral, quite an honor. So you are here. You ought to go see that and then that would inspire you to donate.

Another project which is inspired by our National President Nancy is the Veteran Projects Grant Fund. And we are receiving funds for that and that is great. And recently the staff put on our website that for memorial donations in lieu of flowers, the ability to as an option give a donation to the Foundation. So please visit that and it gives you the opportunity to do that.

What about the grants we have given out? Now we haven't got a lot of money but we have gotten some money, so now we are starting to give out grants. And this year we took over the responsibility for administering the Veterans Creative Arts Festival grants. So as of March 14th the Department of Iowa received \$750; the Department of Maryland received \$500; the Department of Vermont received \$1,500; the Department of New York received \$750; and the Department of Illinois received \$2,500. So those are great.

(Applause.)

PRESIDENT BOONE: We were also able this year to provide the pass through service for a District No. 20 in the Department of California for \$500. They received a grant but they couldn't get it because they were 501(c)(19) so we are the 501(c)(3). So we can do that for you.

And I would just like to remind you that the Parade of Checks is for Nancy's, at this meeting, is for the Veterans Projects Fund. So remember that you want to be in that parade.

Okay, so let's talk a little bit about this is the first year that we have really invested funds. We have had an endowment but this is, we have actually ended the year fiscal year 2013 with \$484,000 in net assets and we just adopted an investment policy and we hired an investment advisory firm which is Valeo Financial Advisors based in Indianapolis and they have helped the American Legion Auxiliary also with their financial advisory.

Most of the funds that have been donated since the incorporation in 2007 have been put in an endowment fund. Which means that the base is saved and then you use the interest from that investment, what interest it generates, to give out grants. That's what you do. And since our main purpose is to provide grants to the American Legion Auxiliary, this was the first year we were able to actually give a grant to the American Legion Auxiliary. Now it wasn't very much but with everybody's help we can make that grow and our endowment fund should grow and then we can make more interest off of it.

So this year we were able to give the Auxiliary at the end of the year \$2,550. So it's a first.

(Applause.)

PRESIDENT BOONE: So that's the purpose that we want to be able to report that the checks get bigger and bigger and bigger every year but we need your help. As Mike so well put it and others, we really need to grow our donor base and make sure people feel that it's, you know, for the future of the American Legion Auxiliary and all the programs and the veterans and their families that we help.

So we have open positions on the Board of Directors and would encourage anyone who is interested in helping build the Foundation to please consider submitting an application. We need individuals who have some experience in philanthropy and fundraising and who would like to serve on the national level. Now they don't have to have been a Department President, they just need some experience that would add to the diversity of our Board so that we can grow the Foundation. So there is on our website, on the Foundation website, there is a section it's called Ways to Give, and one of those is to be a volunteer on the Board. So if you know of anybody, please. Or if any of you are interested, please submit your application.

We meet each quarter but it's by phone call, conference calls. And we meet once a year in person and that's just so we can have a meeting and we can do some training around topics of interest to a foundation. This is the third year that we have had Board members of the Foundation attending the Association of Fundraising Professionals International Conference. The conference is this week and it is in San Antonio. And Allison Wiley, from the Department of Illinois, is the Board's Secretary and she is attending.

We have also adopted a performance plan for the Foundation that will guide us and help us set our priorities for our activities which is mainly raising money.

I would like to do an additional reminder, Dubbie has already done this in communication to departments, but I would like to also say that time is running out and many of you have not taken advantage of your free membership in Board Source, compliments of the American Legion Auxiliary Foundation. American Legion Auxiliary group membership expires in April. It cost the Foundation \$5,000 for our group membership. The few that have signed up and taken advantage of Board Source webinars and discounted training materials really love it. Sadly not enough have taken advantage of it for us to warrant spending another \$5,000. But in the time left if enough people come on we might consider it if you really used it.

In your packet you received an older copy of the *Auxiliary* magazine from August of 2013 and in there is the planned giving guide that Mike held up. And it has been reproduced in the magazine and so you all have a copy of the planned giving guide. And attached to that was a question form.

On Monday the Foundation is giving an educational presentation on estate planning and how each of us can participate. No matter what your financial status, you can participate. And for added incentive to attend and participate, if you submit a question on this questionnaire from all the ones we receive we are going to draw one of them and that person will receive an iPad Mini. So think of something really good to ask. We have, one of, myself and Rick Valeo -- Rick Valeo. Rick Evans of Valeo Financial

Advisors will be presenting. He will be presenting on the how about estate planning and I will try to inspire you on the why you should participate.

I think that's it, Madam President. Thank you very much, ladies.

(Applause.)

PRESIDENT BROWN-PARK: Thank you, Linda. Thank you very much. Oh, a question.

PRESIDENT BOONE: Yes, I'm sorry. Go ahead.

VOICE: (Inaudible).

PRESIDENT BOONE: Okay. So you want a -- okay, I'll give you mine.

Because I've got several.

PRESIDENT BROWN-PARK: Okay. Great. Thank you. As we move into our committee reports I would like to remind all presenting National Chairmen that you have a maximum of two minutes to present your reports. Oh yeah, two minutes. That was the instructions. And yes, yes, we will be timing you, said with a smile. Who is back there who is going to wave their hand when they go over their two minutes? Tim?

(Laughter.)

PRESIDENT BROWN-PARK: One of them will give you the high sign. So as we do in our Girls State program, I don't want to see you disqualified because you go too long. Okay. Tamara, did we give them two minutes or three minutes? Oh, three minutes. Sorry. My script says two minutes. Okay, three minutes. Okay, you get three minutes, that's it. And then it the, get the hook. Okay. A smile on my face. At the conclusion of your report we will immediately move to the next chairman in line. Presenting first is National Legislative Committee National Chairman Melanie Taylor; followed by National Chairman of the AEF Committee Karen Boehler; National Chairman of the Membership Committee Kathy Daudistel; National Chairman of the Public Relations Committee Lisa Williamson; and finally the National Chairman of the Leadership Committee Coral May Grout. The Chair calls on National Legislative Committee National Chairman Melanie Taylor.

(Applause.)

CHAIRMAN TAYLOR: Thank you, Madam President. May I ask all the members of the National Legislative Committee that are here this evening to please stand for recognition?

(Applause.)

CHAIRMAN TAYLOR: Thank you. The American Legion Auxiliary's Legislative Program is to promote and support the American Legion's legislative priorities and agenda. Auxiliary members reported that they have communicated with their legislators through letter writing, emails, phone calls, and personal visits. Our members have worked hard in supporting the legislative matters affecting our veterans, servicemembers, and their families not only on the national level but the state level as well. They have found the American Legion's legislative priority sheet to be informative when contacting their legislators regarding those issues that affect our veterans and servicemembers.

Auxiliary members were encouraged to The Dispatch, the Legion's legislative action center, and the Legion's weekly legislative update. The revised American Legion Auxiliary Advocacy Guide was ordered nationwide. The Department of Virginia

distributed over 250 copies of the Guide at their Fall Conference. Departments reported they identified Auxiliary members with personal and professional relationships with their U.S. Senators, their Representatives, and/or their legislative staff members and submitted their names for nomination to the Legion's Legislative Council.

This year the Legislative Committee established a Facebook page. If you would like to learn more about the legislative process you can join Pass It On National Legislative Group Page on Facebook. This group is for anyone that is interested in the Legion's legislative program and it will include urgent action requests if a need is required.

Maine's Auxiliary President reported they opened their Senate House in January. Those participating with the President were the Department Chaplain, the Sergeant at Arms, and the Auxiliary Color Guard who presented their Department colors.

Minnesota reported at their Fall Conference each district chairman was provided with a current legislation handbook, which listed all the names, addresses, and telephone numbers, and email addresses of their representatives. They were also given the American Legion's legislative priority sheet and asked their members to contact their legislators.

Idaho hosted a legislative reception at their mid-Winter Conference for their congressional members, also providing them with the legislative priority sheets.

In California, there was a field hearing by the House Veterans Affairs Subcommittee on Health. One of the speakers, Lindsey Hale, is from Camarillo Unit 741. She is a career military spouse, Ventura County Military Collaborative Board member, and veterans liaison for Vitas Innovative Hospice Care. She spoke on the need for more awareness and support in the healthcare community and the general public.

The American Legion Auxiliary has been and will continue to be a strong advocate for the security of our nation, its veterans, and our military. Madam National President, that concludes my report. Whew.

(Applause.)

CHAIRMAN BOEHLER: Karen Boehler, and I am the National Chair for the Auxiliary Emergency Fund. Thank you, Madam President, for the appointment this year. Americans this year have been overwhelmed with unbelievable natural disasters. That coupled with a lack of jobs for Americans, and uncertain economy, and tragic personal situations has created a much greater urgency for the Auxiliary's financial support than every before. Our National AEF Committee this year challenged every department to double its 2012-2013 contribution in our passion to care for our Auxiliary sisters.

Departments last year, listen to these numbers, donated \$134,000. Disbursements however last year totaled \$225,000. So you see a net shortfall there of about \$91,000. And by the way, again, that is possible as Tim referenced by the Helen Colby Small grant that was started in 1969. I know that.

This year total disbursements granted are up to \$132,000. Donations unfortunately \$81,800. So this year we are already seeing a disparity of \$51,000. It's clear we have a long way to go, not only to double our previous contribution but also to secure the future of this resource. Division chairmen have been given a current printout with totals and I would like a shout out to Kelly Cochran at National. I asked her for a spreadsheet. She has done a fabulous job of putting together for us, and you can see this,

numbers that talk about how much per division, how much per department, how much per capita contributions. And we are all over the board with some departments from whom we have not heard yet, with others who you will hear in a second have done a nice job already. That document is so very powerful and I do encourage you to get hold of it, study it, and share it.

I would encourage you also to plan something creative to rally your troops and send the contribution numbers soaring so we are able to pass it on to our Auxiliary sisters in need.

In addition to several departments that I highlighted in my written report, I keep hearing new and exciting things. The Department of Mississippi's AEF Chair reported real proudly that her department had sent in their first check of \$2,650.

The ladies up north, these are North Dakota that is, they rallied one weekend at their Mid-Winter Conference, their AED Chairman got people really excited and went from zero to \$3,277 in warp speed. It was pretty exciting.

Accolades to the District of Columbia, who at this time tops all departments. Now they are small in numbers but they are mighty in their contributions. Right now their per capita is \$9.09.

So the urgency is there. You can certainly do a great deal for us. I would like to just very quickly ask if there are any National Committee members here, if they would please stand? And there aren't. So with that -- there is one, Donna Hatfield is here. Donna, if you would stand?

(Applause.)

CHAIRMAN BOEHLER: With that, Madam President, I conclude my remarks.

CHAIRMAN DAUDISTEL: Good evening.

VOICES: Good evening.

CHAIRMAN DAUDISTEL: Some of my membership team is standing up here. They are going to help me, and I have two others in the audience if you will stand up for me? Or not, well the audience, yeah. Go ahead, stand up. All right, sit down.

(Laughter.)

CHAIRMAN DAUDISTEL: The year started off with a big challenge, a Race to a Million Members. Departments excitedly put on their race gear, laced up their running shoes, some even put wings on, and eagerly left the starting line. Nevada and Louisiana led the pack, but by week five Iowa had pulled to the pace position and has steadily held since.

During the Department Leadership National Conference, divisions picked team colors and individual challenges were made to create a little bit of friendly competition. Members also created a chain of diversity to show the differences and the likes, and how alike we really are. The tater sisters, including Tater Tot, Partici Tater, and Ira Tater were a huge hit at the Membership break out session when they did a skit on the different types of member personalities.

Division Chairmen are motivating their teams weekly with inspirational emails, Facebook postings, and personal phone calls. In many cases they are successfully working with their divisional vice presidents. As a result, membership Wednesdays are exciting and almost always spur some friendly competition between the departments and

divisions. Some division chairmen have even boasted that they are going to do cartwheels if their division rocks up to number one before Convention.

As of last Wednesday, 52 departments have achieved the 70 percent milestone, and 29 departments have already achieved the 85 percent milestone.

(Applause.)

CHAIRMAN DAUDISTEL: Membership teams are racing right along, working hard, and having fun. We have heard and shared many success stories in the monthly newsletters along with many answers to some really good questions. Departments report sharing this data with their units and keeping their members informed and engaged.

Now the new twist this year is seating at National Convention. Traditionally this has been based on the percentage of numeric goals but this year it is going to be based on the percentage of renewals. So those with the highest percentage are going to get the best seats. As of last Wednesday from tenth place up the departments with the highest renewal percentages are number ten, Wyoming; nine, Illinois; eight, New Jersey; seventh, Missouri; sixth, Vermont; fifth, South Dakota; fourth, Wisconsin; third, Nebraska; second, Minnesota; and first place in renewal percentages, the Department of Iowa.

(Applause.)

CHAIRMAN DAUDISTEL: As of last Wednesday from tenth place up, and you know the renewal percentage the prize is your best seating at the Convention. So as of last Wednesday from tenth place up the departments with the highest numeric goal percentages, and they will be presented with Pass It On batons, tenth place, Wisconsin, stand up so she can find you quick; ninth place, Mississippi; eighth place, Florida; seventh place, Arizona; sixth place, North Carolina; fifth place, Vermont; fourth place, Oregon; third place, Minnesota; second place, Nebraska; and first place winner of the Pass It On gold baton is the Department of Iowa.

(Applause.)

CHAIRMAN DAUDISTEL: Madam President, I want to assure you that departments are working hard at recruiting, retaining, and rejoining. And together we will win this race. Thank you. That concludes my report.

(Applause.)

PRESIDENT BROWN-PARK: Thank you, Kathy. Kathy, I know that the job you are doing is incredible because I was a National Membership Chairman and it is not an easy task. You have a great committee that is really helping you and I think all of us together are going to reach that 100 percent numerical goal. And thank you very much everybody for all your really, really hard work. Membership is our lifeline and it's every single person's responsibility.

CHAIRMAN WILLIAMSON: As members of the American Legion Auxiliary we all have some project or event that we are planning or actively participating in, but we are not the best about tooting our own horn. We are getting better. We had four divisions about of five at 100 percent reporting, 49 departments, thank you all.

(Applause.)

CHAIRMAN WILLIAMSON: We must remember to include public relations in everything we do to create more awareness surrounding our ALA events, programs, and activities. We need to toot our own horn. Toot-a-toot-a-toot. Did you guys hear that one horn? God, I wish I had him in here. Anyway, the Department of Kentucky has come up

with an innovative way to do just that, to toot or blow their own horn. And who doesn't like a little competition? And they are using just that. It uses a point system. Every time a unit's name is mentioned in the media, whether it's newspaper, television, radio, or social media, they receive a point. And if an office is named they get another point. More points for a Legion dignitary, and so on. And possibilities are endless. To receive these points they tag the department PR Chairman on Facebook and at the end of the year she is going to name a winner. It's a fun competition and the real winner is our organization.

You all know that social media gives us the ability to share relevant mission related information instantly before, during, and after events, and photos are a large part of social media. You have all heard that a picture is worth a thousand words and I think that's in large part why social media is so effective, it is eye catching. But remember when you are taking photos to take action photos, not the posed photos with everybody lined up. For example, you see two pictures. One of a member, say perhaps Nancy, lying a wreath at the Tomb of the Unknown, or a picture of 12 ladies posing with an award. Which one, which article are you more likely to read? The one with the action. So we must remember American Legion women are women of action and we see a need, we step up, and we meet it.

Although not as popular, Twitter's following is growing at almost alarming speeds. The Department of Colorado is embracing it. They came up with a Twitter showdown. After each Fall Conference presentation was complete their department president ended with a challenge to the Legion Commander with her tagline #getyourfingersready. And then they would tweet about the previous speaker. As well, the Department of California tweeted all throughout their Mid-Winter Conference and she copies me. You could even be tweeting at this Conference, at the #ALADC, and follow along with me @lisadwilliamson. I have been tweeting as we have been meeting here this evening.

There is so much more out there beyond Facebook and Twitter that some of us more computer savvy should be looking at to help promote our organization. If you have questions about these, I would like to point out we have a new Passion Tech series that we are sending out each month where we are concentrating on one social media platform.

And just so you know what is on the horizon, the PR Committee, we have a new project where we are gathering information from all of the departments on their websites in order to create a best practices guide, keeping in mind branding and mission related activities. And I hope that you all are as passionate about passing it on as we are.

And as the Department of Montana PR Chairman wrote in her report, "Public relations isn't one thing. It's everything." So let's toot our own horn. Toot, toot, toot. (Applause.)

PRESIDENT BROWN-PARK: Thank you, Lisa. Thank you.

CHAIRMAN GROUT: Last but certainly not least. John Quincy Adams once said, "If your actions inspire others to dream more, learn more, do more, and become more, you are a leader." The Leadership Committee received on 32 mid-year report from women this year who so far are demonstrating that there are true leaders in their departments. We need 50.

Twelve departments out of 13 reported in the Eastern Division. Thank you so much, woo-hoo.

(Applause.)

CHAIRMAN GROUT: This report summarizes some of the information that was not included in the written report. In Virginia a joint leadership venture was held in August. It involved the Legion, Auxiliary, and Sons. Attendance was excellent and members indicated that it was very beneficial. Perhaps we will even have some future Auxiliary department presidents from this activity.

In Maine, juniors were included and attended the Winter Conference. While in Wisconsin leadership courses were held just for juniors. They are the future leaders of our organization, so what better way than to start teaching them the skills they will need to know now.

In Ohio and South Dakota the meeting rooms were filled to capacity for leadership activities. More than 200 members have already completed the online leadership course in the Department of Washington.

Our committee members have been receiving many photographs of leadership activities taking place across our land. But we can always use more. Pictures tell a story in a way that words often cannot.

The Department of Minnesota uses the District Leadership Chairman extensively. The mid-year report included information on each of the ten districts and what they had already accomplished. Several districts included members of the Legion and Sons in their activities making the leadership program truly an American Legion family program.

The Kentucky Leadership Chairman has placed emphasis on exactly what it means to be a leader. The department is working on ways to mentor future leaders in what it takes to inform, motivate, and teach members long term leadership skills. Leadership programs are being offered in units as well as at other levels. Leadership does not need to be a stuffy topic.

Many departments reported they have worked to promote the leadership program in many ways. Some of these included presenting prizes to members who answered questions correctly, offering many workshops with activities, short plays, games, and discussions around actual leadership issues facing our members and units.

Our committee has completed two of four additional online leadership mini-courses for our members. We ask that you check them out. The future of the American Legion Auxiliary depends on a strong leadership. We urge each member here to go back to your department and promote leadership activities. Be a mentor to someone. Support the leadership courses. Ensure our future.

And I would like the National Leadership Committee members who are here to stand. I know a couple of them are here. Nini, and our other members are Sandy Kneeland and -- oh my God. From North Carolina, yes, Betsy Lee Hodges. Thank you. Thank you, Madam President.

(Applause.)

PRESIDENT BROWN-PARK: Thank you, Coral. Thank you to all the national chairmen who presented this evening and a big thank you for everyone's attentive participation. Please do not forget to review all documents for tomorrow morning's meetings. So I am going to turn the Chair over to National Secretary for announcements.

SECRETARY BUCKLER: So a friendly reminder, we are no longer doing ticket sale announcements. So if you need a ticket, have a ticket, want a ticket, you go out to the registration area and there is a big board out there, right? This says there are lists located at registration if you need a ticket, have a ticket, or want a ticket. There will be tomorrow.

Okay. So speaking of first thing in the morning, the NEC breakfast is at 7:45 in Jefferson West, which is if you go out these doors it's all, it's just down that way. Okay. And that will be at 7:45 in the morning. And all members of the National Executive Committee, Past National Presidents, national officers, and national chairmen are invited.

From the National Vice President, National Vice President Jefford's dinner for Past National Presidents will be hosted by the Department of Connecticut and National Vice President Janet Jefford and that will be in Room 5101. And that is Sunday at 6:00 p.m. Is this word cocktails? Oh. I'm not used to reading words like that. So it's in Room 5101 at 6:00 p.m. on Sunday. And she also announces that she will be hosting a breakfast for the 2013-2014 department presidents Tuesday at 7:30 a.m. in Room 5101. I don't know. Not that I've watched and would have any comment on that, but.

Now when you came into this room, how many of you have a card like this? You are wondering what you are supposed to do with it? You are supposed to answer it. There is a book -- book. It has been a long day. There is a box in the back of the room that Patricia Blazek is holding up. One of the things that we will be talking about tomorrow morning, I'm not going to go into detail about it tonight, is we are going to be talking about the new five-year plan. You all got that in the mail. Hope you've read through, looked at it. One of the five goals is we have to raise awareness about the organization. So don't get all scared that you see the word building brand and building brand loyalty. Brand is who we are and building loyalty means people aren't going to like us if they don't know who we are. So this card is when you are asked, and now if you want to spend all night thinking about it and bring it down tomorrow you can. But the goal is when you think what do we do exceptionally well to meet the greatest needs of veterans and their families? What comes to mind? No, I'm not giving them an answer. I'm just saying what comes to mind? No, you guys don't give answers either. No, you keep them to yourselves.

(Laughter.)

SECRETARY BUCKLER: Now I'm getting it. Write it down on the card and put it in there. So I will tell you what we are going to do with these, though. Remember that for the awareness campaign we retained the company publicist, a professional marketing PR firm, your responses are going to be compiled for further messaging development for the organization. So it's important. So at the top of your head, what do we do exceptionally well. If you have one answer, write it down. If two or three things pop to mind, write them down. Don't turn it over and write on the back. We are not looking for a thesis. We are looking for short answers.

Okay. So with that, Madam President, those conclude the announcements for tonight. Thank you.

PRESIDENT BROWN-PARK: Thank you, Dubbie.

(Applause.)

PRESIDENT BROWN-PARK: Well I hope everybody has enjoyed the evening, that you have learned a great deal, and that you are ready probably for a nice evening, a little sleep, maybe a little dinner. How many had dinner before they came? Well, that's good. Well, not many of you. So you now have an opportunity to go do that. So the National Executive Committee meeting will adjourn until 8:30 tomorrow morning.

(Ringing of the bell.)

(Whereupon, at 8:56 p.m. on Saturday, March 22, 2014, the above-entitled meeting was concluded.)

## **SUNDAY, MARCH 23, 2014** **PROCEEDINGS**

PRESIDENT BROWN-PARK: This National Executive Committee meeting will now come to order.

Please rise for the invocation by National Chaplain Shelley Riggs.

(Ringing of the bell.)

CHAPLAIN RIGGS: I'm going to start first with a brief saying. Choices, chances, changes, you must make a choice to take a chance or your life will never change.

Good morning, God. As we gather today to continue our meeting, give us the use of your gift of peace and understanding that we may approach the matters we must handle with sincere and just hearts.

May you watch over and guide us so that we may not hurt our friends with whom we work for, the betterment of the communities and our country. Keep us always true to the principles of justice, freedom, and democracy.

Keep a watchful eye on our servicemen and women. Keep them safe. This we ask in your most holy name. Amen.

VOICES: Amen.

(Ringing of the bell.)

PRESIDENT BROWN-PARK: Before we begin with today's scheduled reports, I will again remind all the presenting national chairmen that your reports are limited to three minutes.

And Linda Workman is right behind you, my page, and she's got her timer. So as she gets to 15 seconds, she's going to let you know. We have to be out of this room by eleven o'clock, so we need to keep on schedule. So we would appreciate all of you keeping your remarks to the three minutes.

I now call on -- so we will again do all reports in an uninterrupted fashion. And I now call on National Americanism Committee Chairman Martha Lee Thatcher.

(Applause.)

CHAIRMAN THATCHER: Units across the nation have become an integral part of their communities promoting patriotism through education and example. They have become the go-to organization for flag etiquette and proper disposal. They've marched in parades, joined with sister organizations to honor and support veterans.

The Department of Delaware learned the value of teamwork by joining with schools and community centers to produce more than 1,000 pocket flags.

The Department of California units developed a working relationship with their schools teaching flag etiquette and collecting unuseable flags for proper disposal.

Showing pride in our organization and with an eye towards the future, Units 272 will be taking old flags to their department's junior convention and explaining the flag etiquette and proper disposal to the future leaders of our organization.

The Department of New Mexico has introduced a new project this year. Unit members are encouraged to locate made in America items sold by merchants in their local communities.

After sending a certificate of appreciation to the merchant, a photo with an article is placed in their local paper. This grass-roots program is picking up speed and I encourage those of you to think about it and maybe start a made in the USA program in your department.

All five divisions reported supporting The American Legion's Americanism programs, and the Department of North Carolina stepped up to the plate when they were asked to host a hospitality food booth during The American Legion's baseball tournament. Their down-home hospitality was a success and these ladies logged 183 hours for this project.

Units are wearing patriotic scarves, ID buttons, and honor their service buttons to show pride in belonging to the ALA.

Challenged by the National Americanism plan of action, several unit members have written and delivered their elevator speeches to explain both the mission and the programs of our organization.

If you haven't already written your speech, I urge you to consider doing so.

In closing, let me tell you the story of an American flag created by students in Lion Elementary. Encouraged by their teacher and following directions, these students created a full-sized American flag by placing their hands strategically and creating the stars and the stripes.

Due to this teacher and thanks to this teacher who is also a unit member of Houston, Texas 77, these students had a hands-on patriotic experience.

Please join me in applauding their efforts.

(Applause.)

CHAIRMAN WARD: If you were asked to describe Girls State in one word, what would you say? Opportunity, leadership, patriotism? How about just awesome, because, as we all know, there is no other program that so affects and changes young lives in such an awesome, positive way.

Opportunity for growth, the ability to develop leadership skills, all grounded in patriotism and teaching the importance of initiating vital change through the political process, that is Girls State and more.

While serving as National Girls State Chairman in 1972, Past National President Doris Seymour stressed the importance of promoting the sponsorship of the American Legion Auxiliary at every opportunity. And the 2013-2014 committee echoes this important concept.

As the core sponsor of the Flagship program, we must continue to communicate how for nearly 70 years, we have stepped up and demonstrated by doing and educating and training young women to reach, grow, and aspire to greater heights.

In support of the march to a million members by 2019, the Girls National Committee added a fourth objective to the plan of action which outlined the importance of Girls State programs to actively engage and sign up for American Legion Auxiliary membership every eligible young woman who participates at the department level.

Departments have embraced this objective and we're hearing about exciting new activities to encourage membership interest. From State Fair Day in Minnesota to American Legion Auxiliary Day in Utah, departments are designing new and innovative ways to educate Girls State citizens about all the American Legion Auxiliary has to offer to both its members and the citizens.

There's no hanging chads in West Virginia thanks to new electronic machines and everyone can attend assemblies in South Dakota because of live broadcast streaming.

First and foremost, the program prioritizes its activities to establish a curriculum that allows each citizen to participate and experience the political process by running for office, presenting legislation, and meeting those who are responsible for governance in their states.

Young women who may never have had the opportunity to see their state capitol or meet a state senator do so while at Girls State.

Girls State became its own standing committee in 1947 under National President Pearl of Michigan. The first chairman, Mrs. Uga Campbell of Louisiana said so eloquently when the idea of Girls State was unfolded before the American Legion Auxiliary, it was as if we saw a vision, the picture of a new form of training and processes for young American women. For those girls who will compose a large percent of our citizenship tomorrow, the vision we saw developed under the title of Girls State and expanded each year until it is developed in every department.

We will bring training America's youth and democratic principles into every community where America lives. Through such a vision executed year after year, the American Legion Auxiliary will have made a great investment in America's future.

Mr. President, do you think a woman will ever be president of the United States, one of the Girls Nation citizens asked President Truman when he chatted with them in the rose garden at the White House during the 1948 visit to the executive mansion.

President Truman answered I not only think it possible, but I consider it highly probable that a woman will some day be president of the United States. I don't know about you, but I'm with Harry.

(Laughter.)

(Applause.)

CHAIRMAN BATISTE: Good morning.

VOICES: Good morning.

CHAIRMAN BATISTE: What is the American Legion Auxiliary Junior Activities program, a question many of us are asked? It's engaging, encouraging, and instilling the values and experiences and opportunities of the American Legion Auxiliary and our Junior members while encouraging them -- while showing them the importance of assisting our veterans.

Junior members have been very busy this year making headlines in local newspapers like the Department of Colorado's honorary Junior Department President who was recognized in a Colorado newspaper for her outstanding service to veterans in the community.

Her project, Operation Sweet Dreams, went over huge with deployed troops. She sent handmade pillows with an attached thank you note.

Juniors from the Department of Louisiana and Washington held garage sales, bake sales, and collected aluminum cans and tabs to raise money that will be used for programs that support veterans.

We teach our Juniors to pass it on, pass on appreciation. We appreciate the sacrifices our veterans have made. We are teaching Juniors why and how.

Juniors from Unit 11 from the Department of Arizona organized a dinner for a former Junior member who received her commission as a second lieutenant. She is now a dual member.

They also honored the service of a father of their honorary Junior Department President whose father was a veteran and recently passed away.

The Department of Connecticut's Juniors held a fashion show for National President Nancy Brown-Park along with dinner.

Junior members visiting our leaders and organizing events in their honor builds confidence and organizational skills and allows them to see what we do by learning.

Pinkies and bullies and blues, oh, my. The anti-bullying campaign has been a huge success. Juniors across the country have participated in some way organizing their own event, sharing photos, drawings, blue pinky promises, and making friends and classmates aware of the impact bullying has on others.

One of the many projects planned for the Junior members attending national convention this year is a no sew lap blanket project and passing on our favorite books to military children.

The committee's goal for the rest of the year is to continue the mission of service, not self, and the theme pass it on. Pass on values, stability, and diversity, pass on leadership skills to our Juniors by creating confidence building exercises and projects throughout the year.

One exercise the committee is working on is I can do. We must encourage and inspire our Juniors that they can. Hundreds of girls have bruised self-esteem and other issues that bring them down, bullying being one.

But you know how much bigger and better we would be if we just uplift and encourage each other and support one another. Our Juniors need the same motivation. We must lead by example. Let them see us being kind to each other, a sisterhood of beautiful women working together for our veterans.

Will the members of the National Junior Activities Committee please stand if you're here.

Diana and Madam President, this concludes my report and thank you for allowing me to be on your team this year. Thank you.

(Applause.)

PRESIDENT BROWN-PARK: Thank you, Monique.

Just a really quick story. I was visiting a department and met some Juniors who painted my little pinky purple. And I was on my way to the White House.

(Laughter.)

PRESIDENT BROWN-PARK: And I didn't have any nail polish remover, so I went. I met with the joining forces team at the White House. And we were sitting there and here I am all dressed up. I'm in the White House and my little finger is purple. She said to me you must be with children. And I said, well, yes, actually, we do have a Junior program and we are doing a project on mean stinks and we paint our little pinky purple.

So the White House was very impressed about what we were doing, Monique, so thank you very much for bringing that to the Junior program.

(Applause.)

CHAIRMAN DAVIS: How do you make a Marine smile for Christmas, so asked an article in the Berkshire Eagle Newspaper, Lenox, Massachusetts? Answer, send him a Sponge Bob Square Pants toothbrush.

(Laughter.)

CHAIRMAN DAVIS: That was nine-year-old Michael Ward's tactic to support Corporal Jay Tembora, a Marine stationed in Afghanistan, and his platoon.

In coordination with his teacher and donations from fellow students, he began collecting items that might be needed by the troops. That represents the selfless good deed of one fourth grade student. Unit 155 took an important step by submitting Michael's hard work for the Good Deed Award.

Three children ages eight to eleven were outside having a fun day playing basketball with their babysitter. Suddenly the babysitter suffered a first time ever epileptic seizure. The two boys ran to call 911 and get a neighbor as eight-year-old Macy stayed with the babysitter until emergency crews arrived.

Unit 100, Sparta, Wisconsin made the extra effort to nominate these three young children for the Youth Hero Award.

Great and heroic actions by the youth of America are around us every day.

Thank you to the units who take the extra step to recognize these youth.

Unit 53, DuPont, Washington had a great day talking to children of active duty soldiers as they pinned I'm a hero too buttons on them, and I'm wearing one.

The new KDH2, kids of deployed are heroes too, is a great way to recognize the selflessness these children learn as they live through deployments of parents.

Beyond the Auxiliary sponsored projects, Auxiliary members have been busy in their communities working on projects to benefit children.

Virginia Unit 368, Portsmouth began their year distributing toys to children at the Portsmouth Naval Hospital, and Unit 186 bought ten Josh dogs to donate to children of deployed.

An Indiana unit helped military kids with clothing and school supplies for the new school year.

Arizona held a public seminar with a speaker who focused on the effects of bullying, sexting, and cyber internet safety.

In California, one unit took part in a shoe and sock program. San Diego provided 35 \$25.00 vouchers to children of military families for shoes from Payless.

At the Idaho Falls district meeting, over -- I'm sorry -- at the Idaho fall district meeting, over a thousand dollars was collected for the Department Chairman's special project, Donations for Dolls, which utilized Operation Give a Hug dolls. Each doll was given to the children whose parents are deploying.

Units across America are passing on their ingenuity and positive influence in ways that can only help build a better future for America's children.

And I forgot to tell you I'm Mary Davis, Children & Youth Chairman, and I would like to recognize my committee members who are here, if you could please stand. (Applause.)

CHAIRMAN DAVIS: Thank you all. Thank you for your hard work.

CHAIRMAN BRITTON: The possibilities are endless. Creating a more visible presence in our communities for the American Legion Auxiliary is catching on. We see it more each day as our units and departments find new and unique ways to be sure our name is out there for all to see and acknowledge.

Recognition of the American Legion Auxiliary's name has been possible by partnering with other community organizations. Specific activities are noted in my written midyear report that you received.

The major focus this year under the community service plan of action is the walk, run, and roll project.

National President Nancy had the vision to make name recognition and fund raising an easy task by providing materials to assist our members with raising funds for the veterans in each community.

If your unit or department has stepped up to sponsor a walk, run, and roll in your community or department, be sure to check out the resource tools available for this project. It's not too late to plan an event.

And the best part of it all is that each unit or department gets to keep the funds that they raise to be used for veterans in their own area.

I've heard many positive comments from our members about the materials posted on the Website. Many thanks to our National staff for all their hard work in helping to develop the suite of materials.

Thank you, Madam President Nancy, for your idea to assist veterans and allow our members to provide assistance where they personally know will do the most good.

National days of service have been celebrated and also used to create name recognition and awareness for the ALA. September 11th Remembrance Day found Madam President Nancy assisting Unit 1 in Washington, D.C. The D.C. Fisher House served as the backdrop as volunteers cooked and served dinner to veterans and their families.

Make a Difference Day, Veterans Day, National Pearl Harbor Remembrance Day, and Martin Luther King, Jr. national days of service found our members creating a visible mark on their communities and don't forget your next opportunity, National Volunteer Week, which is April 6 to the 13th.

E-mentoring connections have been initiated by several National Chairmen as well as members who have offered to mentor participants and establish relationships regarding career building skills for military spouses. What a wonderful way to share your knowledge and expertise with a military spouse who is in need of counseling or advice.

Many units and departments are actively supporting and volunteering at U.S. Chamber of Commerce job fairs including hiring events at the local level. These offer our veterans the opportunity to seek employment opportunities and investigate options available to them. A total of 399 job fair events were reported held during 2013.

There are many ways to recognize the good works of our members. If you know a member who is deserving of being nominated for the Senior or Junior Volunteer of the Year Award, please be sure to nominate them, and you can even nominate yourself.

The award is for volunteer service performed during the '13-'14 administration. Let's show our appreciation and recognize these members who unselfishly continue to demonstrate service, not self.

Working together to partner with other community organizations while we assist our veterans, our military, and their families will continue to be our main focus and concentrated effort as we support our mission.

Madam President, this concludes my report. And I would just ask that the members of the Community Service Committee stand and be recognized if any here. Thank you, ladies.

(Applause.)

CHAIRMAN DUSCHECK: When you hear the words "Education Program," it's likely that scholarships are the first thing that come to mind. However, departments are reporting three additional favorite education activities, National Education Week, Give 10 to Education, and Veterans in the Classroom.

National Education Week was celebrated by Auxiliary members as they recognize entire school staffs from teachers and administrators to secretaries and janitors. Cards of appreciation gave school staff the thank yous and words of encouragement that they seldom hear.

Schools have received a helping hand from Auxiliary units through the donation of funds and books through their libraries along with collecting boxtops for education, Campbell Soup labels, and pop tabs that can be cashed in to stretch their educational dollars.

To support education and provide needed supplies to both students and schools, units participated in the Give Ten to Education program, ten notebooks, ten pencils, \$10.00, ten lunches for students. Even haircuts, hats and gloves, and dictionaries were provided.

While some units gathered Give Ten supplies for school children in general, other units provided supplies specifically for underprivileged or military children.

Veterans have been invited into schools for a couple of good reasons, first to recognize the sacrifice veterans have made to their country and its citizens and second to educate students about what a veteran is.

Picture a gymnasium filled with students and veterans. As the program opens, the Pledge of Allegiance is led by a Native American group or maybe by a group of preschoolers. The choir began singing My Country 'Tis of Thee or Freedom Isn't Free and a poem is read entitled My Dad's Got Your Back.

As the program progresses, local veterans are introduced by the wars they fought in, Pearl Harbor survivors and World War II, Korea and Vietnam, Iraq and

Afghanistan. Through their interaction, students gain an understanding of veterans and the veterans are organized by their service to our country.

Auxiliary and education, it's a great combination. And would any members of the Education Committee please stand.

(Applause.)

CHAIRMAN DUSCHECK: Thank you.

CHAIRMAN THOMAS: Past Presidents on all levels have been very active and visible and they continue with their volunteer work for our organization. The National Plan of Action was distributed at the beginning of the year and has been promoted on the department and unit levels.

New Mexico has a very active Department Presidents Parley, Past Presidents Parley. They have a Department Past Presidents Parley luncheon at midyear with fun and games that are fund raisers for their nurse's scholarship.

The scholarship recipient and the Unit Member of the Year is then announced during their convention's luncheon and this creates a lot of interest.

In Virginia, units are honoring servicewomen on their birthdays with certificates of appreciation for their service. In addition, units are donating to medical scholarship, homeless shelters for women veterans, and are training members to assist Legionnaires who are filing claims through the VA system.

Iowa is doing an excellent job in promoting recognition of active military personnel in each brand of service.

In California, not only is the main emphasis focused on the three main objectives this year, nurse's scholarship, Unit Member of the Year, and active duty servicewomen, but past presidents are encouraged to offer assistance within their units and districts to continue their efforts in growing membership.

Oregon is going full speed ahead in promoting the recognition of active duty servicewomen.

Texas continues in their focus on mentoring members, Member of the Year, medical scholarships, and honoring servicemen.

Past department presidents have been encouraged to share their expertise and lend support to new officers and chairmen in every department.

Something new this year, an active duty servicewoman can send a YouTube video in place of a written narrative. Please refer to the awards forum for details in the plan of action.

National Executive Committeewomen, when you return home, please promote the Past Presidents Parley program. Everyone loved the recipients last year and let's try to get the same kind of interest this year and pass it on.

Is Sandi Dutton, the National -- my Vice Chairman in the room? Kris West is also a member, but she's not here.

Madam President Nancy, this concludes my report. I apologize for my voice.

(Applause.)

CHAIRMAN GOEDE: Good morning.

VOICES: Good morning.

CHAIRMAN GOEDE: Madam President, as we are at the halfway point of the year of Pass It On, I am elated to report that units and departments have reported a large amount of activity in the National Security program.

The first objective is to develop, implement, monitor activities that contribute to the practical, emotional, and social well-being of active duty and transitioning servicemembers and their families.

Auxiliary members are asking what they can offer to support our servicemen and women, especially those serving overseas.

Members have continued their support in promoting the blue star and gold star banners and POW/MIA program, assembling care packages, participating in deployment and welcoming home ceremonies and being involved in the family readiness groups.

We have continued to assist family members who have a deployed loved one like a parent or a spouse. Whether it is mowing the lawn, babysitting, or providing meals, we are doing it all. Some units are even specifying months in which they work on a specific action step.

Speaking of care packages, after the National Security report in the February issue of the Auxiliary magazine where I touched on the need of packages and the DMZ, I received several e-mails wanting the details on whom and where to send the packages.

Thank you, President Nancy, for making our members aware of this need.

I do not have a final number on how many sent, but I do know it was well over a hundred. These e-mails assured me that our members are reading the magazine and other mailings and they are acting on what is needed.

The second objective is to support the National Security programs of The American Legion. The Cert program training is being conducted in many communities. With the disaster and extreme weather in all areas of the country, our members want to be prepared.

Units are joining with their posts to hold ceremonies for National POW/MIA Recognition Day. The POW/MIA Empty Chair ceremony is conducted at meetings and meals. This is just the tip of the iceberg of what is being done for this program.

Please read the written report for a more detailed report and be sure to continue to pass it on as you conclude your programming year and your annual reports.

Would all members of the National Security Committee please stand for recognition.

(Applause.)

CHAIRMAN GOEDE: Madam President, this concludes my report.

PRESIDENT BROWN-PARK: Thank you, Marie.

So I'll just share quickly a little story. When we had the opportunity to visit the DMZ, we got there and, you know, last year, you all donated a lot of money to supply computers at the DMZ. That really is probably one of the worst duties that you could have. In fact, it's considered hardship.

And they spend a year, but they don't have access to, the men and women who serve there, to their own computers, to be able to take classes and do things. There are a lot of military computers, but they can't use those.

So Peggy came back, Peggy, Past National President Peggy came back and said they could really use those. So we raised a lot of money. Thank you very much. And I know Peggy appreciates it.

So we got there. We got off the bus and they said, Peggy. I said I'm not Peggy.  
(Laughter.)

PRESIDENT BROWN-PARK: I said I'm Nancy.

(Laughter.)

PRESIDENT BROWN-PARK: So we had an incredible time, but we got to see where Peggy's computers, where they are. So they built this really cool little computer stations. It's really neat. And we walked in and we looked and there's Peggy's picture on the wall.

(Laughter.)

PRESIDENT BROWN-PARK: So I said how do I get my picture on the wall. So we did chat. We did find some -- I think we have -- we raised more money than we needed for those computers.

So I think we hopefully have found a way that we're going to be able to get some TVs up there. They'd like some Smart TVs to be able to really take some classes and some interactive and face time with families and things like that.

So that's what we're working on right now with Peggy's money.

(Laughter.)

PRESIDENT BROWN-PARK: But one of the things we did ask is do you ever receive care packages up here and they said, uh, we haven't seen a care package since 1956. So they said we truly are the forgotten war.

So when we came back, Marie had included me in the bulletins going out for national security. So I just -- we got back. It was the middle of December. I sent a little note and said, you know, you might think about a bulletin next time that would include the DMZ.

Well, I will tell you that -- that got on Facebook and before Christmas, from what I understand and we don't know all the exact numbers, there were 282 care packages sent to the DMZ. That is the American Legion Auxiliary making a difference.

(Applause.)

CHAIRMAN CONATSER: Madam National President Nancy, Veterans Affairs & Rehabilitation Chairmen across the nation have proved that they are supporting the mission of the American Legion Auxiliary. We received 48 department reports. Way to go, departments.

(Applause.)

CHAIRMAN CONATSER: Thank you for taking the time to report on our mission activities. We have a branch new e unit in Indianapolis and they collected nearly 100 pounds of canned and packaged food items in addition to clothing and personal items for the Hoosier Veteran Assistant Foundation.

In another department, their honorary Junior President chose homeless, not hopeless as her project. Junior and Senior members across the state held homeless, not hopeless events in support of homeless veterans by collecting in kind donations and monetary donations. For this project alone, \$20,772 in kind and monetary donations were made.

Some Juniors across the state slept in cardboard boxes to experience what it would be like to be in a homeless situation.

To support this effort and help our homeless population, the homeless, not hopeless -- try to say that four times in a row -- homeless, not hopeless sleeping mats project was born. Each mat crocheted containing seven to nine hundred recycled plastic shopping bags and were donated for homeless veteran stand-downs at the four VAMCs.

Six units reporting 3,300 hours created 30 mats with Editon (phonetic) Unit 40 recording 3,000 of those hours. Thirty-one volunteers reported involvement with the project.

In addition to this, Unit 40 brought attention to the homeless by the Junior and Senior members making mats at their county fair and by collecting monies, food, and gently used clothing for their homeless and VAs.

On Friday night of the fair, they had a sleep-over in a cardboard box city on the grounds, on the fair grounds which gave them some media coverage. Congratulations to North Carolina for not only supporting our veterans but supporting our Juniors, our future.

To date, we have supported \$5,189.17 in many grants for the local creative arts festivals. A new requirement this year is to ask for a short report back from the hospitals receiving the grants. At this writing, I have received one report as the others have dates after March 8th. Maryland received a grant that served 50 plus veterans.

One question was what were you most proud of, and I quote, I was most proud to see the veterans' response to receiving certificates and medals. They were very appreciative. Most of all, they were appreciative of having an opportunity to showcase their talent. We have funded four grant applications and I hope to receive some more soon.

After attending the national creative arts festival in Reno, we all realized that our sponsorship of the national festival and the financial support for the local festivals is money well spent on our mission. Many more ideas are available in the written report. Please take the time to check them out.

Every month, Vice Chairman Pat Kranzow shares with me the voluntary service newsletter. First, Pat, would you stand, please.

First of all, I want to thank Pat for sharing and most importantly thank you, Pat, for all you do for the American Legion Auxiliary, our veterans, and the VAVS.

(Applause.)

CHAIRMAN CONATSER: Would other members of the VA Committee please stand. Thank you.

(Applause.)

CHAIRMAN CONATSER: In one of the newsletters, the new director of voluntary services with the VA wrote, collaboration is not just a skill. It is an attitude and a spirit. It is accompanied by a clear sense of mission, intentional communication, and shared accountability for the results.

I think our American Legion Auxiliary fits this quote. Remember why we do what we do. Remember who we serve and remember to share our success so others may succeed also. We do not do this just for the credit as long as the American Legion Auxiliary takes care of our veterans, our active duty military, and our children.

Thank you.  
(Applause.)

CHAIRMAN COLLINS: Madam National President, attendees of the American Legion Auxiliary, on behalf of the Poppy Committee, the Poppy program is going through many changes this year due to Resolution 20. It gives us leeway in order to help with financial and medical expenses of veterans, active duty military, and their families.

Thanks in part to some work from some wonderful ladies, last year's Past President Peggy formed an ad hoc committee and Kathy Dungan served on that committee and Melanie Taylor, last year's Poppy Chairman, paved the way for the new Poppy program.

My unit had great success in distributing poppies at a national restaurant chain. This Poppy Chairman has been working with that national chain and at this point, our national marketing team is preparing a flyer to send out to all of the restaurants in their chain in hopes that our different units all over the country can distribute poppies at their restaurants. This was a request from the restaurant chain.

The Department of Arkansas received a call from the owner of 11 Hardee's restaurants and asked that they go to them and do a Poppy program at their restaurants. They are now in talks with the chain as to set up a new program for the coming year.

Unit 50 in Palisade, Colorado received coverage from several newspapers and two television stations for their poppy distribution. The unit gave a total of \$12,000 to four struggling Iraqi, Afghanistan, and Vietnam veterans who had been struggling with disabilities and need financial assistance.

Christmas candy cane wreaths with poppies were made by Juniors in several states and New York had 241 students participate in the poppy poster contest.

Unit 186 in South Carolina does deal or no deal to raise funds for their Poppy program. They raised over a thousand dollars in one night. And this was over and above their poppy distribution.

To continue the national efforts of poppy fields across America, Michigan Department Chairman has distributed over 200 packs of poppy seeds.

The Poppy program is a symbol of remembrance for the American Legion Auxiliary and its family. And the poppy has been around for -- since 1921, but it was made one of our programs in 1924. This year, the Poppy program is 90 years old. We celebrate this milestone. We pass it on.

Would the members of the National Poppy Committee please stand.  
(Applause.)

CHAIRMAN COLLINS: Madam President, this concludes my report and we do have a resolution.

PRESIDENT BROWN-PARK: Would you like to share that resolution with us? Make the motion.

CHAIRMAN COLLINS: On behalf of the National Poppy Committee, we move that this resolution be accepted.

PRESIDENT BROWN-PARK: It has been moved to approve the poppy resolution as presented. You received a copy of the resolution in your NEC mailing.

Before discussion, I'd like to call on National Secretary Dubbie Buckler for reason of explanation.

SECRETARY BUCKLER: Just quickly in the interest of time, there's been a discussion about maybe the order in which some of those things that are in the resolution are finally adopted.

What you're adopting today is -- are the inclusions because the wording is the Legion's resolution as it was adopted. So we didn't do a lot of changing of their wording. But when I -- if you adopt the resolution, when I work with the Legion, I can ask for things to be reordered.

And one in particular was that volunteers make them come ahead in a priority of having the made by commercially. If you can make them commercially, they can be made by volunteers and there's already been an opinion issued by the judge advocate that you can do that.

People like the comfort of seeing it. Since we're going to -- since we were going back to amend the resolution anyway, we thought, well, let's just put that in there if that's a higher comfort level for people.

So don't be concerned about the order in which you see things. It's just the additional words that we would like to have put in there.

Thank you.

PRESIDENT BROWN-PARK: Thank you, Dubbie.

Is there any discussion?

(Whereupon, there was no response.)

PRESIDENT BROWN-PARK: All those in favor of approving the resolution regarding poppy funds for materials, say aye.

VOICES: Aye.

PRESIDENT BROWN-PARK: All those opposed, say no.

(Whereupon, there was no response.)

PRESIDENT BROWN-PARK: The ayes have it and the motion is carried.

Thank you, Brenda. Oh, Brenda, please continue.

CHAIRMAN COLLINS: I would also like to present you and National Vice President Janet with a homemade poppy --

PRESIDENT BROWN-PARK: Oh, I love it.

CHAIRMAN COLLINS: -- made by a member in South Carolina.

PRESIDENT BROWN-PARK: Thank you. Thank you, Brenda. Thank you so much.

CHAIRMAN COLLINS: Thank you.

PRESIDENT BROWN-PARK: I have a little red poppy. I had it on yesterday, I think the little felt poppy. It was made for me by a member in California. And I've asked the President to give me the directions --

CHAIRMAN COLLINS: I have them.

PRESIDENT BROWN-PARK: -- so we can post that. You have them. Okay.

VOICE: Madam President, our wonderful Poppy Chairman, she had been given the pattern --

PRESIDENT BROWN-PARK: Perfect.

VOICE: -- from California. And she's been making them and she's going to provide you with the pattern.

PRESIDENT BROWN-PARK: Perfect.

CHAIRMAN COLLINS: You can send it to me.

PRESIDENT BROWN-PARK: Okay. If you can get that posted on the Website because I can't tell you how many people have said to me can I have the pattern for that poppy. So --

CHAIRMAN COLLINS: It's very simple.

PRESIDENT BROWN-PARK: -- we'll set it up on the Website --

CHAIRMAN COLLINS: I've made several.

PRESIDENT BROWN-PARK: -- and have it. So that's great. So it may take a little bit for them to get it up there. Oh, look at it. See, Georgine has one on. Great.

So it is a beautiful poppy. I wear it all the time. And people really recognize that. So thank you so much.

CHAIRMAN COLLINS: Thank you.

PRESIDENT BROWN-PARK: So thank you for this, Brenda. I'll treasure this. It's great. Thank you.

(Applause.)

PRESIDENT BROWN-PARK: A big thank you to all the National Chairmen. It's been a pleasure to hear about all the important work you have accomplished, and there really is some incredible work that's being done out in the departments, in the units.

Thank you all for all that you do each and every day.

Next report on all the great accomplishments -- oh, wait. Is that right? Are you next? Oh, yeah, you're next. I didn't know if she was next or not. I guess she is.

Next report on all the great accomplishments being made at our National Headquarters is National Secretary Dubbie Buckler.

Don't forget Linda has her stopwatch on back there.

(Laughter.)

SECRETARY BUCKLER: Yeah, but the schedule doesn't have a time period after my name.

Well, and, actually, how many of you would love it that the National President would take that pattern and make them herself and distribute them?

(Laughter.)

SECRETARY BUCKLER: Good morning, everyone. And in the interest of time, I'll just say that the thing we're most proud of is that we have not had a 60 Minutes crew come to your National Headquarters.

(Applause.)

SECRETARY BUCKLER: So we're doing things well. We're doing things -- as you heard the report from our external auditor last night, there really is a lot of things that goes on behind the scenes to keep your National Headquarters running this big corporation.

The other thing you heard last night, we are a big corporation and we have to be run like a big corporation. And even though our business is delivering service, delivering our mission, we still have to do it in the confines of all the federal, state, and local laws and every federal regulation, and believe you me, they grow every day, that we have to comply with. So we are compliant.

And one of the things I want to share with you is that the building that we are in at National Headquarters -- who has not ever visited National Headquarters? Well, I hope you get to some day.

Those of you who have, the building that we are in is in an office complex that has been sold. So as the -- as the governing body for the organization, I just want to let you know that we have a new landlord. We -- it just -- really it just happened just a few days ago.

So we've not met our new landlord. It doesn't have -- it won't affect -- we're not going to be kicked out or evicted.

When -- when you go through a process like that, there are more pieces of paper involved. And so they review all of that. The potential buyer determined that we're a good tenant. We have paid our rent on time. We have -- you know, we've complied with everything. We didn't burn the building down.

So -- so, anyway, one of the terms and conditions of the sale of the building was that we -- they honor our lease through the extension -- through the full term of our lease. So I just want to let you know building has been sold. It doesn't affect us. We're still going to be where we are under the same terms and conditions of our lease.

The proceedings for convention and NEC are up on the Website now. How many of you go to the Website more than once a month? Awesome.

How many go to the Website maybe twice a month or more? How many go to the Website weekly? How many go to the Website daily? This -- this will be those of us who don't have much of a life.

(Laughter.)

SECRETARY BUCKLER: And I'm right there with you, so -- well, I do want to let you know that on the Website, there are literally -- for those of you who go, trapes around. There are hundreds and hundreds of resources on the Website.

And one of the -- and so for those of you staying over for the conference, you're going to hear about the plan giving guide. Those of you who are going to attend the conference will get a copy of it, but it's also on the Website along with a host of other things.

And there, do it that way. One of the newest things that's on the Website is our branding guide. Now, those of you who have been listening to me for a number of years now, when I came to the organization, I could see that many individuals love this organization because everything I saw had an individual touch to it.

Well, the -- the world at large, the general public is not going to know who we are, what we do, and why we matter if they don't know us consistently. So I talked about how we were going to be doing things that started looking consistent.

And with my little arthritic hands, it's kind of hard to do this, but we did what we called brand -- this is the audience participation part -- branding.

VOICES: Branding.

SECRETARY BUCKLER: Thank you very -- thank you. Thank you. Thank you, Madam President.

So everything we've done, we -- we've created a consistent look for. Now, why are we doing that? So that if somebody picks something up, oh, I think I've seen something that looked like that before. You start to gain recognition.

Branding is nothing more than consistently telling people who we are, what we do, and why we matter. It's the consistent way that we represent ourselves collectively rather than representing ourselves individually.

One on one, you have the opportunity to do it individually. Collectively, that's called branding. Brand loyalty is doing branding well enough delivering your message, delivering your promise so that people like you want to return.

Now, I'm sharing that with you now because we've spent a lot of time putting the branding guide together. It is on the -- I'm not showing it -- it is on the Website. So we get a lot of questions about how do I use the emblem, how does -- you know, how can I do this. Well, we've got it in guide for you.

So that's been probably a good year plus coming and we're proud to say that that's done and on the Website.

Now, a thing that I want to just alert you to, not for purpose of discussion now, but just a heads up in -- in the vein of branding. Our emblem, our names, every look that we have including all the Girls State logos are trademarked. And every time a new one is done, that falls under trademark.

And our counsel general, the national judge advocate has -- has said, so this is your heads up, we have too many looks, too many different looks for our American Legion Auxiliary Girls State programs.

So as -- as requests have come in this year, we've given your Girls State directors the heads up, whatever you're ordering, order short term, not ten years out because I -- it's highly likely we are going to have to come up with one adaptable but unified American Legion Auxiliary Girls State logo.

And I will tell you that every time we have to trademark it, it costs about \$25,000. So do we understand that this is probably going to be important? Anybody want to throw a tomato at me right now?

VOICES: No.

SECRETARY BUCKLER: Thank you.

All right. So then -- so, again, we -- what we will do is we'll come up with something. The Girls State directors will -- you know, everybody will have a little say in it, but just know that it's coming and it's not here yet.

Another thing that I want to tell you is coming soon that we're excited about is the department operations guide. Now, that has been a really --

VOICES: Big project.

SECRETARY BUCKLER: Thank you.

That one has been about four years in the making. When I first came to the organization and was getting lots and lots of questions, it became very evident, wow, there are just -- we need to put together some sort of an operations guide, not a manual, not a handbook, a guide. And I thought we'll just throw that together.

(Laughter.)

SECRETARY BUCKLER: Well, then the more I was here, the more I discovered you really are a unique group of individuals with lots of issues and questions. So compiling that has just plain taken a whole lot longer than, you know, like a lot of things in life, than we thought it would.

But, anyway, come heck or high water, we are going to be rolling out at the department leadership conference the department operations guide. And we'll be going over that with your departments then.

It really is in plain speak a compilation of about, oh, 5,000 e-mails that Marta and I have sent out in response to questions that have come in about how do I do this, how do I do that, I don't understand this. So, anyway, we hope that that will be helpful.

So along those lines, one -- one of the things that I do want to -- we get a lot of questions every year about this and I -- since you're the governing body, it would be immensely helpful if you would go back to your departments and discourage them from submitting another amendment or resolution to change the membership eligibility criteria.

We can't do it. Our eligibility criteria is dependent upon eligibility to belong to The American Legion. That eligibility criteria is specified in their federal charter. It literally will take an act of Congress to change the membership eligibility of this organization.

Every year, this takes an immense amount of time because what I just said to you I bet we explain, oh, hundreds of times every year. So, please, it will probably never be the case that nieces can belong to the organization. They are not a direct descendent.

That other subject that I'm not going to mention in the microphone because this is -- this is a transcribed meeting will never be mentioned in writing as in the national governing documents, it has never been mentioned in writing.

And it would be very helpful if you would go back to your departments and off record quietly explain to them that your department is the final decision maker on membership eligibility.

A member who appeals her eligibility appeals it to the department and you as the department are the final authority. That doesn't get kicked up to the national organization to determine if a member is eligible or not. You all determine that. So please determine it however you deem best. Just don't put some stuff in writing to complicate things.

So then the final thing that I just want to mention real quick that we get a lot of questions now about -- remember last year, we kept you awake and dancing in the halls because we talked about chartering districts, counties, and councils. And you all thought that was so exciting. But it was necessary, right? It was necessary.

So, anyway, what I'm getting questions now are -- and you all may recall that last year at national convention, we amended our -- we did a complete revision of our National Constitution, Bylaws, and standing rules.

I love the fact that many of you have either already done that or are working on updating your own Constitution, Bylaws, and standing rules. And those of you who have done it know it's a big job and those of you who are getting ready to do it know it's a big job.

I'm getting a lot of questions about is -- is a subsidiary and intermediate body, are they the same. So it's one of those answers. If your immediate bodies, which would be your districts, counties, councils, parishes, if your immediate bodies are incorporated, they are all subsidiaries.

So intermediate bodies are subsidiaries, but not all subsidiaries are intermediate bodies. The American Legion Auxiliary Foundation is a subsidiary to the American Legion Auxiliary. If you have an incorporated Girls State program, it is a subsidiary to your American Legion Auxiliary department. It is wholly accountable to you, must report to you on a monthly basis whether they have a meeting or not, must report their finances.

You -- your department governing bodies must approve their governing boards, must approve their appointments because they are a subsidiary corporation to the American Legion Auxiliary. They are using the Auxiliary's name. They are using the Auxiliary's emblem and they are wholly accountable to you because they are a program that just happens to have incorporated to be a 501(c)(3) to raise money.

My side note on that is that now that you have the American Legion Auxiliary Foundation and the Foundation can award grants, you don't need to have your Girls State programs incorporated for the purposes of raising money.

Now, don't misunderstand what I just said. I'm not saying go out and disband all of your Girls State corporations. But if you have a Girls State corporation that is not being cooperative with -- cooperative with your department, your department has the authority to dissolve that Girls State corporation because it is a subsidiary wholly accountable to you.

I'm not trying to incite a riot up here, but if it's a problem, you have the authority to deal with it. And that's what I want to stress in my remarks right now because you're all getting ready for your Girls State programs. We're getting lots of questions about that.

So, Madam Chairmen, I just thought now was the time to address that while we had a captive audience. So if you as your NEC could go back, make sure they understand if your Girls State program is incorporated, it is a subsidiary. If your depart -- if your districts, counties, councils are incorporated, they are subsidiaries.

So are we -- was that helpful? Was that a little clear, because I'm getting a lot of questions on that now?

Okay. Well, with that, Madam President, we will just continue to hope that the 60 Minutes crew stays away from us.

PRESIDENT BROWN-PARK: Thank you, Dubbie.

(Applause.)

PRESIDENT BROWN-PARK: Can I have the book back?

SECRETARY BUCKLER: Yes.

PRESIDENT BROWN-PARK: She stole my book. She stole my book. She lost my page. Okay. No problem.

Thank you, Dubbie. A lot of really good information.

As I travel, it's amazing what I hear in different departments specifically about Girls State programs. And they are a sub -- they -- they are a part of the American Legion Auxiliary. And I think Trish said today that when we were founded -- what year was that?

VOICE: (Indiscernible.)

PRESIDENT BROWN-PARK: Thank you. 1947? That's the same --

VOICE: 1937.

PRESIDENT BROWN-PARK: Oh, that's not my birthday year, 1937.

(Laughter.)

PRESIDENT BROWN-PARK: Dubbie -- Dubbie -- Desi turned 70 in the finance meeting, so it's okay.

(Laughter.)

PRESIDENT BROWN-PARK: The Chair will now call on Strategic Planning Committee National Chairman Jan Pulvermacher-Ryan. Sorry. Can't talk. Try saying that four times, Past Madam President.

CHAIRMAN PULVERMACHER-RYAN: Madam President, my report for this meeting includes an update regarding governance reform, briefly lists the accomplishments of the 2008-2013 strategic plan, and will present some background, process, and information regarding the new strategic plan, the American Legion Auxiliary's centennial plan for 2014 to 2019.

As you will recall, the ALA National Long-Range Strategic Planning Committee for the past three years has been considering ways to become more effective in how we govern ourselves.

In 2012, the committee shared a proposal to establish an intermediate governing board that would be smaller than the current 60 some member NEC. At the 2012 ALA national convention, a session was devoted to that proposal.

Because of the many questions and concerns raised over the proposed smaller board, this chairman withdrew the proposal from consideration by the convention delegates with the promise that the committee would take all the questions and comments into consideration and refine the proposal.

Because the main agenda item for the 2013 national convention was the National Constitution, Bylaws, and standing rules, the committee postponed offering anything for consideration until the 2014 national convention and opted to continue to obtain feedback on the topic in general and the proposal offered in 2012.

Over the 14 months since the reformed proposal was circulated, the Long-Range Strategic Planning Committee has taken two significant things into consideration.

The ALA National Constitution was amended to allow the national convention to establish an intermediate body subordinate and accountable to the NEC which reflects the concern that the committee had heard from members regarding the complexity of the reformed proposal and the committee agreed that it would be more appropriate to recommend a much more simplified proposal, one that essentially adopts the ALA's current practice for researching and vetting matters to be presented to the NEC.

The revised National Bylaws adopted this past August allows for an intermediate governing body to be adopted subordinate to the National Executive Committee and requires that the smaller board report to, be accountable to, and its actions ratified by the National Executive Committee.

It was always the intention of the committee to create a smaller governing body to handle time-sensitive matters and research review and make recommendations on issues that matter and that would come before the NEC.

The committee determined that the original proposal was creating a complicated intermediate governing body, complicated to elect and still relatively large in size.

Since the intermediate body is prohibited in the National Bylaws from operating independently and since it was never the intention of the Strategic Planning Committee,

the committee decided that it made sense to keep it simple and adopt the current practice of the five positions within the organization that presently serve in the capacity of vetting, researching, and providing resources, namely the National President, the National Vice President, the National Secretary, National Treasurer, and the National Finance Committee Chairman.

So those five positions, the National President, National Vice President, National Secretary, National Treasurer, and the National Finance Committee Chairman will comprise the Executive Committee to the National Executive Committee.

This proposed new intermediate committee will be presented to the national convention delegates in 2014 in resolution form circulated as required with proposed adoption at this national convention.

The current ALA strategic plan concluded in December of 2013, it was originally approved by the NEC in February of 2008 with three primary goals, gateway to services, technology, and the unit and department standards team.

The work of the three break-out strategy teams has been successfully completed by implementing the goals of their individual plans.

The technology initiative has seen the addition of the new membership system IMAS and a new updated and enhanced national Website that has added comprehensive member resources, Auxiliary videos, shared technology via Facebook, Twitter, and other social media, detailed Auxiliary program pages, a clear connection to The American Legion family, more ways to appeal to potential Auxiliary members, Auxiliary history, and streaming of national meetings.

You heard Dubbie talk -- Dubbie talk a little bit about the unit and departments, the operation guide, but this was the work of the original unit and department operations standards team. It was posted on the Website upon their completion and was the catalyst for the new Department Operations Guide.

The guide has been in development since the standards team. It was a really big project. They completed their work and it will be rolled out at the department leadership national conference in May.

The team working on these development documents hope to have a handbook update completed in time for emblem sales to sell at the national convention.

Gateway to Services: Resources for Veterans and Military Families provides information about family and community, health and wellness, career education and training, and finances and disaster with a multitude of support, and these areas of concern.

As stated, the 2008-2013 American Legion strategic plan concluded this past year. That plan took over a year to develop with many, many meetings.

The 2012-13 National Executive Committee approved the resolution for the Long-Range Strategic Planning Committee to move forward with developing a new five-year American Legion Auxiliary strategic plan.

I'm proud to say that the goals for the new plan were developed in three days and the entire plan including strategies developed by the million member centennial task force was created in five days.

The 2013-14 NEC approved a modest budget to develop a new five-year American Legion Auxiliary strategic plan. The new 2014-2019 strategic plan has been

developed at a small fraction of what it cost in both time and money to develop the organization's previous strategic plan.

If you all will recall, the previous strategic plan in 2007 involved all levels of membership. We had never done such a large-scale group process like that. We spent a lot of time and money, more than we initially anticipated.

We've learned. So this time, we engaged the President of the National Center for Strategic Planning, Christina Drouin, to work with us. This is a woman who is a really competent facilitator. She came into the project educated on the American Legion Auxiliary.

Christina has kept us focused out of minutia that all too often derails us and made us realize this new strategic plan will end up as just one more bunch of papers shoved into a file cabinet if it is not implemented at all levels of our organization.

We realized as a national organization that we needed to do a great deal of work to get ourselves better focused to ensure that our efforts come together in a way that makes all levels of the organization realize that they have to share in the responsibility for achieving the five goals.

National President Nancy, would you like to tell us, all of us about more of these goals?

PRESIDENT BROWN-PARK: Thanks, Jan.

Before Christina met with us, she sent out a survey to most of our stakeholders. Many of you are in this room. How many of you received that survey?

I'm pleased to share that almost 90 percent completed the survey. Thank you for your outstanding response.

The survey feedback was critically important and the top urgent needs identified were increasing awareness about the American Legion Auxiliary, improving civility and building a stronger American Legion Auxiliary community, and growing the membership of the American Legion Auxiliary.

The strategic issues most frequently facing the American Legion Auxiliary were the current state of declining membership, developing leadership, sustaining units, stronger American Legion Auxiliary identity, and civility which we are stating more positively as building a culture of good will.

Our facilitator, Christina, led the committee through a very careful consideration of the stakeholders' input. Over the two-day period, the Long-Range Strategic Planning Committee used the input to identify five main goals for the American Legion Auxiliary and then mapped out the steps needed to further develop the action steps so that the 2014-2019 American Legion Auxiliary's centennial plan could be presented for you today for adoption.

Not surprisingly, the five proposed goals mirror the needs identified by the survey respondents, attaining and retaining -- attaining and retaining members, nurturing a culture of good will, developing leadership, strengthening departments, and building up the American Legion Auxiliary brand which is our identity.

After the strategic plan goals were identified, it made sense and was most cost effective to have the same facilitator work with the million member centennial task force because their job was to develop a plan for goal one. Jan will talk more about that in a minute.

Although some 40 American Legion Auxiliary members from all levels of the organization ages 20 through 70 something participated in developing the plan and that is in addition to the nearly 200 members who gave input through the survey.

So before we describe the goals in detail, let's all look at them over on the screen. The issues addressed in the plan are current state of declining membership, building a culture of good will, leadership development, unit sustainability, and the American Legion Auxiliary's identity.

We then came up with a clear vision for what we want to be -- what we want to be on our hundredth anniversary. By 2019, the American Legion Auxiliary's million members will be making a difference for veterans and their families in every neighborhood.

Now Kris will briefly describe goals five and four.

MS. NELSON: First it's important that you all realize that all five goals are equally important. The four that Dobbie and I will review are essential if we're going to achieve goal number one.

Goal five is with The American Legion, build brand loyalty. And the national strategies identified are define our brand identity and promise, building awareness and preference for the American Legion Auxiliary brand, build and reward brand loyalty, invest in internal and external marketing and communications which simply means promotion, reward department excellence in promoting the American Legion Auxiliary brand.

Also, any additional strategies developed by your department leadership will be done at the department leadership national conference in May. We'll have more about that in just a few minutes.

As you know, the American Legion Auxiliary approved an awareness campaign in 2012. Last year, the commercial ran in May and then again in November. The awareness campaign team recently heard a report from our PR firm. We learned we had a great message, favorable responses from our viewers, and we produced great PR tools for our members.

We also learned that our members aren't really using the tools and they aren't actively and proactively promoting the commercial as a PSA. Therefore, it makes more sense to make the next step of our awareness campaign part of the first phase of the centennial plan. This plan will help to build the capacity of our organization at the unit and department level.

National Headquarters and volunteers will be training national department and unit levels of the organization to be brand advocates. The training programs will be in concert with the goal of achieving one million members.

For example, training modules would be developed that help PR committees learn how to use the PR tools that already exist. A training module could be developed and disseminated on building leadership schools at all levels or a module on the American Legion Auxiliary's culture.

With training, staff, and programs in place, next year should be devoted to building our organization from within, creating a stronger organization that is more cohesive and consistent and is better ready when messaging and awareness is increased.

Goal number four is strengthening departments and units. And the strategies are what we've been saying for years, building capacity of all departments and units, investing in training at all levels, supporting the departments in the development of their centennial plans, collaborating with departments and developing innovative ways to improve organizational and financial performance, rewarding departments who increase unit capacity.

Also, at the department leadership national conference in May, there will be hands-on opportunities for our departments to develop additional strategies to achieve these goals.

Now Dubbie will review goals three and two.

SECRETARY BUCKLER: Thanks, Kris.

Goal three goes hand in hand with goal four. Goal three is to develop leadership at all levels and the strategies are remove barriers for considering and selecting leadership, define and build leadership capacity, invest resources in identifying and developing leadership, reward innovative leadership recruitment and development practices, plus any additional department strategies that may be developed at the DLNC in May.

Goal two addresses a critical issue that cuts to the core of why many members leave within the first three years after they've joined. Goal two is create an internal culture of goodwill.

If bad behavior isn't changed or bad acting apples removed, the organization will continue to lose newer members who have better things to do with their time than witness bad behavior, be treated badly, or be ignored.

The strategies are lead by example, define and cultivate and sustain a culture that fully reflects the American Legion Auxiliary's core values, build trust within the American Legion Auxiliary and with The American Legion, empower members, implement best practices to achieve cultural change, create actionable and relevant reward systems for positive behavior, plus any additional department strategies that may be developed at the department leadership conference in May.

Jan mentioned in her report that we invested before in things aimed to improve the organization so membership will grow. So let's look back at recent history.

From 1999 to 2008, the organization spent almost a half million dollars on a program called unit development and revitalization and on direct mail solicitation programs.

And in 2007, the organization spent another half million dollars on a strategic plan with goals that were primarily focused on the national level.

So the organization has already spent about a million dollars on these previous separate efforts aimed to improve organizational effectiveness and grow membership. Were those efforts successful?

The charts tell the stark reality. The American Legion Auxiliary has already made investments, big ones, to improve and grow, but they were done in silos. We've learned a lot from these past investments, the good and the not so successful.

The valuable lessons we've learned from our past investments have led us to these five goals that depend on each other. The five goals must be done at all levels.

With The American Legion, build up our identify, strengthen departments and units, develop leadership at all levels, create a culture of goodwill. Got four goals there, because if we don't do these four things, we'll never get to a million members.

So the four goals are interdependent and they're important. We all need to look in the mirror when we talk about fostering good will. It really begins with the individual, not the individual sitting next to you. It begins with the individual you look at in the morning in the mirror. It begins with each of us present today.

Now, Janet will report on the million member centennial task force and review some basic facts and stark realities that we must confront to achieve goal one.

MS. JEFFORD: Goal one is simple: Attain a million members. The strategies are invest in opportunities to attract and gauge and retain members, develop and implement a system of peer recruitment, expand collaboration to create multiple pathways to serve, excel at communication, expand internal and external alliances, and, of course, any additional department strategies which may be developed at the department leadership national conference in May.

The American Legion Auxiliary cannot achieve goal one, attaining a million members, without achieving those other four goals. The goals are equally important.

I hope you all read through the information that was sent to you. When the million member centennial task force met, we acknowledged some stark realities.

Membership organizations are experiencing declining membership. People belong to an organization because of pride or for personal fulfilment. We should be at least twice the number of The American Legion's membership, not one-third.

Fewer households today have a veteran in their family. We have a great mission and a great purpose, yet market research confirms that people don't know who we are. The American Legion Auxiliary has targeted a goal of one million members for many decades, but we've never hit that target. We are aging and diminishing.

VOICE: (Indiscernible.)

(Laughter.)

MS. JEFFORD: Our past efforts to grow membership have not worked. American Legion Auxiliary's biggest loss of members, as you heard, are new members who don't renew after that second or third year. Bottom line, doing what we've been doing has not resulted in membership growth.

We're still declining and we must work together to change that. We must rethink how we invest in the organization's future and we must work together at all levels of this organization to accomplish these goals.

Now, let's talk a little bit about how we're going to do this. Dubbie.

SECRETARY BUCKLER: Why, thank you, Janet.

The strategic goals will be supported by an implementation team. This is all common sense. You just get beyond the words. It's all common sense guided by goal champions and strategy captains. Oh, I got so excited, I lost my place. I'm sorry.

There will be goal -- there will be goal champions, a national leader paired with a National Headquarters director building trust and strategy captains committed to ensuring that the plan is implemented at all levels.

Implementing the five goals will be done via initiatives that accomplish the strategies. Initiatives are tactics, action steps. Basically initiatives are the things you do to

accomplish what is mapped out in the goals and strategies. Without an implementation plan and tracking progress, again, all of this is just words on paper.

Everyone surveyed and involved in developing the goals share a belief that the American Legion Auxiliary is at a crossroads. In every survey, every focus group, every workshop, every conference and meeting, the organization has consistently said these critical things need to happen or the organization will fade away.

If we believe the American Legion Auxiliary needs to be here for another generation, we all have a stake in making that happen. The goal champions and strategy teams will meet via phone conferencing with a focus on simplicity and attainable effectiveness.

Kris.

MS. NELSON: If we aren't all working together on the five goals and if each department doesn't come up with initiatives, this will seriously become a document in a file cabinet. And if that happens, we will go away as in we will cease to exist. We can't shut that file cabinet door.

This one pager needs to be in every department office, every unit, and presented at every district and department conference and convention. Ladies, this centennial plan is not scary. I mean, look at it, one page. Everybody can take one page and distribute it.

What is scary is that the American Legion Auxiliary may not be here in 30 years. We have to do this and we have to do it now.

As a National President, I -- I visited your departments and I know you want and need resources. We can help you. We can work with you to tailor your plan for your department. Some of you might determine that the strategies are only for a national level and some of you might come up with your own additional strategies. And that's okay.

We understand that some adjustments will need to be made for each individual department and that's why during the DLNC, a large amount of time has been set aside to help your department develop your individual plan. Our facilitator from the Center on Strategic Planning will be there to work with you and that's really awesome.

So how -- so now would be a perfect time to have Janet share with you more about her DLNC.

Janet.

MS. JEFFORD: First, Christina will also be working with our National Chairmen before the DLNC because we are absolutely determined that everything we do be directed towards those five goals.

Christina will be -- then be spending a day and a half at the DLNC. Saturday morning, she will walk us through the process. Then we will break out into our five divisions. Team leaders will help to facilitate the department's work at those break-out sessions. It is our hope that every department will leave with their completed centennial plan.

At the DLNC, your department will have three representatives at least. They will be the ones rolling up their sleeves and working to develop your department strategies.

Now, we know you probably all have a lot of questions on these strategies. Please take the time, share those questions with your department representative that will be attending the DLNC. Remember strategies can change. That's why we are only voting

on the mission -- on the vision and the goals today. Planning is not difficult. It just takes focused thought.

Nancy.

PRESIDENT BROWN-PARK: We don't know how much this will cost and won't know until after DLNC where your departments will develop your strategies. The national budget will support and reflect the need to implement the centennial plan at the national department and unit levels.

The national budget for the next five years will address the needs to accomplish these five goals, implementing strategic planning at all levels of the organization. Now, isn't that incredible?

Really, I can't tell you how much I believe in this plan and how excited I am to get moving on it because let's face it, the American Legion Auxiliary is at a crossroads. If not us, who? And if not now -- if not -- if not now, when?

So do you agree these are the five goals?

VOICES: Yes.

PRESIDENT BROWN-PARK: That's good.

(Laughter.)

PRESIDENT BROWN-PARK: So -- so I just have to say this last line again because I really believe this. If it's not us, then who? And if not now, when?

So now I'd like to open the room to questions, but let me remind you again that departments will have all kinds of time to ask questions at DLNC. We are really focused -- where we are really focused this morning is simply the adoption of the vision and the five goals.

So do we have any questions on the vision and the five goals?

MS. RILEY: Madam President, I'm Pat Riley from the Department of Ohio. I'm National Security Chairman --

PRESIDENT BROWN-PARK: Hi, Pat.

MS. RILEY: -- and I'm a Past Department President. My question is about the five member committee. Since three or four of those five will change every year, are they still going to follow what you set up this time or are they going to get in there and change -- and -- and want to change what you've already set up? The Finance Committee changes the chairman.

PRESIDENT BROWN-PARK: Oh, I -- are we -- I don't know if you're talking about the new governing structure or are you talking about the centennial?

MS. RILEY: I'm talking about what she said about a five member committee that was going to --

CHAIRMAN PULVERMACHER-RYAN: That was the five people --

MS. RILEY: -- set up --

CHAIRMAN PULVERMACHER-RYAN: -- the National President, the National Vice President, the National Secretary, Treasurer --

MS. RILEY: Yes.

CHAIRMAN PULVERMACHER-RYAN: -- and the Finance Committee Chairman, correct?

MS. RILEY: Right. Does that not include this plan?

CHAIRMAN PULVERMACHER-RYAN: That's the Executive Committee to the NEC that isn't -- doesn't have anything to do with the govern -- with this particular strategic plan that we're talking about today.

MS. RILEY: They have nothing to say about this plan?

CHAIRMAN PULVERMACHER-RYAN: Well, they will be involved in it, of course. But, I mean, that is -- that -- that isn't going to be affected by what you decide today, what -- in regard --

MS. RILEY: Right.

CHAIRMAN PULVERMACHER-RYAN: And the people -- I'm assuming that the upcoming leaders, there are four of them who are already in place, have talked about this and this is what's going to be the main thrust for this organization for the next five years until we get to that hundredth anniversary for us.

PRESIDENT BROWN-PARK: Right. And I think we're talking about two different things. You're talking about the suggested govern -- governing body. What we're talking about right now are the five goals and the vision.

MS. RILEY: That's what I understand, but I thought that that committee was presenting this plan. No?

PRESIDENT BROWN-PARK: Two -- two -- two different things.

MS. RILEY: All right. Thank you very much.

PRESIDENT BROWN-PARK: And there will be a lot more information coming out about that five member team.

MS. RILEY: Okay.

PRESIDENT BROWN-PARK: But you'll have pre convention, so -- and you'll have an opportunity to debate that actually at national convention.

MS. RILEY: Thank you.

PRESIDENT BROWN-PARK: Yeah. Okay. Any other discussion on the five goals and the vision for the centennial plan?

(Whereupon, there was no response.)

CHAIRMAN PULVERMACHER-RYAN: Madam President, on behalf of the Long-Range Strategic Planning Committee, I move the adoption of the American Legion Auxiliary 2014-2019 strategic plan goals and vision resolution as presented in your packets.

PRESIDENT BROWN-PARK: It is moved to approve the strategic plan, vision, and goals resolution as presented. Is there any discussion?

(Whereupon, there was no response.)

PRESIDENT BROWN-PARK: All those in favor of approving the resolution regarding the strategic plan, vision, and goals, say aye.

VOICES: Aye.

PRESIDENT BROWN-PARK: All those opposed, say no.

(Whereupon, there was no response.)

PRESIDENT BROWN-PARK: The ayes have it and the motion has carried.

(Applause.)

PRESIDENT BROWN-PARK: This is really exciting. I know when I've been to departments, I always talk about that we've reached a crossroads in the organization. And

as I've -- as I visited, I've seen it. I've seen that we really, really need help rebuilding our infrastructure.

So this is exciting. We're going to make it happen. We're going to be a strong, viable organization for that next generation of veterans and their families.

Thank you, everybody. You have done great work, NEC. Thank you so much.

(Applause.)

PRESIDENT BROWN-PARK: Is there any new business?

(Whereupon, there was no response.)

PRESIDENT BROWN-PARK: No? No new business? Okay.

What time is it? Oh, wow, this is good.

Okay. I'd like to thank everyone for your participation and reiterate that what an important role each of you plays in the success of this organization.

As the governing body, you need to go back to your departments and report the main things you did and learned at this meeting.

Here -- and this is a really important role that you have now in your departments, to go back and report on what you've heard, what you've learned, and what was decided at this meeting. So please take that back.

Here are some of the things I hope all of you will share with your departments. Our external auditor advises departments to select NEC members to serve for more than one year.

Both our external auditor and the Foundation advise we need to make a planned gift to the American Legion Auxiliary and promote planned giving to our members.

Tell your departments that our external auditor gives our National Headquarters and its -- its highest rating. This is excellent and your departments need to hear it.

Also, tell your departments that in August at convention, we will be voting to establish an Executive Committee to the NEC as Jan reported. The IRS expects us to have this and the resolution just formalizes how we have -- how we have long operated.

And, hooray, you set the course for the entire -- I didn't write that, by the way.

(Laughter.)

VOICES: Hooray.

PRESIDENT BROWN-PARK: Oh. Well, all of a sudden, I'm looking and going hooray, okay.

(Laughter.)

PRESIDENT BROWN-PARK: And, hooray, you set the course for the entire organization by adopting the 2019 American Legion Auxiliary Centennial Plan. Share with your departments that they will be developing their own versions of this plan at the DLNC with help from our national facilitator and centennial plan team.

I can't tell you how exciting this is. As we've been working and working together, one of the things that I -- as I was out in departments and shared what the National Commander shared with me that each American Legion department was required -- no -- I should say asked but required to develop their own five-year plan.

And I've talked to many departments, American Legion leadership who have shared with me that where they're working the plan they developed, it's working. So we learn from that. We learned that we need to do that. We need to help you have a plan in place.

So this is -- it's not like the old days. This is not my mother's American Legion Auxiliary anymore. We are a totally different organization and we need to get that plan in place.

I look forward to seeing all of you at our patriotic service event this afternoon. Don't forget we have an instructions and procedures meeting at 12:30 p.m. in this room.

We know -- we now -- we know time is tight. So to ease some of the stress, there will be a boxed lunch for everyone on the bus. And I understand it's sort of a light boxed lunch.

So I have a question. It's not in the script. Can we just stop for a second. Did Dubbie do like a great job staying on the script?

(Applause.)

VOICE: (Indiscernible.)

PRESIDENT BROWN-PARK: So did I. I was just going to say that. So did I. It was really good.

But how many of you have ever participated in a flash mob? I have. So it's going to be really fun. But how many of you know what a flash mob is?

(Applause.)

PRESIDENT BROWN-PARK: So the story goes when we made a decision that we would go to the Vietnam Memorial to -- to place the wreath -- the wreaths, and actually there are three wreaths, one for the American Legion Auxiliary, The American Legion, and the Sons of The American Legion, so it will be a family event, we started talking about.

Okay. Well, what else are we going to do? We need something fun to do. Well, Bob Reeg and I, and everybody knows Bob --

(Laughter.)

PRESIDENT BROWN-PARK: -- well, we were having -- we were in Washington, D.C. In fact, it was the same time I was here with the purple pinky -- pinky finger, binky, binky, my little binky, my little purple binky, whatever it is.

Anyway, we were having a dinner and maybe a cocktail. So we started to just brainstorm a little bit and we came up with a flash mob. Would that be cool?

So we came up with the flash mob and the big picture, and you're going to hear more about it, we'll have a great big picture all together at the steps of the Lincoln Memorial. It's what I like to call gorilla marketing. We're selling ourselves out there. We're creating brand identity while we're there. We have great shirts.

It's going to be a lot of fun. You're going to hear a lot about it. But I think it's going to be a great way for us to celebrate while we're here, so it's going to be fun.

Also, if you don't have your tickets yet for Tuesday evening, make sure to swing by a registration table and grab one. You do not -- you don't want to miss out on this event. It's very exciting. It's the Smiley family that we're recognizing.

And I think if you go way back to my installation which now seems like about three years ago, I talked about the Smiley family because they truly are the people that we will be serving in the next four years. They're a military family and when he was -- the father was deployed, what the family went through.

It's an incredible story, incredible family. I think we're all going to enjoy actually meeting them. They will all be here, the three boys, the husband, and Sarah Smiley. So I think it's going to be a really, really exciting event.

Sarah was a little worried about having the boys on stage too long. And if you've read the book, you'll understand why, because I'm -- I'm hoping Lindell doesn't moon us, so that will be a good thing.

(Applause.)

PRESIDENT BROWN-PARK: Now you have to all read the book so you'll know what I'm talking about.

So now the Chair calls upon National Secretary for announcements.

SECRETARY BUCKLER: Thank you, Madam President.

This isn't an announcement. I guess this falls under the point of personal privilege. I hope -- yeah, brace yourself -- really I'm -- on a serious note, I hope that what you all have noticed over the last four or five years is at the national level, we view our national officers and National Headquarters as a team and we work together.

And my understanding is that may not always have been the case and that's not the case always in your departments.

VOICE: (Indiscernible.)

(Applause.)

SECRETARY BUCKLER: Well, that's why we have goal two. In my best -- in my best Peggy Thomas voice --

(Laughter.)

SECRETARY BUCKLER: -- that is why we have goal two.

(Laughter.)

(Applause.)

SECRETARY BUCKLER: It really has been fun. Oh, no, I -- no, I -- it really -- it really has been fun on many occ -- well, not -- it's not all fun. But there has been a lot of fun because we view each other as a team. We all love this organization in our own ways, but we all love the organization. We just all have different opinions about how we should be doing things.

And our differences in opinion about how we do things should not be so obstructive, so obstructive that new people who come and get a glimpse go, O-M gosh --

(Laughter.)

SECRETARY BUCKLER: -- and don't come back. So I just want to say -- I want to thank you, Nancy, because it has been a pleasure. It's like being on a -- the tilt-a-whirl --

(Laughter.)

SECRETARY BUCKLER: -- sometimes. But Nancy loves this organization. Peggy loves this organization. Kris loves this organization. Carlene loves this organization. Rita loves this organization. Desi loves this organization and -- and -- and on down the line. Everybody who has served as National President loves this organization. Everybody in this room loves this organization.

So can we just feel the love and stop being so --

(Applause.)

SECRETARY BUCKLER: -- disagreeable sometimes? And we have to go back and tell our departments. It is a big problem. It came through in every survey.

So I'm sorry to belabor that just a little bit, but I just thought it was important that when you see us up here jabbing each other a little bit, we -- it -- that's an evolution and that hopefully shows, leading by example, shows the level of trust that we have with each other.

So I'm sorry, Madam President, but point of personal privilege.

(Applause.)

SECRETARY BUCKLER: So speaking of flash mobs, the bus tour is sold out. So if you want to flash, you need to walk down there on your own. You can get -- you can get down there on your own if you want to, but the bus tour itself is -- is sold out.

We do still have reception tickets available, as Nancy said. I do want to remind you that from the -- initially information went out about the reception. We have since learned we are -- we have some VIPs who are going to be here from the Pentagon and from the United States Senate. So a notch up from blue jeans maybe.

Okay. Also, a reminder from Janet Jefford that the breakfast for the current department presidents 2013-14 is tomorrow morning at 7:30 in Room -- I'm sorry -- Tuesday, Tuesday morning at 7:30 in Room 5101. And it's hosted by the National Vice President.

So, Madam President, those conclude my announcements. Thank you.

(Applause.)

PRESIDENT BROWN-PARK: Thank you. Thank you, Dubbie. Thank you.

And that -- that really probably -- what you're wearing Tuesday night has a little bit to do with me because you know I'm a huge believer in California casual, but California casual at the right time and in the right place.

And when we did discover that we have a lot of VIPs attending, that we really felt that it was important that we step up our game a little and look like the organization that we truly are.

So I would appreciate it if you left your blue jeans in the closet and change your outfit. That would be terrific. I'd appreciate it. Thank you.

(Applause.)

PRESIDENT BROWN-PARK: Okay. Thank you.

You know, this is great. And I need to go back. We have a little extra time. I know I'm driving these guys crazy back there. But -- but Dubbie is correct. We -- we do have an incredible working relationship that has taken some time to develop.

You know, I think when Dubbie first came in, we had some big distrust of the national organization and -- or the national staff, national volunteers. We truly have worked very hard to change that, come together, and work together for a common good. And I think that truly is what is happening now.

I want to thank the national staff for all of your hard work, all the time every day for me. I'm out there on the road and they're taking care of me. And -- and as Dubbie said, I am a little bit like one of those tilt-a-wheels because I'm a -- I'm a big thinker and I'll call and say what about this. Oh, oh, okay, let's think about that.

But -- but they are very good about helping me getting done what I think we need to get done to be able to get this organization to the -- to the next -- so we're here for the next generation.

And when Dubbie talked about that we really do need to be kind to each other, it really is important. I talk about when I -- when I travel and people have heard me that, you know, The American Legion is very good at going into a meeting, boxing it out, and walking out shaking hands and having a beer together.

We don't do that. We box it out. We leave. We call ten people and complain about that person and then they call ten people. And it's like -- it's like a Ponzi scheme. (Laughter.)

PRESIDENT BROWN-PARK: It's a bad Ponzi scheme. So we need to stop doing that. We need to leave all of that, you know, petty stuff outside, work the mission, remember your veteran, remember the veteran on your button or the reason you joined.

I always remember my husband. I always remember my father. And I belong to this organization because of their service. And I respect that service each and every day. And I'm not respecting that service if I'm picking up the phone and tearing somebody down. So we need to stop doing that truly as an organization.

(Applause.)

PRESIDENT BROWN-PARK: Thank you. Thank you. This is an amazing organization and I want us to be here.

So I call upon National Chaplain Shelley Riggs to offer benediction, keep us all kind.

Shelley.

CHAPLAIN RIGGS: Before we start our prayer, I'd just like to have a silent prayer among us for any member who cannot be with us today, who are maybe ill, and to any family that has lost a member. Please, a moment of silence. Amen.

Dear God, we give thanks that we have again had the opportunity to come together. We are grateful for this time of work and fellowship. We pray that what we have done has been only for the betterment of those we serve.

Please continue to watch over all of us during the next few days as we learn more and share more information about this organization.

If you have work to do, do it now. Today the skies are clear and blue. Tomorrow's clouds may -- may come in view. Yesterday is not for you. Do it now. If you have a song to sing, sing it now. Let the notes of gladness ring clear as a songbird in spring. Let every day some music bring. Sing it now.

If you have a kind word to say, say them now. Tomorrow may not come your way. Loved ones will not always stay. Say them now. If you have a smile to show, show it now. Maybe -- make cards happy, roses grow, and love -- thy love -- oh, excuse me -- the love you have before they go. Show it now.

Please continue to pass all of this on as we -- all this we ask in your most precious name. Amen and Amen.

VOICES: Amen.

PRESIDENT BROWN-PARK: Thank you, Shelley.

Quickly before I forget, you have the cards. Be sure that you drop them in the box on your way out. There's a box for those -- the three questions. Be sure and do that on your way out.

And just quickly, and I didn't do this earlier, I want to thank my two pages for actually putting up with me, and Linda and Sherry who are -- keep me in line, take good care of me, and Linda has taken care of me since, you know, I was a little girl. But, anyway -- so I want to thank you. Thank you.

So will our pages please retire the colors.

(Colors retired.)

(Ringing of the bell.)

**PRESIDENT BROWN-PARK:** This meeting of the 2014 National Executive Committee meeting is now adjourned. Thank you, everybody.

(Whereupon, at 10:32 a.m., the above-entitled meeting was concluded.)

**APPENDIX A**



**NATIONAL MID-YEAR REPORTS:  
NATIONAL CHAIRMEN**

## AMERICANISM

### CHAIRMAN: MARTHA LEE THATCHER

Units across the nation have become an integral part of their communities; they have marched in parades, joined with sister organizations to honor and support veterans. Members have published “What is an American?” articles in local newspapers and participated in Getting out the Vote.

The District of Columbia reports promoting responsible citizenship with a campaign to Celebrate National Voter Registration Day. Unit members distributed blue star banners, sent boxes to the troops, welcomed troops home, and spread the word about who we are and what we do, but Dept of OK units believe that “having juniors as a visible part of their Americanism program attracted more positive attention to that program. Most units reported participation in the Pocket Flag project and the Yellow Ribbon campaign. Several units in the Dept of Delaware worked co-operatively with their schools and community centers to produce more than 1,000 pocket flags. Patriotic holidays were observed by the majority of units with the Dept of CA units providing flowers for Veteran’s Day speakers and tolling the bell for deceased veterans. Unit 33 in New Mexico starts all of their public events with the POW/MIA ceremony; this unit is an extremely visible presence in their community.

Mid-year reports from Department Americanism Chairman across the nation confirm that Americanism Essay Contest information has been distributed to elementary schools, high school, and home schooled students with special emphasis on the number of schools contacted and the number of schools identified as participating for the first time. The Department of Michigan has published articles encouraging patriotism, good citizenship, and participation in the Americanism Essay Contest in a newsletter that reaches 60,000 households with posters on the website to keep Americanism ideals in front of their members. This is exciting news, and I hope it indicates a surge in patriotism and an increasing awareness and pride in citizenship. I am looking forward to a receiving a “flood” of essays citing all the way an individual can express their pride in being an American.

Sixteen units in the Dept of SD reported assisting with Junior Shooting Sports, and many units across all five divisions reported support of the oratorical contest by distributing flyers, serving as timekeepers, pages and judges. Ladies of the Dept of NC spent over 300 hours in county fair booths across the state helping Legionnaires in their food booths. One unit was asked to host the hospitality food booth during The American Legion baseball tournament; they worked 183 hours on this project.

Many units have shown pride in belonging to the ALA by wearing Dept/Unit shirts, identification badges and Honor their Service buttons. How to Steps for Objective #4 of the National Americanism POA suggest writing an “elevator” speech to explain the mission and programs of the ALA. Dept of Arizona Americanism Chairman Rebecca Faris quoted that action step in one of her monthly newsletters. In her mid-year report, Rebecca stated that a couple of units prepared and gave elevator speech. Please note Rebecca that I would love to receive a copy of those speeches in your year- end report.

## **AUXILIARY EMERGENCY FUND CHAIRMAN: KAREN BOEHLER**

Our mission as sisters in the American Legion Auxiliary was well articulated by President Abraham Lincoln in his Second Inaugural Address, March 4, 1865. “With malice toward none; with charity for all; with firmness in the right...”

The AEF was established in 1969 with a bequest from Helen Colby Small from Wisconsin. She recognized that whether due to the economy, a personal misfortune, or a natural disaster, some members might need assistance to get them through a time of financial instability. The fund has been continued through ongoing contributions, which unfortunately are being outpaced by the growing requests for assistance. The greatest obstacle seems to be reminding our membership of the desperate needs that exist. Several Departments have worked hard to communicate the great need. I encourage not just every member but every Unit, District, and Department to designate an annual AEF contribution, and then exceed that number! Of the 80 requests received for grants, 67 were approved, nine denied, and four deferred. As of December 31, 2013, donations to AEF totaled \$39,143.00; grants disbursed totaled \$84,547.90 (\$28,000 of that was disaster-related). The need to give generously is apparent.

Nevada’s AEF Chair told members the AEF goal for this year was to double their Department’s contribution over last year. She spoke up; immediately got four donations that met that goal, and called me with the good news. I’ve encouraged her to keep going and keep spreading the word!

Many don’t know that the only way to receive the special AEF pin is by gifting at least \$50. That simple information generated multiple donations from members of a new unit in Colorado.

Department of Pennsylvania’s theme for AEF this year is “Fee the Pig for AEF”. At their fall conference, a small piggy bank was passed out to all members to fill with loose change and will be brought back to the spring conference. In two days at the fall conference, a total of \$878.00 was collected!

“It is with great pleasure that the Dept. of Mississippi forward its first check of \$2,650...”-what a joy to read those words from that AEF Department Chair. She encouraged Units to give, and give they did!

New Mexico’s AEF Chair is getting the word out—communicating—to get her members to give generously.

The AEF Chair in Nebraska has published AEF articles and circulated them within the Department: North Dakota’s chair generated a Power Point presentation, which was widely distributed and posted on their web site.

One Unit has pledged 10% of their total annual funds raised to go to AEF. Dances, old-fashioned pie socials, cakewalks, cupcake wars, Meet Me in Charlotte walks are being used as an AEF fundraiser, distribution jars are circulated at meetings for people to drop in their change, and Penny Wars could generate both lots of fun and a nice contribution for AEF. Last year’s donations totaled \$134,000. We have a long way to go double that amount! Find at [www.ALAforVeterans.org](http://www.ALAforVeterans.org) information about AEF, ideas for Unit/Dept. chairs, including wraps for vertical potato chip cans, posters, and information about how to donate, and much more!

## **CHILDREN & YOUTH CHAIRMAN: MARY DAVIS**

ALA Units comprise the grassroots members who work and promote the health and wellbeing of children, both in their own community, and to others.

One member in Unit 240 Stephenville, Texas has combined her talent of crocheting with her concern for children who spend time in hospitals. She has already spent 325 hours, this year, crocheting newborn hats, toddler's chemo hats and hospital bed blankets.

What are our members doing for homeless children? A unit member contacted the nearest VA Medical Center to identify what help was needed. Then, Texas Unit 521 purchased Christmas gifts for children of female veterans who were part of the Homeless Veterans Program at the VA Medical Center. Twenty-five dollars was spent on each child and they reported there were 22 children who had a better Christmas.

Who doesn't remember the excitement of children when Christmas time arrives? Looking to the military for needs of local children, a Colorado unit worked with the Commander of the 244th Engineer Battalion to identify 2 families whose children needed a better Christmas. One family, with three children, was facing their first Christmas after their father had died in an accident. The second family had an 11-year-old child who now lives with his uncle. Food, wrapped clothing and toys were given. An important note to this project is that the unit listened to the inspirational story of a member who, as a child, was part of a family in need. And, the unit was inspired by her memories of The American Legion family coming together to make a better Christmas for this member's family. This was truly a 'Pass It On' moment.

Cultivating the climate of understanding the lives of military children, Department of Kansas donates "Little Champ" books to schools. So what is a "Little Champ" book? It is a story about five military children who tell how they face their feelings and face deployment of a parent. The 'Pass It On' awareness is three fold; military kids read about others like them, other students understand what challenges military kids face and these books give teachers a window to see and understand the lives of military kids.

How you can best serve the children of your community depends on your passion and desire. Listen to your members, quarry community resources, take inspiration from stories of help, and probably, most importantly, make the time. Every day is the perfect day to help a child.

## **COMMUNITY SERVICE**

### **CHAIRMAN: SUSAN BRITTON**

Our members have been busy promoting community-wide activities and raising awareness of the American Legion Auxiliary's name and purpose. As of this report, a total of 31,988 volunteer hours and a total monetary value of \$167,427.29 have been reported on Community Service activities.

We have been promoting National Days of Service for July 4th, Memorial Day, Flag Day, and Martin Luther King Jr. Day. Veterans Day found the JROTC and Boy Scouts placing flags in cemeteries and a special event honoring Vietnam veterans while Make a Difference Day included donations for local abuse shelters and special needs schools as well as the cleaning of roadsides. September 11th Remembrance Day activities included donated supplies and thank-you cards to firemen, police, EMTs, and other first responders. National President Nancy Brown-Park also joined in to assemble TAPS Survivor Resource Kits and serve dinner to veterans and military families at the DC Fisher House on 9/11. Even Junior members raked leaves, made brownies/cookies for residents of senior housing units and donated gift cards to needy veterans for Thanksgiving. Pearl Harbor Day was promoted with historical experiences shared at Unit meetings.

Our members have partnered with other community organizations/groups such as schools, nursing homes, Blue Star Mothers, Henderson House for female veterans, City of Hope (tents of homeless veterans), the Veteran Integration Center (for homeless veterans), local rescue squads offering a CPR course, and local veterans resource centers. We have worked with Habitat for Humanity and the Neighborhood Watch program. One Unit worked with a group of state correctional facility prisoners providing them with yarn to create Christmas stockings which were filled and donated to a veterans home. Four Departments and 1 Unit have reported Walk, Run & Roll activities! Virginia has a spring event planned, Maine is planning an April event with a picnic with the Easter Bunny to support their Children & Youth programs, Minnesota raised over \$1,100 to donate to the Military Family Assistance Center, and New York raised \$3,000 to donate to the NY Veterans Creative Arts program. Unit #758 in Pennsylvania held a Freedom Walk with the Am Vet Color Guard.

Several National Chairmen and members have signed up as e-mentors for military spouses. One National Chairman and the Departments of Minnesota and Ohio have been very active with assisting with referrals for participants under the e-mentoring program helping to establish relationships and career building skills for military spouses. Here are some of the many community-wide activities members have reported: marching in parades, participating in flu clinics and health fairs, having booths at county fairs and Post events, doing church repairs, and donating clothing, food, books, toiletries and magazines to local women's crisis centers, domestic violence centers, schools, community centers, food pantries, soup kitchens and homeless shelters. There have been veteran cookouts, making of quilts for Ronald McDonald houses, adoption of veterans at nursing homes, payments of utility bills for needy families, meal support for veterans at Posts, assistance with cooking, cleaning, shopping for those who are confined to their homes, assisting with Meals on Wheels, and fundraising with garage sales with proceeds

going to veterans programs.

Members have sewed, knitted, and crocheted for our veterans and assisted with community beautification projects. Other activities include flower plantings and donated flags/flag poles for nursing homes and assisted living facilities. One Unit held a contest in 5 schools for the most canned goods donated to a local food bank. Other events include a veteran's benefit fair, donations of "Quilts of Valor" to veterans, assistance at Stand Downs, a donation of 50 bicycle helmets to local police department to go to children in need, collections of over 190 winter coats, seven monthly washings of the Vietnam Wall in DC, six Saturdays spent greeting Honor Flights arriving in DC, a Cavalcade of Memories display at a Military Resource Fair, Welcome Home events and greeting Honor Buses to escort and provide hot meals to veterans arriving in DC for National Memorials tours.

Unit #8 in DC raised \$6,000 for the Navy League's Fund to support victims of the Washington Navy Yard tragedy and their families. A member started a grassroots community organization to address the issue of homeless families with children in Rhode Island, where currently there are no emergency housing shelters that accept people with children. They created the Family Housing Support program and raised over \$22,000 to house families in emergency apartments. Two members participated in the "Stop Soldier Suicide" project, a Harley motorcycle run of 75 miles and raised over \$3,000. One Unit held a Turkey Carnival with a turkey dinner and bingo to raise funds for veterans projects. Another Unit raised funds to construct a playground at a local park and provide bricks for a veteran walkway inside the park.

The Department of South Dakota is sponsoring a new room at a state veteran's home valued at \$2,000. One American Legion Family in Iowa sponsored "Bags of Blessings" and helped 146 children from one school district who did not have any food at home on the weekend. This program places 2 breakfasts, 2 lunches and 2 dinners discreetly in back packs in their lockers for them to take home for weekend nourishment. Some Post homes were utilized as community shopping centers with area craftsmen and artisans invited in so community members could shop locally for the holidays which created awareness for the ALA. The Department of Delaware packed 7,500 boxes of food for the "Thanksgiving for Thousands" program, with each box containing food for a family of 4 from volunteers collecting food and donations from local supermarkets to fill the boxes. This summary report demonstrates that numerous objectives under the Community Service Plan of Action have been highlighted and promoted this year. This Chairman is looking forward to more reports promoting the Walk, Run & Roll as we raise funds for veteran programs within our individual communities and create a unique awareness for what the ALA is all about.

## **EDUCATION**

### **CHAIRMAN: DIANE DUSCHECK**

The Education program reaches out to students of all ages, to veterans who are pursuing higher education or vocational education, and to school staff. Military children in need of support, school districts and children in need of school supplies, and an opportunity to enhance students' respect for the sacrifices of our military heroes are at the heart of the Education program.

Scholarship deadlines are quickly approaching. Chairmen have been busy contacting high schools, district offices, and college outreach programs to disseminate information on scholarships. Now they are waiting patiently for the scholarship applications to be returned.

Veterans were honored by schoolchildren and enhanced the lives of the youngsters at the same time. In community ceremonies across the country, Veterans Day was an especially extraordinary day of recognition. Local veterans were introduced; attention-grabbing cannon volleys thundered through the air and poignant slides showing our wounded soldiers being evacuated from the battlefield grabbed the attention of attendees. Students gained an appreciation for all veterans, realizing that this special group of men and women were deserving of their deepest respect.

In a number of locations, hundreds of backpacks were stuffed with school supplies and passed out to the children of our military. One local Auxiliary contacted their mayor who got into the spirit of providing school supplies for military children. The mayor provided two hundred backpacks filled with school materials, to be passed out to children of Wounded Warriors at the local Army Reserve.

Today's military is a mobile group. Families move often and the children change schools. Recognizing the special needs of military children, Auxiliary members and Juniors have made a point of mentoring the children of military families.

**ALA GIRLS NATION  
CHAIRMAN: TRISH WARD**

Educating Auxiliary members about the Girls State program, enhancing participation at the local level, and inspiring new and innovative techniques to capture and harness the passion of participants for the political process continue to be the focus and purpose of ALA Girls State and the 2013-2014 committee. In support of these directives, the committee has actively focused attention on sharing tips, tools and ideas for activism at the unit level along with providing critical information to departments to help ensure a safe and successful event. A fourth objective was added to the Plan of Action to remind volunteers of the importance of engaging and educating Girls State participants about the American Legion Auxiliary and to promote membership for all those eligible. Many departments have embraced this objective and have added new and enhanced membership activities to their programs. As technology continues to play a role in the way we communicate, teams are utilizing social media to share the experience, inspire attendance and connect past and future members who want to stay involved. Recognizing this opportunity, we welcomed Unit 438 to the Department of Indiana with the hope its eUnit format will encourage all eligible Girls State citizens and Girls Nation senators to join, actively volunteer and remain aligned with this life-changing program.

Departments are weaving topics such as bullying and cyber safety along with an enhanced focus on service projects in support of the ALA's mission and vision.

Everything from raising funds for veterans in Idaho to collecting socks and blankets in Illinois for "Operation Warm Troops," Girls State teams across the country are finding ways to help others while teaching the political process and developing young leaders who aspire to and achieve through active political participation.

The Auxiliary needs to continue locating new resources, reaching out to encourage support (both financial and otherwise) and achieving heightened recognition through a positive media presence. This activism will offer units and departments the ability to showcase the importance of this program and build brand awareness for our organization. As the core sponsor of this flagship program, the American Legion Auxiliary's name, image, mission and purpose needs to continue to play a prominent role in how Girls State is presented to both participants and the greater community. Through promoting a consistency of message within all Girls State programs and promoting awareness of issues that face young women and our country, we demonstrate our commitment to creating an experience where every participant is encouraged to reach, grow and achieve.

## **JUNIOR ACTIVITIES**

### **CHAIRMAN: MONIQUE BATISTE**

ALA Junior Activities: It's engaging, encouraging, and instilling the values, experiences, and opportunities of the American Legion Auxiliary in our Junior members, while helping our veterans. Our Junior members have been busy this year. Making headlines in local newspapers like Department of Colorado's Honorary Department Junior President. She was recognized in a Colorado newspaper for her outstanding service to veterans and her community. Her project, 'Operation Sweet Dreams' went over huge with deployed troops; she sent handmade pillows with an attached thank you note. Juniors from the Departments of Louisiana and Washington held garage sales, bake sales, and collected aluminum cans and tabs to raise money that will be used for programs that support veterans. We teach our Juniors to 'Pass It On'. Pass on 'appreciation'. We appreciate the sacrifices. We are teaching them why and how. Juniors from Unit 11 from the Department of Arizona organized a dinner for a former Junior member who received her Commission as a 2nd Lt. She is now a dual member. These Juniors also showed support to their Honorary Junior Department President whose father was a veteran and recently passed away, by honoring his memory. The Department of Connecticut's Juniors held a fashion show for National President Nancy Brown-Park and also had dinner with her. Junior members visiting with our leaders and organizing events in their honor, builds confidence and organizational skills and allows them to see what we do, by learning. 'Pinky's and Bully's and Blue's-Oh My'-The Mean Stinks, Anti Bullying Campaign has been a huge success. Juniors across the country have participated in some way. Organizing their own events, sharing photos, drawings, blue pinky swear promises, and making friends and classmates aware of the impact bullying has on others. One of the many projects planned for Junior members attending National Convention this year is a no-sew lap blanket project and passing on our favorite books. The committee's goal for the rest of the year is to continue the mission of Service Not Self and the theme Pass It ON. Pass on values, civility, and diversity. Pass on leadership skills to our Juniors by creating confidence building exercises and projects throughout the year. One exercise the committee is working is 'I CAN DO'. We must encourage and inspire our Juniors 'they can'. Hundreds of girls have bruised self-esteem and other issues that bring them down. Bullying, being one. Do you know how much bigger and better we would be if we would just uplift each other, encourage each other, and support one another? Our Juniors need the same motivation. We must lead by example. Let them see us being kind to each other. A sisterhood of beautiful women; working together for our veterans.

## **LEADERSHIP**

### **CHAIRMAN: CORAL MAY GROUT**

This year's Department Leadership chairmen are definitely leaders! The variety of creative ways to develop leadership programs in the Departments that submitted reports was really amazing. Here is just a sampling of some of the information provided.

All but one Department reported in the Eastern Division. In New Hampshire, 5 of their 8 districts held Leadership workshops and the remaining 3 districts were scheduled for spring. They included juniors in leadership activities and a Junior Leadership Workshop was held at the mid-winter conference in January. Completion of the course resulted in patches being awarded to the Auxiliary's future leaders.

The Kentucky Department Leadership chairman reported that 16 out of 19 units reporting at the mid-year had implemented mentoring programs. In addition, four Units were involved with discussing and reviewing the contents of their leadership documents, with one document being addressed each month.

In Arizona, "Voices That Care", a group of Auxiliary members, spread leadership skills and assistance to Units so that they will not surrender their charters. It's a way to create leaders, as well as to save faltering Units. Junior leadership training was held and mentoring programs are springing up.

All ten districts in Minnesota addressed leadership. Leadership courses are being held with excellent attendance. In some districts, the "Leadership School" included Legionnaires, Sons, and Auxiliary.

The Department Leadership chairman in Georgia reported that the Department encourages members to expand their leadership skills by telling them "that they don't know how far they can fly until they spread their wings." In an effort to encourage members to spread their wings across the country, the National Leadership committee members have each undertaken one area of Leadership and are in the process of developing additional online leadership courses with 2 of 4 already added to the website. A Powerpoint on Civility has been developed, as well, and it is planned for inclusion on the website.

Amanda Hoffmann, our wonderful program coordinator in Indianapolis, has sent templates for certificates of Leadership course completion to each Department that has requested them. Any Department that has not yet requested the template can still do so by contacting either Amanda or I. Your Leadership Committee will also help you plan your workshops with materials and support. So, we are off to a great start. A big "Thank You" to each Department chairman for her continuing efforts and to 100% reporting in June.

**LEGISLATIVE  
CHAIRMAN: MELANIE TAYLOR**

The American Legion Auxiliary's Legislative program has one simple objective: to promote and support The American Legion's legislative priorities and agenda. Auxiliary members have been asked to communicate with their congressmen through letter writing, emails, phone calls and personal visits. Our members have worked hard in supporting legislative matters affecting our veterans, servicemembers and their families, not only on the national level but state level as well.

The American Legion's Priority Sheet has been distributed via the eBulletin and the National Auxiliary Magazine. Our members have also been instructed on how to go to The American Legion's Legislative Action Center website for up-to-date legislative testimony, point papers and legislative questions of the week.

Many Unit Legislative Chairmen, and individual Auxiliary members as well, have subscribed to The American Legion's weekly Legislative Update.

The Dispatch also provides information and the American Legion Auxiliary's Legislative Advocacy Guide explains how to be an advocate starting at the grass roots level. An increase in orders for the newly revised Legislative Advocacy Guide has been reported. The Legislative Committee, for the first time has established a Facebook Group. If you would like to learn more about the legislative process you can join - **PASS IT ON NATIONAL ALA LEGISLATIVE GROUP PAGE** on Facebook. This group is for anyone interested in The American Legion Legislative position and the issues affecting our veterans, service members and their families. It will also include urgent action requests, if a need is indicated by The American Legion.

Finally, I would like to see the Departments identify Auxiliary members with personal or professional relationships with U.S. Representatives, U.S. Senators and/or their legislative staff members. Submit their names on the National Legislative Council Information Sheet that can be found on the Auxiliary website listed under the Legislative Program and once completed email the form to [Legislative@ALAforVeterans.org](mailto:Legislative@ALAforVeterans.org) or mail to our Washington DC Office.

**MEMBERSHIP**  
**CHAIRMAN: KATHY DAUDISTEL**

Objective # 1 Engage to Retain Current Members.

Methods being used to retain our current members include a "Fallen Angel Award" requiring a member to bring in 3 fallen angels who have not paid their dues in a year or more, holding a "Boot Camp" for program chairmen, using placards to wear that say "Check Out My Caboose" for anyone with "Zero" Units, using the Mission Training DVD, the creation of dues renewal notices sent out prior to those from National, allowing members to pay just the Dept. and National per capita if dues are paid early, offering members the option of paying their dues on a payment plan, holding a luncheon for those receiving the Recruit 1 Angel pin, membership challenges for the Legion Family with the loser wearing a pink ballet tutu to the Mid Winter Party, substituting a Unit Christmas gift exchange for a paid gift membership to someone on a fixed income, cash awards to anyone cracking "Goose Egg" Units, "FREE" breakfasts/dinners for those with dues paid early and the creation of Facebook pages.

Objective # 2 Attract New Members.

Creative methods are being used to attract new members including the creation of a poster entitled "WE NEED YOU" with tear off tabs showing contact information, newspaper article highlighting "Honor Their Service" buttons resulting in information being posted to the paper's website allowing visitors to order buttons directly, team competitions for greatest renewals with the winner being treated to a dinner with china/silverware/linen napkins and the losing team using paper plates/plastic silverware/paper napkins and handling clean-up, net-working with other community organizations, having kids ask their parents to join, chance to win ALA jacket with entry for every 3 new members, personal invitations to Legionnaires asking if a Unit could "sign up their daughter?", promotion of the Recruit 1 Angel Pin, a "Rocking Around the Christmas Tree for Veterans" parade float thanking veterans for the gift of freedom while passing out flags, and visits to Fort Riley and Fort Leavenworth for Army Wive's Network explaining the ALA programs.

Objective # 3 Start an E-Unit.

While there are new Units being formed, no new "E-Units" have been started and reported. However, many Units are handling business and sharing information electronically.

As of 1/30/13 national is at 77.134% with 45 Departments already reaching Milestone #2 of 70% due at 2/14/13. One Department has even reached Milestone #3 of 85%. Calls have been made to Departments with low stats offering assistance. Many Departments have noted that they are using the national "Angel Skit" presented at the May 2012 Membership meeting in Indianapolis, IN.

**NATIONAL SECURITY  
CHAIRMAN: MARIE GOEDE**

**CENTRAL DIVISION (4 Departments reporting)**

In Illinois, members worked hard to ensure that their units had all the tools necessary for a successful year! Plans are now being made for the Annual Patriotic Conference in March. "PITCH IN" is the theme for the Department of Iowa. At their August Department School of Leadership, the Plan of Action was distributed to chairmen, district presidents, and units. Michigan has chosen social media to help promote the program. Facebook, email, unit mailings, and the department website help to get out the word so they can help provide whatever assistance is needed for veterans. Ohio received an opportunity to assist a veteran who contacted the Auxiliary for assistance.

**EASTERN DIVISION (10 Departments reporting)**

Departments participated in numerous programs that support our mission including welcome home and deployment events, Stand Downs, a Habitat for Humanity Veteran Build, the Warrior Weekend Program, the USO, Yellow Ribbon events, POW/MIA events, Family Readiness Groups, Operation Comfort Warriors, Operation Homefront, sending comfort packages to troops, sending coupons to commissaries, distributing Blue Star banners, cookie drives to send to our troops, sending holiday cards to the Red Cross' Holiday Mail for Heroes program, and providing flu shots to veterans. Delaware took flags to distribute at the local National Guard welcome home and deployment ceremonies. Connecticut handed out ditty bags filled with snacks, travels items, and Girl Scout cookies to deploying servicemembers. They have sent an additional 300 boxes of cookies since September! New Jersey attended every ceremony they could. New Hampshire, New York, Delaware, Pennsylvania, and New Jersey participated in the coupon clipping program, clipping well over half a million dollars in coupons! Connecticut, Pennsylvania, Rhode Island, Delaware, New York, Maine, and Maryland were involved in the Blue Star banner program. Comfort packages were a big project that involved assembling and mailing care packages to servicemembers in Iraq and Afghanistan. Five departments participated with the Holiday Mail for Heroes program. The most widespread program is Operation Homefront. DC packed and donated backpacks for military children. They also sponsored a military family experiencing deployment and sent the mom on a spa trip.

**NORTHWESTERN DIVISION (6 Departments reporting)**

In Colorado, the chairman was able to (via telephone/internet) connect a woman from California with Lt. Commander John McGrath, a Navy officer who'd been taken as a POW in Hanoi. The woman from California wore McGrath's POW bracelet, a gift from her mother, for years but never dreamed she'd meet him! A bit of research helped locate Lt. Commander McGrath in Colorado, alive and well! No, our POWs/MIAs are not forgotten. At Minnesota's Fall Conference, a workshop on the JROTC program and early enlistment for students was given. Units sent care packages, participated in both the Pocket Flag project and Yellow Ribbon program. In Montana, many units helped in-need veterans and their families with money and food baskets at Thanksgiving and Christmas. North Dakota established a project called "Security Blankets for National Security" and 100 blankets were ordered. Order forms were sent to units with the idea being to purchase

a blanket for a "Favorite Veteran". Each blanket had a thank you message embroidered on it. South Dakota clipped coupons that were sent to Germany, Japan, Korea, England, and 14 commissaries overseas. Boxes were also sent to activated National Guardsmen.

**SOUTHERN DIVISION (12 Departments reporting)**

Alabama reported units have been very busy "Passing It ON" to their veterans and servicemembers. Florida assisted and helped to organize the Coalition to Salute America's Heroes Road to Recovery that was in their state from December 9-12. Georgia members crocheted lap blankets for veterans in the VA Hospitals, and cloth bags are made and sent to patients in nursing homes. Kentucky has sent care packages, cut coupons, and participated in Veterans Day Parades and Programs. One unit tied Yellow Ribbons on light poles. Louisiana held a forum on self-defense with a speaker from the police department to speak on the importance of self-defense. Units are also preparing breakfasts for veterans, preparing thank you cards for the veterans in the community, hosting an Army Reserve Unit, and the list goes on and on of all the excellent things they are doing! Mississippi partnered with the USO, provided Blue Star banners, volunteered for the blood donor program. North Carolina reported assisting in caring for military families, honoring the troops, supporting the USO, sponsoring POW/MIA programs, and visiting veterans in nursing homes. One unit assisted a family with groceries and transporting a child to a doctor appointment. They truly believe in the motto "Pass It ON" to all who need their assistance. Puerto Rico offered emotional support to military families at wakes and funerals. Members have been trained to offer this special support. Most units are involved in blood drives at various clinics. South Carolina donated 1,103 hours and spent \$4,356.90 to send coupons valued at \$45,360.26. They also donated to and participated in all areas of the National Security Program. Tennessee has collected over \$6,000 for an Action Track Chair for a Wounded Warrior and in the next 6 months they plan to reach their goal of \$12,000 to \$15,000 to purchase the chair. Texas is blanketed with the American Legion Auxiliary working the National Security Plan of Action! Together, they are making a difference, and it is evident as they are "Passing it ON" to the military about our tremendous ALA programs. One of the very first projects for Texas was a Military Moms Baby Shower. Attendees were to be limited to 24; however, the attendance list swelled to 30 with a waiting list started for another shower. They continue to be contacted for more assistance, and recently provided \$800 in gift cards and handmade baby blankets for 8 military moms to be. Virginia is "Easing the Worries at Home - Southern Style". Following the overwhelming response to the inaugural Blue Star banner pin project at Virginia Girls State in 2013, the project will continue this year. This unique National Security/Girls State cooperative project acknowledges that the entire family serves and makes sacrifices when a servicemember is on active-duty.

**WESTERN DIVISION (7 Departments reporting)**

Alaska reported spending 60 hours sending cards and care packages to our troops, Blue Star banners were presented, Thanksgiving dinners were prepared for military families, and \$300 was spent on a Christmas secret Santa. Arizona worked with the Sons of The American Legion to provide GI Josh dogs. Blue Star and Gold Star banners were presented. California sent care packages and Christmas cards, and supported the Fisher House, the USO, a Yellow Ribbon Program and welcome home events, Quilts of Valor,

deployment send-offs, and holiday parties at military bases. Blue Star and Gold Star mothers were honored. CERT and CPR classes were attended and they hosted blood drives and disaster drills. Hawaii participated in Veterans Day services and laid a wreath at the National Memorial Cemetery of the Pacific at Punchbowl. One unit helped a veteran's family with their father's funeral. In Nevada, a member of the Gold Star Wives attended a unit meeting as a guest speaker. Many units sent cards for the Holiday Mail for Heroes program and helped their local elementary school families also make cards to send. Units participated in the Family Support Network by creating and providing diaper cakes to several military families. The cakes have approximately 100 diapers and other baby toiletries. New Mexico worked with the local base and was able to help 5 military families over the holiday with gifts and food items. They attended welcome home events at the local airports. Gave out Blue Star banners and have Blue Star dinners monthly. Washington units are very involved with the local bases, adopting military units in their area and helping at events when needed. Units are involved in the Blue Star banner program. They are also given out at Girls State each year for those who have a family member in the military. Girls State also presents the POW/MIA ceremony. The girls make 2 wreaths that are given to local National Cemeteries.

This is a summary of what departments are doing for the National Security Program. They are doing so much more, but space does not allow me to share all their accomplishments. I think it is exciting that departments are involving their Junior members and dispersing this program into other programs, such as Girls State! For the balance of this Auxiliary year, I would like to see more involvement in the CERT program and 100% end of the year reporting.

## **PAST PRESIDENTS PARLEY CHAIRMAN: PEGGY THOMAS**

By Pilar Reyes

Madam National PPP Chairman Peggy Thomas, What a special privilege and honor it is to serve as the Past Presidents Parley Chairman for the Department of California, and being able to give encouragements to all our Unit and District Past Presidents Parley Chairmen.

Although the main emphasis of the program is focused on three main objectives for the year, on Nurse's Scholarship, Unit Member of the Year, and Active-duty Service Women, it is important for us Past Presidents to offer assistance within our units and districts to continue the tireless efforts in increasing membership. Our National President has an objective for the American Legion Auxiliary to reach one million members by 2019 and if we all work together we can achieve that goal. In addition to the main objectives, Units and Districts were encouraged to form their parleys.

As part of this chairman's campaign for the promotion of the PPP program on one of the areas of focus, the Nurse's Scholarship, a skit 'PPP Turned My Hope to Success' was presented with a cast of Past Department Presidents who did an outstanding job. The presentation was enjoyed and greatly appreciated by the members and understood the Nurse's Scholarship.

What a delight to report on the outstanding accomplishments of some of the Department of California units through the first half of the auxiliary year!

Thanks to the Districts/Units who have answered the call for participation.

Activities/events accomplished by about fifty-five units in the first half of the year include:

- Units held fundraisers and sent generous donations to the program. One unit in particular had each member donate \$60 to fund. A district presented one nursing scholarship in the amount of \$350 and five of their units gave scholarships to high school seniors for nursing and other related vocational education amounting to \$2,000. In another district, one unit, in addition to their donation of \$100 to the fund, will be donating additional \$100, to be matched by another unit parley in the same district, to the Monterey Peninsula College Nursing Program.
- At a joint visitation of four districts by our Department President, as part of the PPP activities by the hosting district, all past presidents in all levels, unit, district and department, in attendance, were given special recognition by the District PPP Chairman. All members of the district worked together in preparation of the luncheon and a cordial reception for the Department President.
- Units in another district will be inviting candidates to a luncheon to honor service-women, one still serving as Sgt-at-arms and working with the Wounded Warriors and is also a Gold Star Wife. The units are still in search for applicants for the Nurse's Scholarship.
- Forms for rules and applications for the three areas of focus in the program were disseminated in various appropriate places, including schools and bases.

- Some Unit Parleys held organized Children's Halloween Parties and Friday night dinners for veterans and donated books, toiletries and other hygiene products to Long Beach VAMC for women veterans.
  - Some units campaigned for dual membership for women legionnaires.
- There's a lot more projects that units have accomplished for the half time scrimmage and these will be given at the end of the year report.
- Past Presidents, unit, district and department level, have consistently provided support and encouragement throughout the years. At the Department Executive Committee meeting they were given special recognition. This chairman extended kudos to all Past Department Presidents and described them as the experienced, knowledgeable auxiliary members who have been inspiration to all and who are always there to assist anyone seeking help and always there in support of the parley program as active mentors and stepping up to the plate either as a team player or as a team leader when needed. This Department PPP Chairman has pledged a full commitment to do anything for the accomplishment of the objectives of the Past Presidents Parley Program.

**POPPY**  
**CHAIRMAN: BRENDA COLLINS**

At this time, we have two divisions who have 100% reporting. They are the Central and Northwestern Divisions. Congratulations to these two divisions.

The department chairmen in the Central division have been very responsive to their division chairman, staying in touch with her. Units in Iowa are spreading the word about the Poppy not only on Memorial Day, but also throughout the year. Illinois is promoting the increase in Poppy distribution. Indiana's Spring Conference brings the new Poppy Centerpiece Contest. While Kansas is going into the schools and churches to explain the poppy and pass them out to the members, Ohio holds a Poppy Shop Open House. Wisconsin held a Call in for Officers and chairmen to introduce the new Resolution 20. Thank You cards are sent annually for Veterans Day but West Virginia uses a Poppy on each one. Michigan units are distributing Poppy stickers and the Department Chairman has sent out 200 packs of Poppy seeds. Missouri shared the story, "The Poppy Lady", the story of Moina Michaels at their Fall Conference.

The Northwestern Chairman was appointed late, due to a resignation. She has worked hard to achieve 100% in her division. Juniors from unit 113 in Colorado made a Candy Cane Wreath to be auctioned off for the Presidents project. In Minnesota, members passed out cookies that they had iced with red Poppies and Montana is having a Poppy hat contest and Nebraska promoted the Poppy across the state. Memorial wreaths were made by members in North Dakota. The Poppy Poster Contest was a main push in the department of South Dakota. Poppy centerpieces, corsages, wreaths and hats are just a few things Wyoming has made from Poppies this year. The Western Division has accomplished much. Six community activities were held in Alaska where auxiliary members attended. The California Dream Team has one member in a very energetic District that made a Poppy Corsage out of felt and a single button, which became an overnight sensation. Nevada and Oregon have ordered their Poppies and are preparing to distribute them in the spring. The hospitality room at the Creative Arts Festival in Reno was one of the Idaho Poppy distribution sites. It was a pleasure for the auxiliary members to watch the veterans wear their Poppy. Memorial Day and Veterans Day found Hawaii distributing Poppies. Parades, county fairs and Remembrance Programs were part of New Mexico's Poppy Program.

The Southern Division has Arkansas in discussion with the owner of eleven Hardees Restaurants located in and around Little Rock for the distribution of Poppies for next year this year, the process was a success. With only eight units reporting, Mississippi had twelve entries in the Poppy Poster Contest and a Poppy Hat Contest is scheduled for North Carolina's Mid Winter Conference in February. Puerto Rico reported new members were recruited while distributing their Poppies, South Carolina distributed their Poppies, Bookmarks at County Fairs, Restaurants and Veteran's Parades. The Department of Tennessee is planning a Poppy Usage Contest at their Department Convention. Local JROTC groups helped with the distribution of poppies in Virginia. A new white Poppy Pin in the shape of the state of Texas is being used for a thank you for help with their Poppy Program. They are also being given to the news media and elected officials.

The Eastern Division, Poppies were used for Veterans Day programs at schools and Legions Posts in Maryland. Poppies were used throughout for Christmas decorations. One Unit did a tree with white lights and the beautiful red poppies. Maine has ordered their Poppies and is now ready for their distribution; New York had 241 students participate in Poppy Poster Contests.

The division chairmen had reports from thirty four out of fifty two departments. We would like to thank all of the departments who submitted a report.

It is a pleasure serving as National Poppy Chairman and it has been a learning experience.

## **PUBLIC RELATIONS CHAIRMAN: LISA WILLIAMSON**

At the beginning of this American Legion Auxiliary administrative year, we were presented with a wonderful new document – ALA PR Guide and Tips for Volunteer Recruitment – or what we call “the PR Toolkit.”

As part of dozens of topics in that Toolkit, it was stressed just how important building a relationship with the media can be and how it is the foundation of successful public relations. Whether the media contact is a reporter from a local newspaper or a blogger, all contacts should be carefully cultivated. Local news media is an integral part of highlighting our events and programs. Once you have a media contact that believes in what our organization does and reports on our events and activities, we must continue to nurture that relationship to ensure that their reporters are routinely present. We’ve fought to get our foot in the door so we must be vigilant in ensuring that door stays open.

Here are three success stories:

- In Kansas, through a simple phone call to the Topeka Capital Journal, Department of Kansas Public Relations Chairman Laah Tucker connected with a reporter and a relationship has formed. Two special feature articles have been published — one highlighted ALA membership recruitment and programs, while the second article emphasized the annual Christmas Store projects for five Kansas veterans’ hospitals. The testimony of a young veteran’s thankfulness, in his shopping experience for his three children, touched many readers with the need for veteran support. To top it off, 2013 ended with an article and a photograph about a Kansas unit’s annual project in addressing Christmas cards for mailing to veterans, military and their families.
- Ohio’s PR chairman, Martha Setlock, has developed an ongoing connection with a local radio station. She simply asked if she could give a short talk about our organization. They said they would give her 15 minutes. Both the commentators asked many, many questions because they were not familiar with the Auxiliary, but they have invited her to join them regularly with news.
- And in Texas, while still struggling to get newspaper coverage, Unit 208 in Kerrville, alternates with The American Legion and SAL on a morning talk show on their local radio station. This “drive time” show allows them to tell everyone listening about who they are, what they do and when.

Public Relations isn’t just about the media either. It can be much more passive. Just by wearing our ALA clothing, our “Pass It On” buttons, even our name badges as we perform a service project speaks volumes. When we march in local parades, carrying our TAL Family colors, it plants that seed in people’s minds. Sitting at county or job fairs with our ALA “uniform” or in conjunction with the Legion or SAL in their caps brings the entire Legion family to the forefront of their minds. It might be as simple as sponsoring a sports tournament, or even a single player on a youth sports team. Every single one of our ALA programs – Community Service, Girls State, Education, Poppy, National Security, Legislative, VA&R, AEF, Junior Activities, you name it – should have some element of public relations.

As we promote our organization, I can't help but think of something that Michael Peterson said at the Department Leadership National Conference this past May - "It doesn't matter what our message is if we don't make it interesting."

**VETERANS AFFAIRS & REHABILITATION**  
**CHAIRMAN: SHARON CONATSER**

Forty-eight departments reported they are working the mission by serving our veterans. One Department held a Veterans' Shower at their Fall Conference raising \$7,000. The items collected were divided among their VA facilities and homeless shelters across the state. All aboard, as we move across the Central Division, where another Department has hosted three festivals to give patients a chance to participate in the National Veterans Creative Arts Festival. Members focused on providing activity bags for children and grandchildren who came along with patients at their VA facilities. 440 volunteers work tirelessly to provide for 2,386 veterans in their VA facilities in another Department. One department in the Eastern Division went on a 1400-mile road trip holding bingo's outings and carnivals across the state! 1200 hundred hats, scarves and gloves (many handmade) may sound like a lot but one department help many veterans that attended a stand down stay warm in this cold weather. Only missing a report from one department the numbers are impressive: Cash donations – over \$95,541.00; over 22,201 hours; In-kind donations – over \$50,000; service over 8800 veterans!! Way to go!!

Northwest Division units are also busy. Bracelets made from parachute cords were gifts to patients in one VA facility. Gift shops, stand-downs, cookies, and cards continue to be the way to our veteran's hearts. One Unit made key chains for Vietnam Veterans thanking them for their service on the 50th anniversary of the Vietnam War. Women Veterans at the VA were honored by the ALA serving them brunch. Here are the numbers: Dollars spent - \$18,921.00; Veterans assisted: 4,377.

Southern Division is rising to the occasion by taking care of our veterans. Their Star-Spangled Service, Southern Style is very beneficial to our veterans. Bus passes, transporting veterans to appointments, birthday parties for their branch of service, dinners at Post Homes, Buddy Baskets....the list goes on and on....they logged 42,915 hours of service; and donated \$192,144.00.

Western Division continues to work the mission of taking of veterans and their families. Homeless veterans is a focus here, several units serve breakfast for homeless veterans and another unit hosted their annual Homeless Veteran Holiday dinner and clothing drive. Others donated winter clothing to the homeless shelter for veterans. Buddy Baskets were made and donated to those in need. One Unit sponsored a fishing trip for wounded warriors. The Reno VA Medical Center was co-host for the Creative Arts Festival and did a great job!! One Department holds Veterans Olympics at all three of their Veterans Homes. They play games and have other activities and win medals. At the end of the day, they provide a B-B-Q for the veterans!

Thank you for all you do for our veterans and their families! Keep up the good work!!

**LONG RANGE STRATEGIC PLANNING**  
**CHAIRMAN: JAN PULVERMACHER-RYAN**

**Governance Reform**

The Strategic Planning committee met in late January 2013 to review Governance documents developed to support the initial resolution presented at the 2012 National Convention recommending a change to the Auxiliary's governance structure to form a smaller National Executive Board. The resolution was referred back to the Strategic Planning committee at the convention with the recommendation to develop all documents necessary to clarify roles and responsibilities of the smaller board.

Because of the number of documents that the committee felt was necessary to provide the needed clarification, the committee voted to delay moving forward during this administrative year to allow both time for the committee to fulfill the development responsibilities and also to give departments additional time to study and discuss. The Strategic Planning committee will meet in October 2013 to finalize these requirements and all materials will be sent to departments in December, thus giving time at mid-winter conferences, spring conferences and department conventions to discuss and understand the suggested new board structure and requirements for service.

A process for submission of resumes for service on this Executive Board will be developed and shared with departments. Many of the required documents such as Position Descriptions defining the roles and responsibilities of members of the board, as well as those serving as officers of the board, and the election process have been completed and are presently in a process of review by members of the committee.

The resolution to form a new smaller board will be presented at the National Convention 2014 for discussion and adoption. If approved, the submission of applications for service will take place during the 2014/15 administrative year with final action, the election of members to serve, on the agenda for the 2015 national convention.

Authority and power will still be vested in the National Executive Committee as a whole. Actions taken by the smaller board will be reported to the entire NEC for affirmation and approval. Actions taken can be overturned by the entire NEC. But members with longer terms of experience can provide oversight and expertise which is lacking in a board that turns over every year. This smaller National Executive Board will serve as a resource, providing research capabilities and the opportunity for greater study of opportunities to be considered by the NEC as a whole. The NEC bears fiduciary responsibility for the organization and is the steward of the organization's financial positions and other resources. Having an additional set of eyes on the financial statements and the annual budget will be a helpful addition to the NEC's oversight role.

**APPENDIX B**



**FINANCIAL STATEMENTS**



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

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2013 AND 2012



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

TABLE OF CONTENTS  
SEPTEMBER 30, 2013 AND 2012

	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
Consolidated Statement of Functional Expenses for the Year Ended September 30, 2013	5
Consolidated Statement of Functional Expenses for the Year Ended September 30, 2012	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-27
<b>Supplemental Information:</b>	
Analysis of Deferred Revenue - PUFL	28
Consolidating Statement of Financial Position as of September 30, 2013	29
Consolidating Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2013	30
Consolidating Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2012	31
Schedule of Expenditures of Federal Awards (2013)	32
Notes to Schedule of Expenditures of Federal Awards (2013)	33
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards</b>	<b>34-35</b>

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

TABLE OF CONTENTS (CONT.)

SEPTEMBER 30, 2013 AND 2012

	Page
<b>Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133</b>	36-37
<b>Schedule of Findings and Questioned Costs</b>	38-39
<b>Summary Schedule of Prior Audit Findings</b>	Omitted



4181 E. 96<sup>th</sup> Street, Suite 180  
Indianapolis, IN 46240  
Phone: 317.569.4181  
Toll Free: 888.922.4941  
www.alerdingcpagroup.com

## 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., which comprise the consolidated statements of financial position as of September 30, 2013 and 2012, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc. as of September 30, 2013 and 2012, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 6, 2014, on our consideration of the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the year ended September 30, 2013. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*A leading CPA Group*

February 6, 2014

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2013 AND 2012

**ASSETS**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 785,671	\$ 633,778
Investments	26,451,828	23,419,722
Investments - PUFL	3,633,560	3,351,116
Prepaid expenses	158,557	122,060
Furniture and equipment, net	514,884	762,951
Other assets	<u>189,686</u>	<u>196,910</u>
Total assets	<u>\$ 31,734,186</u>	<u>\$ 28,486,537</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Accounts payable	\$ 527,944	\$ 495,944
Accrued expenses	288,839	288,285
Accrued scholarships	70,500	72,500
Deferred revenue - dues	2,656,220	1,928,989
Deferred revenue - PUFL	3,663,385	3,422,026
Deferred revenue - other	45,189	85,684
Liability for pension benefits	<u>466,321</u>	<u>740,513</u>
Total liabilities	<u>7,718,398</u>	<u>7,033,941</u>
<b>Net Assets:</b>		
Unrestricted net assets		
General fund	21,872,322	19,784,470
Other unrestricted funds	<u>1,040,122</u>	<u>1,392,745</u>
Total unrestricted net assets	22,912,444	21,177,215
Temporarily restricted net assets	512,957	132,401
Permanently restricted net assets	<u>1,104,783</u>	<u>918,290</u>
Total net assets before accumulated other comprehensive loss	24,530,184	22,227,906
Accumulated other comprehensive loss	<u>(514,396)</u>	<u>(775,310)</u>
Total net assets	<u>24,015,788</u>	<u>21,452,596</u>
Total liabilities and net assets	<u>\$ 31,734,186</u>	<u>\$ 28,486,537</u>

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Revenue, Gains &amp; Other Support:</b>		
Contributions	\$ 931,151	\$ 896,995
Federal grants and cost sharing	682,314	664,446
Membership dues	5,425,421	3,757,076
Advertising	489,506	443,047
Other	<u>1,112,341</u>	<u>1,226,302</u>
Total revenue, gains, and other support	<u>8,640,733</u>	<u>6,987,866</u>
<b>Expenses:</b>		
Member services	5,548,689	4,474,112
Youth education services	726,996	749,937
Veteran and military family programs	<u>1,995,259</u>	<u>1,821,961</u>
Total program services	8,270,944	7,046,010
Management and general	700,312	536,504
Fundraising	<u>267,143</u>	<u>227,929</u>
Total expenses	<u>9,238,399</u>	<u>7,810,443</u>
Change in net assets from operations	(597,666)	(822,577)
<b>Investment Income, Net of Expenses</b>	<u>2,899,944</u>	<u>3,923,056</u>
Change in net assets	2,302,278	3,100,479
<b>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</b>	<u>22,227,906</u>	<u>19,127,427</u>
<b>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</b>	<u>\$ 24,530,184</u>	<u>\$ 22,227,906</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, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2013 Totals</b>	<b>2012 Totals</b>
Personnel and related benefits*	\$ 2,453,098	\$ 388,116	\$ 100,414	\$ 2,941,628	\$ 2,674,338
General operating expenses	465,505	117,104	30,688	613,297	593,418
Conventions and meetings	1,558,965	65,259	3,077	1,627,301	1,419,040
Occupancy	206,210	37,742	12,581	256,533	256,730
Professional services and fees	853,436	74,739	37,077	965,252	429,138
Printing and publications	1,170,002	7,020	42,353	1,219,375	913,098
Postage and freight	710,894	3,252	40,815	754,961	782,643
Grants and scholarships	499,815	-0-	-0-	499,815	390,018
Other	<u>353,019</u>	<u>7,080</u>	<u>138</u>	<u>360,237</u>	<u>352,020</u>
Total expenses	<u>\$ 8,270,944</u>	<u>\$ 700,312</u>	<u>\$ 267,143</u>	<u>\$ 9,238,399</u>	<u>\$ 7,810,443</u>

\*Includes AmeriCorps National/VISTA member living allowances and related benefits of \$591,483 in 2013 and \$570,407 in 2012 relating to Federal grant awards.

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2012

	Program Services	Management and General	Fundraising	2012 Totals
Personnel and related benefits*	\$ 2,316,506	\$ 251,163	\$ 106,669	\$ 2,674,338
General operating expenses	461,902	94,911	36,605	593,418
Conventions and meetings	1,347,798	71,012	230	1,419,040
Occupancy	211,405	27,698	17,627	256,730
Professional services and fees	321,855	73,108	34,175	429,138
Printing and publications	891,885	5,441	15,772	913,098
Postage and freight	754,562	11,230	16,851	782,643
Grants and scholarships	390,018	-0-	-0-	390,018
Other	<u>350,079</u>	<u>1,941</u>	<u>-0-</u>	<u>352,020</u>
Total expenses	<u>\$ 7,046,010</u>	<u>\$ 536,504</u>	<u>\$ 227,929</u>	<u>\$ 7,810,443</u>

\*Includes AmeriCorps National/VISTA member living allowances and related benefits of \$570,407 in 2012 relating to Federal grant awards.

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 2,302,278	\$ 3,100,479
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	251,020	237,244
Gain on disposal of assets	(375)	-0-
Net realized (gain) loss on investments	(445,245)	51,551
Net realized (gain) loss on investments - PUFL	-0-	4,152
Net unrealized (gain) loss on investments	(1,812,325)	(3,445,548)
Net unrealized (gain) loss on investments - PUFL	(402,443)	(512,480)
Net periodic pension expense	1,722	12,941
Changes in operating assets and liabilities:		
Prepaid expenses	(36,497)	43,214
Other assets	7,224	102,778
Accounts payable	32,000	(20,677)
Other accrued expenses	(1,446)	(9,328)
Deferred revenue - dues	727,231	(258,910)
Deferred revenue - PUFL	241,359	610,693
Deferred revenue - other	(40,495)	19,208
Liability for pension benefits	<u>(15,000)</u>	<u>(13,366)</u>
Net cash provided by (used in) operating activities	<u>809,008</u>	<u>(78,049)</u>
<b>Cash Flows From Investing Activities:</b>		
Fixed assets purchased or donated	(2,953)	(93,499)
Proceeds from sale of assets	375	-0-
Purchase of investments	(2,290,466)	(1,236,181)
Proceeds from sale of investments	1,515,930	1,136,882
Purchase of investments - PUFL	(95,655)	(275,727)
Proceeds from sale of investments - PUFL	<u>215,654</u>	<u>239,742</u>
Net cash used in investing activities	<u>(657,115)</u>	<u>(228,783)</u>
<b>Net Increase (Decrease) in Cash and Cash equivalents</b>	151,893	(306,832)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>633,778</u>	<u>940,610</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 785,671</u>	<u>\$ 633,778</u>
<b>Non-Cash Investing Activity:</b>		
Forgiveness of accounts payable and reduction in furniture and equipment	<u>\$ -0-</u>	<u>\$ 19,972</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, 2013 AND 2012

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Description of Entities

The accompanying consolidated financial statements include the accounts of the American Legion Auxiliary National Headquarters (the "Auxiliary") and the American Legion Auxiliary Foundation, Inc. (the "Foundation"), collectively referred to as the "Organization". All significant intercompany transactions and balances have been eliminated in consolidation.

The Auxiliary is a national membership veterans' service organization headquartered in Indianapolis, Indiana. The Auxiliary was founded in 1919 in conjunction with the establishment of The American Legion by the United States Congress and was incorporated as a not-for-profit organization on November 11, 1932 under the laws of the State of Indiana. Members of the Auxiliary are women who served, or whose relatives served, in the United States Armed Forces during times of declared war and conflict. The mission of the Auxiliary is to honor, advocate for, and enhance the lives of U.S. veterans, military, and their families, and to promote patriotism, national security, and good citizenship. The Auxiliary enacts its mission through scholarship, educational, mentoring, and outreach programs, and by administering and supporting various projects that benefit veterans and military families at home and abroad.

The Foundation was incorporated on September 27, 2007 as a not-for-profit entity under the State of Indiana Not-For-Profit Incorporation Act. The Foundation was organized by the Auxiliary exclusively for the benefit of the Auxiliary and assists in fundraising and offers support in carrying out educational, charitable, and other programs sponsored by the Auxiliary. Accordingly, as required by accounting principles generally accepted in the United States of America ("U.S. GAAP"), the Foundation's accounts and related disclosures are consolidated herein with those of the Auxiliary.

The accompanying consolidated financial statements only include the accounts of the Auxiliary Headquarters and the Foundation and do not include the accounts of other independent affiliated Auxiliary locations including departments (state-level organizations) and units (community-level organizations).

The significant accounting policies followed by the Organization in the preparation of its consolidated financial statements are summarized below:

Basis of Presentation

The Organization utilizes the principles of fund accounting in the preparation of its consolidated financial statements. Therefore, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The three fund accounts include the following:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

*Unrestricted Fund*

The unrestricted net assets are net assets not subject to donor-imposed restrictions. The unrestricted fund is used to account for all contributions, revenues, and expenses used for the general operations of the Organization.

*Temporarily Restricted Fund*

The temporarily restricted fund is used to record contributions and revenues that are received or generated that have donor restrictions that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are classified as unrestricted net assets and are reported as net assets released from restrictions in the statement of activities and changes in net assets (Note 5). In addition, the temporarily restricted fund includes, in the absence of explicit donor restrictions, earnings on permanently restricted funds that have not yet been appropriated for expenditure.

*Permanently Restricted Fund*

Assets held inviolate and in perpetuity are held in the permanently restricted fund and include certain funds restricted for scholarships and other restricted purposes. The net income from these investments and all non-restricted contributions are available for release to the unrestricted fund.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and notes to the consolidated financial statements. Actual results could differ from those estimates. Principal estimates made in the preparation of the consolidated financial statements include the allocation of functional expenses and assumptions employed in the determination of pension expense.

Cash and Cash Equivalents

Cash and cash equivalents represent cash invested in checking and money market accounts. All liquid investments with original maturity dates of three months or less are classified as cash equivalents.

Investments and Investment Return

The Organization's investments are valued at fair market value and have a readily determinable fair value. Investment return includes dividends, interest, and realized and unrealized gains and losses on investments carried at fair value.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is first recorded as temporarily restricted and then released from restriction. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Furniture and Equipment and Depreciation

Furniture, equipment, and leasehold improvements purchased and expenditures which substantially increase the useful lives of existing assets are recorded at cost. Cost of repairs and maintenance are expensed as incurred. Furniture, equipment, and leasehold improvements are depreciated over the estimated useful lives, which range from 5 to 10 years, using the straight-line method of depreciation.

Support and Revenue Recognition

The Organization records gifts as revenue at the date it receives either cash or an unconditional promise to give from a donor. Assets received from a donor are recorded at fair value and are recorded as unrestricted revenue unless the donor includes stipulations that limit the use of the assets, in which case the revenue is recorded as either Temporarily or Permanently Restricted revenue. When a donor restriction expires, temporarily restricted assets are reclassified as unrestricted net assets and reported as "Net assets released from restrictions" in the consolidated statement of activities and changes in net assets.

Contributions raised through direct mail campaigns by third-party vendors are reported net of the associated cost in the consolidated statement of activities and changes in net assets.

Functional Expenses

Expenses are allocated among various Programs, Management and General, and Fundraising based on management's estimates of time spent by employees, space utilization, or other rational bases.

Dues Income and Senior Member Assessment

Dues are recognized as income in the applicable membership period. Membership dues are paid annually based on a calendar year-end.

In 2012, a VA&R Senior Member Assessment was deemed to be earned and reported as income when received. In 2013, there was no VA&R Senior Member Assessment.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

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, 2013, 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, 2010.

Reclassification

Certain amounts from 2012 have been reclassified herein to conform to the 2013 presentation.

Subsequent Events

Subsequent events have been evaluated through February 6, 2014, which is the date the financial statements were available to be issued.

## 2. FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a fair value hierarchy, which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels are defined by U.S. GAAP as a means of measuring fair value:

**Level 1**

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

**Level 2**

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Organization has no Level 2 investments at September 30, 2013 and 2012.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

**Level 3**

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value at September 30, 2013 include the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 785,671	\$ -0-	\$ 785,671
Investments	24,731,479	1,720,349	26,451,828
Investments - PUFL	<u>3,633,560</u>	<u>-0-</u>	<u>3,633,560</u>
	<u>\$ 29,150,710</u>	<u>\$ 1,720,349</u>	<u>\$ 30,871,059</u>

Assets measured at fair value at September 30, 2012 include the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 633,778	\$ -0-	\$ 633,778
Investments	21,777,291	1,642,431	23,419,722
Investments - PUFL	<u>3,351,116</u>	<u>-0-</u>	<u>3,351,116</u>
	<u>\$ 25,762,185</u>	<u>\$ 1,642,431</u>	<u>\$ 27,404,616</u>

The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2013:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)		
	<u>Hedge Fund</u>	<u>Partnerships</u>	<u>Total</u>
Beginning Balance, 9/30/12	\$ 1,004,447	\$ 637,984	\$ 1,642,431
Additions	-0-	-0-	-0-
Withdrawals	-0-	(8,523)	(8,523)
Realized losses	-0-	(22,068)	(22,068)
Unrealized gains	<u>77,026</u>	<u>31,483</u>	<u>108,509</u>
Ending Balance, 9/30/13	<u>\$ 1,081,473</u>	<u>\$ 638,876</u>	<u>\$ 1,720,349</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2012:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)		
	Hedge Fund	Partnerships	Total
Beginning Balance, 9/30/11	\$ 963,292	\$ 509,019	\$ 1,472,311
Additions	-0-	130,000	130,000
Withdrawals	-0-	(4,935)	(4,935)
Realized losses	-0-	(43,260)	(43,260)
Unrealized losses	41,155	47,160	88,315
Ending Balance, 9/30/12	\$ 1,004,447	\$ 637,984	\$ 1,642,431

**3. INVESTMENTS AND INVESTMENT RETURN**

A summary of the Organization's investments and investment returns as of September 30, 2013 and 2012 and for the years then ended is as follows:

	2013		2012	
	Cost	Market	Cost	Market
<b>Investments:</b>				
Money market funds	\$ 509,684	\$ 509,684	\$ 440,142	\$ 440,142
Common and preferred stock	6,542,492	8,588,837	5,363,786	6,095,197
Mutual funds and other	15,755,242	17,353,307	15,783,709	16,884,383
Total investments	\$ 22,807,418	\$ 26,451,828	\$ 21,587,637	\$ 23,419,722

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

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, 2013 and 2012:

	2013						Total
	General Fund	Other Unrestricted Funds	Total Unrestricted	Temporarily Restricted Funds	Auxiliary Total	Foundation Total	
Dividends and interest (net of expenses of \$30,223)	\$ 586,825	\$ 39,317	\$ 626,142	\$ 13,888	\$ 640,030	\$ 2,344	\$ 642,374
Net realized gains (losses) on investments	303,366	52,111	355,477	89,768	445,245	-0-	445,245
Net unrealized gains (losses) on investments	<u>1,819,228</u>	<u>46,916</u>	<u>1,866,144</u>	<u>(53,642)</u>	<u>1,812,502</u>	<u>(177)</u>	<u>1,812,325</u>
Total investment income	<u>\$ 2,709,419</u>	<u>\$ 138,344</u>	<u>\$ 2,847,763</u>	<u>\$ 50,014</u>	<u>\$ 2,897,777</u>	<u>\$ 2,167</u>	<u>\$ 2,899,944</u>

  

	2012						Total
	General Fund	Other Unrestricted Funds	Total Unrestricted	Temporarily Restricted Funds	Auxiliary Total	Foundation Total	
Dividends and interest (net of expenses of \$31,587)	\$ 489,637	\$ 28,990	\$ 518,627	\$ 10,226	\$ 528,853	\$ 206	\$ 529,059
Net realized gains (losses) on investments	(51,699)	41	(51,658)	107	(51,551)	-0-	(51,551)
Net unrealized gains on investments	<u>3,197,747</u>	<u>175,866</u>	<u>3,373,613</u>	<u>71,935</u>	<u>3,445,548</u>	<u>-0-</u>	<u>3,445,548</u>
Total investment loss	<u>\$ 3,635,685</u>	<u>\$ 204,897</u>	<u>\$ 3,840,582</u>	<u>\$ 82,268</u>	<u>\$ 3,922,850</u>	<u>\$ 206</u>	<u>\$ 3,923,056</u>

**4. FURNITURE AND EQUIPMENT**

The Organization's furniture and equipment for the years ended September 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Furniture, office equipment and information technology	\$ 1,376,310	\$ 1,380,476
Leasehold improvements	<u>38,039</u>	<u>38,039</u>
	1,414,349	1,418,515
Accumulated depreciation and amortization	<u>(899,465)</u>	<u>(655,564)</u>
	<u>\$ 514,884</u>	<u>\$ 762,951</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Auxiliary Temporarily Restricted Net Assets:		
Undistributed endowment earnings	\$ 118,100	\$ 110,086
Spirit of Youth Fund	347,461	-0-
Auxiliary Emergency Fund and Veterans Creative Arts Festival	-0-	22,109
Other	37,308	-0-
Foundation Temporarily Restricted Net Assets:		
Undistributed endowment earnings	(177)	206
Veteran Projects Fund	10,265	-0-
	<u>\$ 512,957</u>	<u>\$ 132,401</u>

**6. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restrictions from the temporarily restricted fund to the unrestricted fund by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors, are as follows:

	<u>2013</u>	<u>2012</u>
Purpose restrictions accomplished:		
Auxiliary:		
Veteran services capacity building (unrestricted expenses were \$664,857 in 2012)	\$ 682,311	\$ -0-
Emergency Fund grants and related expenses	231,194	232,672
Veterans Creative Arts Festival and related expenses	93,733	145,948
Spirit of Youth Fund scholarships and related expenses, net of forfeitures	39,114	-0-
National President's Endowment Fund scholarships and related expenses, net of forfeitures	42,000	38,000
Foundation:		
Endowment distributions in support of Auxiliary operations	<u>2,550</u>	<u>-0-</u>
	<u>\$ 1,090,902</u>	<u>\$ 416,620</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

**7. PAID-UP-FOR-LIFE (PUFL) TRUST**

In February 1981, the National Executive Committee approved the establishment of a life membership plan to be available to any member. In November 1981, the assets of the Paid-Up-For-Life (PUFL) Plan, formerly known as the Very-Important-Member (VIM) Plan, were segregated into a trust account from which funds equal to the annual dues of life members will be withdrawn each year. The trust agreement provides that the Auxiliary has the right to withdraw part or all of the assets of the trust account and to modify or terminate the trust agreement at its discretion. Investment income from the PUFL Membership trust is recorded as a component of deferred revenue and is not reflected in the consolidated statement of activities and changes in net assets.

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

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash	\$ 21,507	\$ 43,215
Investments	3,633,560	3,351,116
Other	<u>8,318</u>	<u>27,695</u>
Total assets	<u>\$ 3,663,385</u>	<u>\$ 3,422,026</u>
<b>Liabilities:</b>		
Deferred revenue - PUFL	<u>\$ 3,663,385</u>	<u>\$ 3,422,026</u>

The cost and market value of investments in the PUFL Membership trust as of September 30, 2013 and 2012 are as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
<b>Investments:</b>				
Money market funds	\$ 10,338	\$ 10,338	\$ 131,253	\$ 131,253
Mutual funds and other	<u>2,942,066</u>	<u>3,623,222</u>	<u>2,941,150</u>	<u>3,219,863</u>
Total investments	<u>\$ 2,952,404</u>	<u>\$ 3,633,560</u>	<u>\$ 3,072,403</u>	<u>\$ 3,351,116</u>

The following schedule summarizes the PUFL Membership trust investment income for the years ended September 30, 2013 and 2012:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Dividends and interest (net of expenses)	\$ 78,002	\$ 71,985
Net realized losses on investments	-	(4,152)
Net unrealized gains on investments	<u>402,443</u>	<u>512,480</u>
Total investment income	<u>\$ 480,445</u>	<u>\$ 580,313</u>

**8. PENSION PLAN**

Prior to 2008, the Auxiliary participated in a defined benefit pension plan covering substantially all of its employees. The plan was frozen on June 30, 2008. Participating employees will continue to vest in the plan; however, benefit payments will be based on the years of service and salary level as of June 30, 2008. The Auxiliary's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Auxiliary may determine to be appropriate from time to time.

Significant balances, costs, and assumptions are as follows:

	<u>2013</u>	<u>2012</u>
Projected benefit obligation	\$ (2,929,944)	\$ (3,174,655)
Fair value of plan assets	<u>2,463,623</u>	<u>2,434,142</u>
Funded status	<u>\$ (466,321)</u>	<u>\$ (740,513)</u>
Accumulated benefit obligation	<u>\$ (2,929,944)</u>	<u>\$ (3,174,655)</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>2013</u>	<u>2012</u>
Liability for pension benefits	\$ 466,321	\$ 740,513
Unrecognized losses (Note 15)	(460,637)	(716,257)
Unamortized prior service cost (Note 15)	(53,759)	(59,053)
Net periodic pension cost	1,722	12,941
Employer contributions	15,000	13,367
Benefits paid	128,907	121,687

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

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

	<u>2013</u>	<u>2012</u>
Weighted-average assumptions:		
Discount rate	4.55%	4.69%
Rate of compensation increase	N/A	N/A

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

	<u>2013</u>	<u>2012</u>
Weighted-average assumptions:		
Discount rate	3.94%	3.94%
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 as of September 30:

2014	\$	133,543
2015		139,079
2016		145,426
2017		156,378
2018		175,181
2019-2023		<u>889,455</u>
		<u>\$ 1,639,062</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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns through a limited investment in equity securities. Plan assets are re-balanced quarterly. The target asset allocation percentages and the actual plan assets by category at September 30, 2013 and 2012 were as follows:

	<u>Target</u>	<u>2013</u>	<u>2012</u>
Equity securities	20 - 30%	31%	31%
Debt securities	70 - 80%	65%	69%
Other	0%	4%	0%

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

**9. PROFIT SHARING PLAN**

The Auxiliary established a 401(k) Profit Sharing Plan subsequent to the freezing of the pension plan in 2008 (Note 8). The plan covers all eligible employees meeting certain age and term-of-employment provisions. Contributions are made by the Auxiliary at the discretion of the National Finance and National Executive Committees. Participants become fully vested in employer contributions after five (5) years of service. The Auxiliary contributed \$40,011 and \$33,063 in 2013 and 2012, respectively.

**10. OPERATING LEASES**

The Auxiliary leases its National Headquarters' office under an agreement that calls for monthly lease payments ranging from \$17,428 to \$20,042 through January 2019 plus the Auxiliary's proportionate share of operating costs. Total lease expense for the National Headquarters' Office was \$222,933 and \$223,130 in 2013 and 2012, respectively.

The Auxiliary also leases certain office equipment under terms in excess of one year. The leases require minimum monthly lease payments of \$2,137 expiring at various dates through July 2016. Lease expense for these leases and other short-term cancelable leases was \$32,365 and \$46,998 for the years ended September 30, 2013 and 2012, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Future minimum lease payments under the terms of all noncancelable operating leases at September 30, 2013 are as follows:

Year Ending <u>September 30,</u>		
2014	\$	252,266
2015		254,522
2016		243,223
2017		235,852
2018		239,338
Thereafter		<u>80,167</u>
	\$	<u>1,305,368</u>

**11. RELATED PARTY TRANSACTIONS**

The Auxiliary and The American Legion National Headquarters (the "Legion") are related parties that are not financially interrelated organizations. The Legion is a national veterans' organization created by an Act of Congress to provide various programs to support veterans, their families, and children and youth. Many of the Auxiliary's programs mirror and/or supplement the efforts of the Legion in supporting these groups. Accordingly, there are shared resources between the two organizations.

The Auxiliary contributes to certain Legion programs and affiliates, such as the Child Welfare Foundation. In 2000, the Auxiliary sold most of its inventory to the Legion. As the inventory items are sold, the Legion pays the Auxiliary a 6% commission on the sale.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Activities between the Auxiliary and the Legion for the years ended September 30, 2013 and 2012 are summarized below:

	<u>2013</u>	<u>2012</u>
<b>Disbursements to Legion:</b>		
Conferences and convention	\$ 58,093	\$ 63,882
Legal services	7,500	7,500
National emblem sales	12,866	9,536
Contributions to the Legion and its affiliates	2,500	2,500
Other	<u>17,467</u>	<u>7,315</u>
	<u>\$ 98,426</u>	<u>\$ 90,733</u>
<b>Receipts:</b>		
National emblem sales	\$ 47,879	\$ 52,535
Other	<u>-0-</u>	<u>60</u>
	<u>\$ 47,879</u>	<u>\$ 52,595</u>

12. NATIONAL PRESIDENT'S SCHOLARSHIP ENDOWMENT

Composition of Endowment Net Assets

The Auxiliary created the National President's Scholarship Endowment Fund (the "Endowment") in 2008 to provide funding for scholarships awarded by the Auxiliary. The endowment consists of quasi endowment funds set aside by the National Executive Committee (NEC) and donor-designated funds. In 2008, the NEC designated \$280,810 of unrestricted net assets as a component of the endowment. The NEC-designated and donor-designated portions of the endowment are classified as unrestricted and permanently restricted, respectively, in the consolidated statements of financial position, and the components are tracked separately for the purpose of recording investment income.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Endowment net assets at September 30, 2013 include the following:

	NEC <u>Designated</u>	Donor <u>Designated</u>	<u>Total</u>
Historic gift value	\$ 312,948	\$ 572,020	\$ 884,968
Accumulated earnings	<u>71,718</u>	<u>110,086</u>	<u>181,804</u>
Endowment net assets, beginning of year	<u>384,666</u>	<u>682,106</u>	<u>1,066,772</u>
Additions to endowment	-0-	71,210	71,210
Scholarships paid, net of forfeitures	-0-	(42,000)	(42,000)
Interest and dividends, net of fees	7,798	13,888	21,686
Realized gains	51,999	89,768	141,767
Unrealized losses	<u>(31,644)</u>	<u>(53,642)</u>	<u>(85,286)</u>
Change in endowment net assets	<u>28,153</u>	<u>79,224</u>	<u>107,377</u>
Endowment net assets, end of year	<u>\$ 412,819</u>	<u>\$ 761,330</u>	<u>\$ 1,174,149</u>
Historic gift value	\$ 312,948	\$ 643,230	\$ 956,178
Accumulated earnings	<u>99,871</u>	<u>118,100</u>	<u>217,971</u>
Endowment net assets, end of year	<u>\$ 412,819</u>	<u>\$ 761,330</u>	<u>\$ 1,174,149</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Endowment net assets at September 30, 2012 include the following:

	NEC <u>Designated</u>	Donor <u>Designated</u>	<u>Total</u>
Historic gift value	\$ 312,948	\$ 557,155	\$ 870,103
Accumulated earnings	<u>24,070</u>	<u>65,818</u>	<u>89,888</u>
Endowment net assets, beginning of year	<u>337,018</u>	<u>622,973</u>	<u>959,991</u>
Additions to endowment	-0-	14,865	14,865
Scholarships paid, net of forfeitures	-0-	(38,000)	(38,000)
Interest and dividends, net of fees	6,204	10,226	16,430
Realized gains	61	107	168
Unrealized gains	<u>41,383</u>	<u>71,935</u>	<u>113,318</u>
Change in endowment net assets	<u>47,648</u>	<u>59,133</u>	<u>106,781</u>
Endowment net assets, end of year	<u>\$ 384,666</u>	<u>\$ 682,106</u>	<u>\$ 1,066,772</u>
Historic gift value	\$ 312,948	\$ 572,020	\$ 884,968
Accumulated earnings	<u>71,718</u>	<u>110,086</u>	<u>181,804</u>
Endowment net assets, end of year	<u>\$ 384,666</u>	<u>\$ 682,106</u>	<u>\$ 1,066,772</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 Uniform Prudent Management of Institutional Funds Act, enacted in 2007, to require the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and to not require the maintenance of purchasing power. As a result of this interpretation, the Organization classifies as permanently restricted net assets: a) the original value of gifts donated to the permanent endowment; b) the original value of subsequent gifts to the permanent endowment; and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Endowment Draws

Endowment draws, net of forfeitures, of \$42,000 and \$38,000 were made during the years ended September 30, 2013 and 2012, respectively, to fund scholarships.

The Auxiliary has adopted a spending policy relating to future endowment draws. The available endowment draw for each fiscal year beginning October 1 shall be limited to an amount determined by applying a 5% rate to the three-year rolling average market value for the period ending the preceding May 31. The actual endowment draw will be recommended by the National Finance Committee to the National Executive Committee for its approval during the annual budgeting process. Should the National Finance Committee deem it advisable to exceed the 5% limit, the change must be approved by the National Executive Committee.

The NEC-designated portion of the endowment may be added to or expended by the National Executive Committee at their discretion. At the recommendation of the National Finance Committee, and by approval of the National Executive Committee, the endowment spending policy may be suspended in any given year. However, it is the intent of the Auxiliary that the endowment fund shall be maintained in perpetuity.

Investment Policy for the Endowment

Purpose

The primary goal of the Endowment's investment policy is to provide a sustainable level of income to support the Auxiliary's national scholarships awarded from this fund while also striving to preserve the inflation adjusted purchasing power of the fund.

Investment Objectives

The objectives of this policy are to invest funds in a method that will generate a return of at least 4.5% over the Consumer Price Index. This model is based on an investment horizon of greater than ten years. Within this model, the parameters of the asset allocation should be as follows:

	<u>Target</u>
Equities	55%
Fixed Income	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, 2013 AND 2012

Investment Plan

The plan is to be reviewed by the Finance Committee and their advisors at least semi-annually at a time set by the Finance Committee.

13. AMERICAN LEGION AUXILIARY FOUNDATION ALA MISSION ENDOWMENT

Composition of Endowment Net Assets

The Foundation created the ALA Mission Endowment Fund (the "Mission Endowment") in 2007 to generate and maximize funds available to benefit and assist in carrying out the educational, charitable and similar programs of the Auxiliary over the long-term. The Mission Endowment consists entirely of donor-designated funds and is classified as permanently restricted in the consolidated statements of financial position.

Endowment net assets at September 30, 2013 and 2012 include the following:

	<u>2013</u>	<u>2012</u>
Historic gift value	\$ 346,270	\$ 223,040
Accumulated earnings	<u>206</u>	<u>-0-</u>
Endowment net assets, beginning of year	<u>346,476</u>	<u>223,040</u>
Additions to endowment	115,283	123,230
Endowment distributions	(2,550)	-0-
Interest and dividends	2,344	206
Unrealized loss	<u>(177)</u>	<u>-0-</u>
Change in endowment net assets	<u>114,900</u>	<u>123,436</u>
Endowment net assets, end of year	<u>\$ 461,376</u>	<u>\$ 346,476</u>
Historic gift value	\$ 461,553	\$ 346,270
Accumulated earnings	<u>(177)</u>	<u>206</u>
Endowment net assets, end of year	<u>\$ 461,376</u>	<u>\$ 346,476</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Governing Board's Interpretation of Relevant Law

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

Endowment Draws

Endowment draws during the years ending September 30, 2013 and 2012 were \$2,550 and \$-0-, respectively.

The Foundation has adopted a spending policy relating to future endowment draws. The available endowment draw for each fiscal year beginning October 1 shall be limited to an amount determined by applying a 5% rate to the three-year rolling average market value for the period ending the preceding May 31. The actual endowment draw will be recommended by the American Legion Auxiliary Foundation Board to the National Finance Committee during the annual budgeting process for approval by the National Executive Committee. Should the Foundation Board deem it advisable to exceed the 5% limit, the change must be approved by the National Executive Committee.

**14. CONCENTRATIONS**

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

15. COMPREHENSIVE INCOME

Comprehensive income for the years ended September 30, 2013 and 2012 includes the following:

	<u>2013</u>	<u>2012</u>
Change in net assets	<u>\$ 2,302,278</u>	<u>\$ 3,100,479</u>
Other comprehensive income:		
Unrecognized losses, beginning of year	716,257	591,935
Unrecognized losses, end of year	<u>460,637</u>	<u>716,257</u>
Change in unrecognized losses	<u>255,620</u>	<u>(124,322)</u>
Unamortized prior service cost, beginning of year	59,053	64,347
Unamortized prior service cost, end of year	<u>53,759</u>	<u>59,053</u>
Change in unamortized prior service cost	<u>5,294</u>	<u>5,294</u>
	<u>260,914</u>	<u>(119,028)</u>
Comprehensive income	<u>\$ 2,563,192</u>	<u>\$ 2,981,451</u>

SUPPLEMENTARY INFORMATION

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

ANALYSIS OF DEFERRED REVENUE – PUFL  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Increases:</b>		
Membership dues	\$ 126,335	\$ 410,259
Investment income	<u>480,445</u>	<u>580,313</u>
	<u>606,780</u>	<u>990,572</u>
<b>Decreases:</b>		
Distributions to departments	319,370	334,419
Administrative expense	<u>46,051</u>	<u>45,460</u>
	<u>365,421</u>	<u>379,879</u>
<b>Net Increase</b>	241,359	610,693
<b>Deferred Revenue, Beginning of Year</b>	<u>3,422,026</u>	<u>2,811,333</u>
<b>Deferred Revenue, End of Year</b>	<u>\$ 3,663,385</u>	<u>\$ 3,422,026</u>

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

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2013

**ASSETS**

	<u>Auxiliary</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 714,229	\$ 71,442	\$ -0-	\$ 785,671
Investments	26,036,913	414,915	-0-	26,451,828
Investments - PUFL	3,633,560	-0-	-0-	3,633,560
Prepaid expenses	158,557	-0-	-0-	158,557
Furniture and equipment, net	514,884	-0-	-0-	514,884
Other assets	<u>192,236</u>	<u>-0-</u>	<u>(2,550)</u>	<u>189,686</u>
Total assets	<u>\$ 31,250,379</u>	<u>\$ 486,357</u>	<u>\$ (2,550)</u>	<u>\$ 31,734,186</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>				
Accounts payable	\$ 527,944	\$ 2,550	\$ (2,550)	\$ 527,944
Accrued expenses	288,839	-0-	-0-	288,839
Accrued scholarships	70,500	-0-	-0-	70,500
Deferred revenue - dues	2,656,220	-0-	-0-	2,656,220
Deferred revenue - PUFL	3,663,385	-0-	-0-	3,663,385
Deferred revenue - other	45,189	-0-	-0-	45,189
Liability for pension benefits	<u>466,321</u>	<u>-0-</u>	<u>-0-</u>	<u>466,321</u>
Total liabilities	<u>7,718,398</u>	<u>2,550</u>	<u>(2,550)</u>	<u>7,718,398</u>
<b>Net Assets:</b>				
Unrestricted net assets				
General fund	21,860,156	12,166	-0-	21,872,322
Other unrestricted funds	<u>1,040,122</u>	<u>-0-</u>	<u>-0-</u>	<u>1,040,122</u>
Total unrestricted net assets	22,900,278	12,166	-0-	22,912,444
Temporarily restricted net assets	502,869	10,088	-0-	512,957
Permanently restricted net assets	<u>643,230</u>	<u>461,553</u>	<u>-0-</u>	<u>1,104,783</u>
Total net assets before accumulated other comprehensive loss	24,046,377	483,807	-0-	24,530,184
Accumulated other comprehensive loss	<u>(514,396)</u>	<u>-0-</u>	<u>-0-</u>	<u>(514,396)</u>
Total net assets	<u>23,531,981</u>	<u>483,807</u>	<u>-0-</u>	<u>24,015,788</u>
Total liabilities and net assets	<u>\$ 31,250,379</u>	<u>\$ 486,357</u>	<u>\$ (2,550)</u>	<u>\$ 31,734,186</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, 2013**

	General Operating Fund		Other Unrestricted Funds		Auxiliary		Permanently Restricted Funds		Auxiliary Total		Unrestricted Funds		Temporarily Restricted Funds		Foundation		Eliminations		Total	
<b>Revenue, Gains &amp; Other Support:</b>																				
Contributions	\$ 365,604	\$ 588	\$ 366,622	\$ 357,281	\$ 71,210	\$ 785,013	\$ 101,605	\$ 10,265	\$ 115,283	\$ 227,153	\$ (81,015)	\$ 831,151								
Federal grants and cost sharing	-	-	682,314	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	831,151	
Membership dues	5,425,421	-	5,425,421	-	-	5,425,421	-	-	-	5,425,421	-	-	-	-	-	-	-	-	5,425,421	
Advertising	489,506	-	489,506	-	-	489,506	-	-	-	489,506	-	-	-	-	-	-	-	-	489,506	
Other	1,100,774	11,567	1,112,341	1,039,595	71,210	8,504,955	101,605	10,265	115,283	1,112,341	-	-	-	-	-	-	-	-	1,112,341	
	7,381,635	12,155	7,393,760	1,039,595	71,210	8,504,955	101,605	10,265	115,283	227,153	(81,015)	8,640,733							8,640,733	
	-	1,088,352	1,088,352	(1,088,352)	-	-	2,550	(2,550)	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions																				
	7,381,635	1,100,927	8,482,142	(48,757)	71,210	8,504,955	104,155	7,715	115,283	227,153	(81,015)	8,640,733							8,640,733	
<b>Expenses:</b>																				
Member services	5,192,167	351,522	5,543,689	-	-	5,543,689	5,000	-	-	5,000	-	-	-	-	-	-	-	-	5,548,689	
Youth education services	562,594	162,169	724,763	-	-	724,763	2,233	-	-	2,233	-	-	-	-	-	-	-	-	726,996	
Veteran and military family programs	851,337	1,138,710	1,990,047	-	-	1,990,047	7,762	-	-	7,762	-	-	-	-	-	-	-	-	1,995,256	
Total program services	6,606,098	1,652,401	8,258,499	-	-	8,258,499	14,995	-	-	14,995	-	-	-	-	-	-	-	-	8,270,944	
Management and general	755,105	-	755,105	-	-	755,105	33,072	-	-	33,072	-	-	-	-	-	-	-	-	788,177	
Fundraising	230,759	-	230,759	-	-	230,759	46,384	-	-	46,384	-	-	-	-	-	-	-	-	277,143	
Total expenses	7,581,962	1,652,401	9,234,363	-	-	9,234,363	95,051	-	-	95,051	-	-	-	-	-	-	-	-	9,239,399	
Change in net assets from operations	(200,327)	(551,894)	(752,221)	(48,757)	71,210	(729,768)	9,104	7,715	115,283	132,102	-	(597,666)							(597,666)	
<b>Investment Income, Net of Expenses</b>																				
	2,709,419	138,344	2,847,763	50,014	-	2,897,777	-	2,167	-	2,167	-	-	-	-	-	-	-	-	2,899,944	
Change in net assets	(2,509,092)	(413,550)	(2,095,542)	1,257	71,210	(2,168,009)	9,104	9,882	115,283	134,269	-	(2,302,278)							(2,302,278)	
<b>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</b>																				
	19,781,408	1,362,745	21,174,153	132,195	572,020	21,878,368	3,062	206	346,270	349,538	-	22,227,908							22,227,908	
<b>Interfund Transfers</b>																				
	(430,344)	60,927	(369,417)	369,417	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</b>																				
	\$ 21,860,156	\$ 1,040,122	\$ 22,900,278	\$ 502,869	\$ 643,230	\$ 24,046,377	\$ 12,166	\$ 10,098	\$ 461,553	\$ 483,807	\$ -	\$ 24,530,184							\$ 24,530,184	

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, 2012**

	General Operating Fund	Other Unrestricted Funds	Auxiliary			Foundation			Eliminations	Total
			Total Unrestricted	Temporarily Restricted Funds	Permanently Restricted Funds	Auxiliary Total	Unrestricted Funds	Temporarily Restricted Funds		
<b>Revenue, Gains &amp; Other Support:</b>										
Contributions	\$ 438,684	\$ 700,744	\$ 1,139,738	\$ 280,273	\$ 14,865	\$ 1,634,868	\$ 78,697	\$ 201,627	\$ (75,352)	\$ 1,561,441
Membership dues	3,648,138	108,938	3,757,076	-	-	3,757,076	-	-	-	3,757,076
Advertising	443,047	-	443,047	-	-	443,047	-	-	-	443,047
Other	1,214,693	11,309	1,226,302	-	-	1,226,302	-	-	-	1,226,302
	5,745,162	820,991	6,566,153	280,273	14,865	6,861,291	78,697	201,627	(75,352)	6,967,866
Net assets released from restrictions	-	416,620	(416,620)	-	-	-	-	-	-	-
	5,745,162	1,237,611	6,982,773	(136,347)	14,865	6,861,291	78,697	201,627	(75,352)	6,967,866
<b>Expenses:</b>										
Member services	4,216,262	257,850	4,474,112	-	-	4,474,112	-	-	-	4,474,112
Youth education services	591,372	158,565	749,937	-	-	749,937	-	-	-	749,937
Veteran and military family programs	729,319	1,093,642	1,821,961	-	-	1,821,961	-	-	-	1,821,961
Total program services	5,536,953	1,509,057	7,046,010	-	-	7,046,010	-	-	-	7,046,010
Membership and general	188,068	-	188,068	-	-	188,068	39,811	39,861	(70,369)	56,250
Fundraising	6,301,103	1,509,057	7,810,160	-	-	7,810,160	78,672	-	(70,369)	7,810,443
Total expenses	(555,841)	(271,446)	(827,387)	(136,347)	14,865	(948,869)	(975)	122,255	4,037	(822,577)
Change in net assets from operations	3,635,655	204,897	3,840,552	82,268	-	3,922,850	-	206	-	3,923,056
<b>Investment Income, Net of Expenses</b>	3,079,744	(66,549)	3,013,195	(94,079)	14,865	2,973,981	(975)	206	122,461	4,037
Change in net assets	17,005,136	1,261,279	18,266,415	80,817	557,155	18,904,387	4,037	223,040	(4,037)	19,127,427
<b>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</b>	(303,472)	188,015	(105,457)	-	-	-	-	-	-	-
<b>Interfund Transfers</b>										
Net Assets Before Accumulated Other Comprehensive Loss, End of Year	\$ 10,781,408	\$ 1,392,745	\$ 21,174,153	\$ 132,195	\$ 572,020	\$ 21,878,368	\$ 3,062	\$ 346,270	\$ -	\$ 22,227,908

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Corporation for National and Community Service		
AmeriCorps National	94.006	\$ 135,137
VISTA State	94.013	<u>\$ 487,287</u>
Total Expenditures of Federal Awards		<u>\$ 622,424</u>

See Notes to Schedule of Expenditures of Federal Awards.

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2013

**Note 1: Basis of Presentation**

This schedule includes the Federal awards activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.



4181 E. 96<sup>th</sup> Street, Suite 180  
Indianapolis, IN 46240  
Phone: 317.569.4181  
Toll Free: 888.922.4941  
[www.alerdingcpagroup.com](http://www.alerdingcpagroup.com)

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2013, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 6, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*A leading CPA Group*

Indianapolis, Indiana  
February 6, 2014



4181 E. 96<sup>th</sup> Street, Suite 180  
Indianapolis, IN 46240  
Phone: 317.569.4181  
Toll Free: 888.922.4941  
www.alerdingcpagroup.com

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

**Report on Compliance for Each Major Federal Program**

We have audited the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major Federal programs for the year ended September 30, 2013. The Organization's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Organization's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2013.

#### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*A leading CPA Group*

Indianapolis, IN  
February 6, 2014

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2013

**Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with §510(a) of OMB Circular A-133?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Identification of major programs:	

Name of Federal Program	CFDA Number
VISTA State	94.013
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
SEPTEMBER 30, 2013

Findings Required to be Reported by Government Auditing Standards

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
-----------------------------	----------------	-----------------------------

None

Findings Required to be Reported by OMB Circular A-133

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
-----------------------------	----------------	-----------------------------

None

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012



AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)

TABLE OF CONTENTS

SEPTEMBER 30, 2013 AND 2012

	Page
<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements:</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-11



4181 E. 96<sup>th</sup> Street, Suite 180  
Indianapolis, IN 46240  
Phone: 317.569.4181  
Toll Free: 888.922.4941  
[www.alerdingcpagroup.com](http://www.alerdingcpagroup.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
American Legion Auxiliary Foundation, Inc.  
Indianapolis, Indiana

We have audited the accompanying financial statements of the American Legion Auxiliary Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Legion Auxiliary Foundation, Inc. as of September 30, 2013 and 2012, and its changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

As discussed in Note 1 to the financial statements, the Foundation is an affiliate of the American Legion Auxiliary National Headquarters (the "Auxiliary"), was organized by the Auxiliary, and operates exclusively for the benefit of, and to assist in carrying out, the educational, charitable, and other exempt purposes of the Auxiliary. The Foundation presents its financial statements on a consolidated basis with those of the Auxiliary, whose consolidated financial statements are presented in a separate document. The accompanying financial statements include only the accounts and disclosures related to the Foundation.

*A leading CPA Group*

February 6, 2014

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2013 AND 2012

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash	\$ 71,442	\$ 58,747
Investments	414,915	210,206
Due from related party	<u>-0-</u>	<u>83,031</u>
Total assets	<u>\$ 486,357</u>	<u>\$ 351,984</u>

<u>LIABILITIES AND NET ASSETS</u>		
<b>Liabilities:</b>		
Accounts payable	\$ -0-	\$ 2,446
Due to related party	<u>2,550</u>	<u>-0-</u>
Total liabilities	<u>2,550</u>	<u>2,446</u>
<b>Net Assets:</b>		
Unrestricted net assets	12,166	3,062
Temporarily restricted net assets	10,088	206
Permanently restricted net assets	<u>461,553</u>	<u>346,270</u>
Total net assets	<u>483,807</u>	<u>349,538</u>
Total liabilities and net assets	<u>\$ 486,357</u>	<u>\$ 351,984</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2013

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Total</u>
<b>Revenue, Gains &amp; Other Support:</b>				
Contributions	\$ 101,605	\$ 10,265	\$ 115,283	\$ 227,153
<b>Temporarily Restricted Net Assets Released From Restrictions</b>	<u>2,550</u>	<u>(2,550)</u>	<u>-0-</u>	<u>-0-</u>
	<u>104,155</u>	<u>7,715</u>	<u>115,283</u>	<u>227,153</u>
<b>Expenses:</b>				
Program services:				
Personnel and related benefits	7,445	-0-	-0-	7,445
General operating expenses	5,000	-0-	-0-	5,000
Grants and scholarships	2,550	-0-	-0-	2,550
Total program expense	<u>14,995</u>	<u>-0-</u>	<u>-0-</u>	<u>14,995</u>
Management and general:				
Personnel and related benefits	11,338	-0-	-0-	11,338
General operating expenses	4,181	-0-	-0-	4,181
Conventions and meetings	9,835	-0-	-0-	9,835
Professional services and fees	8,318	-0-	-0-	8,318
Total management and general	<u>33,672</u>	<u>-0-</u>	<u>-0-</u>	<u>33,672</u>
Fundraising:				
Personnel and related benefits	26,304	-0-	-0-	26,304
General operating expenses	4,507	-0-	-0-	4,507
Conventions and meetings	2,593	-0-	-0-	2,593
Professional services and fees	12,980	-0-	-0-	12,980
Total fundraising	<u>46,384</u>	<u>-0-</u>	<u>-0-</u>	<u>46,384</u>
Total expenses	<u>95,051</u>	<u>-0-</u>	<u>-0-</u>	<u>95,051</u>
Change in net assets from operations	9,104	7,715	115,283	132,102
<b>Investment Income, Net of Expenses</b>	<u>-0-</u>	<u>2,167</u>	<u>-0-</u>	<u>2,167</u>
Change in net assets	9,104	9,882	115,283	134,269
<b>Net Assets, Beginning of Year</b>	<u>3,062</u>	<u>206</u>	<u>346,270</u>	<u>349,538</u>
<b>Net Assets, End of Year</b>	<u>\$ 12,166</u>	<u>\$ 10,088</u>	<u>\$ 461,553</u>	<u>\$ 483,807</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2012

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Total</u>
<b>Revenue, Gains &amp; Other Support:</b>				
Contributions	\$ 78,697	\$ -0-	\$ 123,230	\$ 201,927
<b>Expenses:</b>				
Management and general:				
Personnel and related benefits	14,233	-0-	-0-	14,233
General operating expenses	6,884	-0-	-0-	6,884
Conventions and meetings	9,844	-0-	-0-	9,844
Professional services and fees	<u>8,850</u>	<u>-0-</u>	<u>-0-</u>	<u>8,850</u>
Total management and general	<u>39,811</u>	<u>-0-</u>	<u>-0-</u>	<u>39,811</u>
Fundraising:				
Personnel and related benefits	25,433	-0-	-0-	25,433
General operating expenses	2,136	-0-	-0-	2,136
Professional services and fees	<u>12,292</u>	<u>-0-</u>	<u>-0-</u>	<u>12,292</u>
Total fundraising	<u>39,861</u>	<u>-0-</u>	<u>-0-</u>	<u>39,861</u>
Total expenses	<u>79,672</u>	<u>-0-</u>	<u>-0-</u>	<u>79,672</u>
Change in net assets	(975)	-0-	123,230	122,255
<b>Investment Income, Net of Expenses</b>	<u>-0-</u>	<u>206</u>	<u>-0-</u>	<u>206</u>
Change in net assets	(975)	206	123,230	122,461
<b>Net Assets, Beginning of Year</b>	<u>4,037</u>	<u>-0-</u>	<u>223,040</u>	<u>227,077</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,062</u>	<u>\$ 206</u>	<u>\$ 346,270</u>	<u>\$ 349,538</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 134,269	\$ 122,461
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization	-0-	4,037
Net unrealized loss on investments	177	-0-
Changes in operating assets and liabilities:		
Due from related party	83,031	(83,031)
Other assets	-0-	20
Accounts payable	<u>104</u>	<u>(119,013)</u>
Net cash provided by (used in) operating activities	<u>217,581</u>	<u>(75,526)</u>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments	210,608	-0-
Purchase of investments	<u>(415,494)</u>	<u>(210,206)</u>
Net cash used in investing activities	<u>(204,886)</u>	<u>(210,206)</u>
<b>Net Increase (Decrease) in Cash</b>	12,695	(285,732)
<b>Cash, Beginning of Year</b>	<u>58,747</u>	<u>344,479</u>
<b>Cash, End of Year</b>	<u>\$ 71,442</u>	<u>\$ 58,747</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

1. SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The American Legion Auxiliary Foundation, Inc. (the "Foundation") was incorporated on September 27, 2007 as a not-for-profit entity under the State of Indiana Not-For-Profit Incorporation Act. The Foundation was organized by the American Legion Auxiliary National Headquarters (the "Auxiliary"), a not-for-profit entity headquartered in Indianapolis, Indiana. The Foundation operates exclusively for the benefit of the Auxiliary and assists in fundraising and offers support in carrying out the educational, charitable, and other programs sponsored by the Auxiliary.

The significant accounting policies followed by the Foundation in the preparation of its financial statements are summarized below:

Financial Reporting

The accounts of the Foundation are reported on a consolidated basis with those of the Auxiliary in a separate document. The accompanying financial statements include only the accounts and disclosures related to the Foundation. Related party transactions with the Auxiliary are reported in Note 2.

Basis of Presentation

The Foundation utilizes the principles of fund accounting in the preparation of its financial statements. Therefore, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The three fund accounts include the following:

*Unrestricted Fund*

The unrestricted net assets are net assets not subject to donor-imposed restrictions. The unrestricted fund is used to account for all contributions, revenues, and expenses used for the general operations of the Foundation.

*Temporarily Restricted Fund*

The temporarily restricted fund is used to record contributions and revenues that are received or generated that have donor restrictions that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are classified as unrestricted net assets and reported as net assets released from restrictions in the statement of activities and changes in net assets. In addition, the temporarily restricted fund includes, in the absence of explicit donor stipulations, earnings on permanently restricted funds that have not yet been appropriated for expenditure.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

*Permanently Restricted Fund*

Assets held in violate and in perpetuity are held in the permanently restricted fund and include certain funds for scholarships and other restricted purposes. The net income from these investments and all non-restricted contributions are available for release to the unrestricted fund.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

Support and Revenue Recognition

The Foundation records gifts as revenue at the date it receives either cash or an unconditional promise to give from a donor. Assets received from a donor are recorded at fair value and are recorded as unrestricted revenue unless the donor includes stipulations that limit the use of the assets, in which case the revenue is recorded as either Temporarily or Permanently Restricted revenue.

Contributions raised through direct mail campaigns by third-party vendors are reported net of the associated cost in the statements of activities and changes in net assets.

Functional Expenses

Functional expenses for Management and General, Program and Fundraising Expenses are included in the accompanying statements of activities and changes in net assets for the years ended September 30, 2013 and 2012.

Income Taxes

The Foundation is organized as a not-for-profit corporation and, accordingly, is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management of the Foundation evaluates all significant tax positions to ensure compliance with the exempt purposes of the Foundation as required by U.S. GAAP, including consideration of any unrelated business income tax. As of September 30, 2013, Management does not believe the Foundation has taken any tax positions that are not in compliance with its exempt purpose. The Foundation's Federal and state tax returns remain open and subject to examination beginning with the tax year ended September 30, 2010.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Subsequent Events

Subsequent events have been evaluated through February 6, 2014, which is the date the financial statements were available to be issued.

**2. INVESTMENTS AND INVESTMENT RETURN**

A summary of the Foundation's investments as of September 30, 2013 and 2012 is as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Investments:				
Money market funds	\$ 116,256	\$ 116,256	\$ 50,142	\$ 50,142
Certificates of deposit	-0-	-0-	160,064	160,064
Common and preferred stock	79,246	84,689	-0-	-0-
Mutual funds and other	<u>219,590</u>	<u>213,970</u>	<u>-0-</u>	<u>-0-</u>
Total investments	<u>\$ 415,092</u>	<u>\$ 414,915</u>	<u>\$ 210,206</u>	<u>\$ 210,206</u>

The fair market value of the Foundation's investments is measured by a Level 1 input in accordance with U.S. GAAP, defined as quoted prices in active markets for identical investments that can be accessed as of the measurement date.

Investment income for the years ended September 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Dividends and interest	\$ 2,344	\$ 206
Net unrealized losses	<u>(177)</u>	<u>-0-</u>
Total investment income	<u>\$ 2,167</u>	<u>\$ 206</u>

**3. RELATED PARTY TRANSACTIONS**

During the years ended September 30, 2013 and 2012, the Foundation received contributions of \$88,465 and \$75,352 from the Auxiliary to fund certain organizational and other costs incurred by the Foundation. In addition, the Foundation granted \$2,550 to the Auxiliary in 2013 for program support.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

4. AMERICAN LEGION AUXILIARY FOUNDATION ALA MISSION  
ENDOWMENT

Composition of Endowment Net Assets

The Foundation created the ALA Mission Endowment Fund (the "Mission Endowment") in 2007 to generate and maximize funds available to benefit and assist in carrying out the educational, charitable and similar programs of the Auxiliary over the long term. The Mission Endowment consists entirely of donor-designated funds and is classified as permanently restricted in the statements of financial position.

Endowment net assets at September 30, 2013 and 2012 include the following:

	<u>2013</u>	<u>2012</u>
Historic gift value	\$ 346,270	\$ 223,040
Accumulated earnings	<u>206</u>	<u>-0-</u>
Endowment net assets, beginning of year	<u>346,476</u>	<u>223,040</u>
Additions to endowment	115,283	123,230
Endowment distributions	(2,550)	-0-
Interest and dividends	2,344	206
Unrealized loss	<u>(177)</u>	<u>-0-</u>
Change in endowment net assets	<u>114,900</u>	<u>123,436</u>
Endowment net assets, end of year	<u>\$ 461,376</u>	<u>\$ 346,476</u>
Historic gift value	\$ 461,553	\$ 346,270
Accumulated earnings (losses)	<u>(177)</u>	<u>206</u>
Endowment net assets, end of year	<u>\$ 461,376</u>	<u>\$ 346,476</u>

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY  
NATIONAL HEADQUARTERS)**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012

Governing Board's Interpretation of Relevant Law

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

Endowment Draws

Endowment draws during the years ending September 30, 2013 and 2012 were \$2,550 and \$-0-, 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.

**APPENDIX C**



**SUMMARY OF MOTIONS/RESOLUTIONS ADOPTED**

**March 22-23, 2014  
Washington Hilton Hotel  
Washington, D.C.**

**2013-2014 NEC MEETING**

**American Legion Auxiliary National Executive Committee 2013-2014  
March 22-23, 2014**

**Summary of Motions/Resolutions Adopted**

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

M/S/C to approve the items on the Consent Agenda as circulated in advance. Items included (see NEC 2013-2014 meeting packet circulated and posted at [www.ALAforVeterans.org](http://www.ALAforVeterans.org)):

Appointment changes from convention

Charter cancellations since August 2013

National Finance Committee's policies reviewed and updated – a)

Merchandising and Licensing Policy Review; b) Membership List

Protection and Member Benefits

National Audit Committee policy reviewed and updated – NHQ Emergency

Response and Disaster Recovery Plan Renewal

The following motions were adopted as part of the motion approving the Consent Agenda:

**Franklin Project:** The American Legion Auxiliary supports the Franklin Project concept of universal national service; and, that the American Legion Auxiliary supports the expansion of full-time civilian service positions to a level that ensures sufficient national service opportunities as currently available to Americans through full-time military service positions; and, that the American Legion Auxiliary supports an extension of AmeriCorps, as authorized by the United States Congress in the Serve America Act, as one channel for increasing national civilian service opportunities; and, that the American Legion Auxiliary make known its support of universal national service through its support for and participation in The American Legion's and the Franklin Project's promotional activities.

**Support Legion Legislative Priorities:** The American Legion Auxiliary supports the resolutions espousing the Legion's positions on legislative intent and the legislative agenda of The American Legion; and, that the American Legion Auxiliary take positions and issue statements on specific legislative measures that are consistent with the positions and statements of The American Legion; and, that the American Legion Auxiliary promptly

alert and inform Auxiliary members of the The American Legion's legislative agenda and public policy resolutions; and, that the American Legion Auxiliary urge Auxiliary members to actively advocate the position of The American Legion on specific legislative measures by promptly communicating with their elected officials; and, that the American Legion Auxiliary instruct members at the unit and department levels to report their legislative advocacy activities in their ALA annual impact reports, and to report in-person meetings with federal elected officials or their staff on the Congressional contact report form of The American Legion.

M/S/C to adopt the external auditor's fiscal year 2013 audit report

M/S/C to adopt request to The American Legion to permit using poppy funds for poppy materials (see NEC 2013-2014 meeting packet circulated)

M/S/C to adopt the American Legion Auxiliary 2014-1019 strategic plan vision and goals (see NEC 2013-2014 meeting packet circulated)

**Vision:** By 2019, the American Legion Auxiliary's million members will be making a difference for veterans and their families in every neighborhood.

**Goal 1:** Attain a Million Members

**Goal 2:** Create an Internal Culture of Goodwill

**Goal 3:** Develop Leadership at All Levels

**Goal 4:** Strengthen Departments and Units

**Goal 5:** With The American Legion, Build Brand Loyalty

