



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

February 23, 2019

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

MEMBERS PRESENT

National Officers

National President.....	Kathy Dungan
National Vice President	Nicole Clapp
Central Division National Vice President.....	Teresa Isensee
Eastern Division National Vice President	Rita Barylski
Northwestern Division National Vice President.....	Barb Vetter
Southern Division National Vice President	Gloria Fochtmann-Haygood
Western Division National Vice President	-
National Chaplain	Dr. Deborah Blanch
National Historian.....	Brenda Collins
National Secretary	Linda Boone
National Treasurer	Sara Riegel

Past National Presidents

Linda Boone
Virginia Hobbs
Jan Pulvermacher-Ryan
Desireé Stoy
Carlene Ashworth
Peggy Thomas
Nancy Brown-Park
Janet Jefford
Mary E. Davis
Diane Duscheck

National Executive Committeewomen

Alabama	Judy Daughtry
Alaska	-
Arizona	Yolanda Bonilla
Arkansas	Barbara Johnson
California	Loretta Marsh
Colorado	Susie Bozella
Connecticut	Deb Knickerbocker
Delaware	Carol Feeley
District of Columbia	Lauren Lloyd
Florida.....	Treva Kay Wildrick
Georgia	-
Hawaii.....	-
Idaho	Toni Gimpel
Illinois	Marsha Haag
Indiana	Judy Morris
Iowa	Ann Crawford

Kansas	Jeanne Haas
Kentucky	Betty Butler
Louisiana	Ethel Theriot
Maine	Debbie Marr
Maryland	Patti Lach
Massachusetts	Deb Barber
Michigan	Deanna Cortright
Minnesota	Raleen Tolzmann
Mississippi	Tina Hurst
Missouri	-
Montana	Kathy Long
Nebraska	Kathy Mazur
Nevada	Glynis Seeley
New Hampshire	Paula-Carol Alger
New Jersey	Doreen Gallagher
New Mexico	Liz Foster
New York.....	Debbie Kryczkowski
North Carolina	Debbie Harris
North Dakota	Tammy Ryberg
Ohio	Shirley Maurer
Oklahoma.....	Brenda Harvey
Oregon	Pam Seelye
Pennsylvania	-
Puerto Rico	-
Rhode Island	Karen Panzarella
South Carolina	Judy Hennis
South Dakota	Susie Clyde
Tennessee.....	-
Texas.....	Christine Trahan
Utah.....	Ellen Nathan
Vermont	Priscilla Kleespies
Virginia	Sallie Rossman
Washington	Eva Wallace
West Virginia.....	Lisa Cadwallader
Wisconsin	Laura Calteux
Wyoming	Vicki Paddock

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SATURDAY, FEBRUARY 23, 2019
NATIONAL EXECUTIVE COMMITTEE MEETING

PRESIDENT DUNGAN: Good morning, ladies.

ALL: Good morning.

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

Please disable all electronic devices or place them in the silent mode.

Now please rise and remain standing for the opening ceremonies.

National Chaplain Dr. Deborah Blanch will offer the Invocation.

DR. BLANCH: Good morning, ladies and gentlemen. Let us take a few moments to send up any requests for unspoken prayers and let us also continue to send up our blessings for our female veterans.

At this time, please bow your heads and let us pray together. Father God, we ask that You bless us as we gather here for this Executive meeting today. Bless our leadership and guide us as we do and present our reports. As we move forward, let us continue to work as a Team 100 and complete the mission that is anointed by Your grace and mercy. And we all say this together, in unison, Amen.

ALL: Amen.

PRESIDENT DUNGAN: Thank you. The Chair calls upon Americanism Chairman Beth McGinn 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 hail'd at the twilight's last gleaming? Whose broad stripes and bright stars through the perilous fight o'er the ramparts we watch'd were so gallantly streaming? And the rockets' red glare, the bombs bursting in air, gave proof through the night that our flag was still there. O, say, does that star-spangled banner yet wave o'er the land of the free and the home of the brave?

PRESIDENT DUNGAN: Thank you. Now National Constitution & Bylaws Chairman Melanie Taylor 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 one hundred percent Americanism; to preserve the memories and incidents of our associations during the Great Wars; to inculcate a sense of individual obligation to the community, state, and nation; to combat the autocracy of both the classes and the masses; to make right the master of might; to promote peace and goodwill on earth; to safeguard and transmit to 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 DUNGAN: Please be seated. The Mid-Year Meeting of the National Executive Committee is convened. Welcome, everyone. I hope you all had a good trip into Indianapolis and I hope you loved touring our new National Headquarters. Isn't it beautiful?

(Applause.)

PRESIDENT DUNGAN: The National Executive Committee is the Auxiliary's governing board, which makes each of you caretakers of this organization. As caretakers you have the fiduciary obligation to act on behalf of the organization and advance its interests. All decisions made by this governing board must be informed decisions made with undivided allegiance to this organization's mission. I take your role and responsibilities very seriously and I hope that you do the same.

I welcome your active participation and invite you to both listen and share as the business before you is presented. It is a privilege and a responsibility to ensure the decisions you make are the best for the American Legion Auxiliary. Past National Presidents, National Chairmen, and National Committee members, I welcome your support in being part of the team committed to getting this job done.

Be sure to remember that anyone wishing to speak is first asked to make her way to the microphone in the center aisle. This is for recording our proceedings. And you must be recognized by the Chair before speaking. In lieu of having our National Secretary call role of the National Executive Committee, all attendees should have been checked in during the bus boarding process this morning and as you entered the room prior to this meeting.

Now it is my pleasure to introduce the head table. We will start with our National Vice President Nicole Clapp.

(Applause.)

PRESIDENT DUNGAN: Now we will start with the Division Vice Presidents. Teresa Isensee, National Central Division Vice President.

(Applause.)

PRESIDENT DUNGAN: Rita Barylski, National Eastern Division Vice President.

(Applause.)

PRESIDENT DUNGAN: Barb Vetter, National Northwestern Division Vice President.

(Applause.)

PRESIDENT DUNGAN: Gloria Fochtmann-Haygood, National Southern Division Vice President.

(Applause.)

PRESIDENT DUNGAN: And Janet Romero is not with us, the National Western Division Vice President, because she is home with the flu.

And I would like to introduce our National Chaplain Dr. Deborah Blanch.

(Applause.)

PRESIDENT DUNGAN: And our National Historian Brenda Collins.

(Applause.)

PRESIDENT DUNGAN: Linda Boone, our National Secretary.

(Applause.)

PRESIDENT DUNGAN: Sara Riegel, our National Treasurer.

(Applause.)

PRESIDENT DUNGAN: And Chris Dickey serves as our professional Parliamentarian for this meeting.

(Applause.)

PRESIDENT DUNGAN: Thank you, ladies. The Chair now calls upon our National Vice President Nicole Clapp to bring greetings. Nicole?

MS. CLAPP: Madam National President Kathy, on behalf of your national officers, chairmen, and NEC members, I want to wish you a very successful National Executive Committee meeting today.

It's hard to believe it is the halfway point of your memorable year of service in representing all of us serving our heroes. It seems like just yesterday we were enjoying your Southern hospitality in your home state of Mississippi during what a wonderful homecoming festivities.

Your focus of veterans' homelessness, and especially females, has resonated with our members across the country. Your compassion to bring awareness to this significant national situation and issue is essential to carrying out the mission of caring for our veterans, military, and their families.

Thank you for your dedication to service, not self, as you lead our organization in this final year of this century. What unique opportunities you have experienced. We reminisced a little bit at Finance the other day of riding on the Legion's Rose Parade float, to being present to striking a coin at the Legion's 100th Anniversary commemorative coin mint experience in Philadelphia. Memories to treasure for sure.

We hope that you are enjoying every aspect of your visits, and I know you are, and just maybe even a little southern lady, your blood might be getting just a little bit thicker with all that cold, cold weather she has been enduring across this winter.

But seriously, we wish you continued safe and enjoyable travels the rest of your year, and thank you for your leadership, Madam President.

(Applause.)

PRESIDENT DUNGAN: Thank you, Nicole. That's so sweet. Thank you. Please welcome Past National President Diane Duscheck to the podium to bring greetings on behalf of all Past National Presidents.

MS. DUSCHECK: Madam President, on behalf of the Past National Presidents, I'd like to welcome all of you to the Mid-year NEC Meeting and welcome you to our own American Legion Auxiliary National Headquarters, our own building. We hope you have an informative meeting today, an excellent learning experience, and great information to share in your departments. Madam President, with your permission, I'd like to present the Past National Presidents in attendance today.

1992 - 1993, Linda Boone.

(Applause.)

MS. DUSCHECK: 1994 - 1995, Linda Newsome.

(Applause.)

MS. DUSCHECK: 1998 - 1999, Virginia Hobbs.

(Applause.)

MS. DUSCHECK: 2007 - 2008, Jan Pulvermacher-Ryan.

(Applause.)

MS. DUSCHECK: 2008 - 2009, Desi Stoy.

(Applause.)

MS. DUSCHECK: 2010 - 2011, Carlene Ashworth.

(Applause.)

MS. DUSCHECK: 2012 - 2013, Peggy Thomas.

(Applause.)

MS. DUSCHECK: 2013 - 2014, Nancy Brown-Park.

(Applause.)

MS. DUSCHECK: 2014 - 2015, Janet Jefford.

(Applause.)

MS. DUSCHECK: 2015 - 2016, Sharon Conatser.

(Applause.)

MS. DUSCHECK: 2016 - 2017, Mary Davis.

(Applause.)

MS. DUSCHECK: And I was 2017 - 2018, Diane Duscheck.

(Applause.)

MS. DUSCHECK: Thank you.

PRESIDENT DUNGAN: Thank you, Diane. And thank you all to the Past National Presidents for being with us today.

Before we begin with the Consent Agenda, I would like to remind everyone that the Minutes Approval Committee is responsible for approving the NEC Meeting minutes. This year's committee consists of the NECs from Wisconsin, Iowa, and Virginia. The Chair has received confirmation that the 2017 - 2018 and the 2018 - 2019 Minutes Approval Committee duly met, thoroughly reviewed, and after making any necessary proofing edits approved the proceedings from the pre- and post-2018 Convention NEC Meetings. The proceedings are posted on the American Legion Auxiliary National Website.

We will begin 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 the charter cancellations since August 2018, and I would like for you to add one to that list. It is Phillip Gard Unit 289, Department of Kansas. That's Phillip Gard Unit 289, Department of Kansas. Other items listed are appointment changes from Convention 2018.

Two National Finance Committee policies have been reviewed and updated and they are the American Legion Auxiliary Endorsement Policy, and the American Legion Auxiliary Pre-Paid Expenses Policy. Now each of you received information

on each of these items prior to this meeting and I hope you have thoroughly reviewed all of them.

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 request to remove that item from the Consent Agenda prior to voting. Voting on the Consent Agenda will then proceed and the item removed from the Consent Agenda will be handled separately. Please remember that anyone wishing to speak must use 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?

No questions. Does anyone wish to remove an item or items from the Consent Agenda? If not, the Chair will entertain a motion to adopt the Consent Agenda.

VOICE: (Indiscernible).

PRESIDENT DUNGAN: It has been moved. Is there a second?

MS. BARBER: Department of Massachusetts, Deb Barber, I second.

PRESIDENT DUNGAN: It has been seconded. The motion has been made to adopt the Consent Agenda. There is not debate on a Consent Agenda. All those in favor of adopting the Consent Agenda, say aye.

ALL: Aye.

PRESIDENT DUNGAN: Opposed, no. Motion carried. I now call on Foundation Board President Dory Hammeke for the Foundation Report. Dory?

MS. HAMMEKE: Madam National President and fellow members of the Auxiliary, good morning.

ALL: Good morning.

MS. HAMMEKE: It's my pleasure to join you today and share with you some of the key successes of the American Legion Auxiliary Foundation during the past year. And I want to talk about four key successes.

The first one is in growth of the mission endowment. At the beginning of the 2018 fiscal year, we had a little over \$1 million in endowments, \$1,018,000 and change. At the end of the fiscal year, we had \$1,113,443, and that is a growth of 9.4 percent. So to each of you who have made a personal contribution during the past year, I'd like to extend my heartfelt thanks. You are truly making a difference in the lives of veterans and their families.

The second key success is in the grants that have been awarded. I think most of you the Foundation is in its 11th year and during those 11 years the Foundation has awarded over \$674,000 towards Auxiliary mission outreach programs. That includes over \$153,000 for Veteran Projects Fund Grants, \$37,000 for Veterans Creative Arts Festival Grants, \$261,000 for the National Creative Arts Festival, \$137,000 in subgrants, and \$86,000 in investment earnings of the Mission Endowment Fund. Now those investment earnings are used to support Girls Nation.

Oh, and I don't want to forget for the first time ever this past year we awarded a Mission in Action Grant in the amount of \$610 and that went to Unit 2 from the Department of Illinois. They used branding items in supporting or in

welcoming their new citizens to this great country of ours. So I thank the Department of Illinois for being the first to do that.

The third key success is in building awareness. Awareness of the Foundation continues to grow. During last summer's National Convention, the Foundation hosted two breakout sessions where attendees could learn more about the work of the Foundation, and in particular they were able to ask questions about grant applications. And based upon the number of applications that we received after that meeting, I would say that their questions were answered. In that quarterly meeting following the National Convention, we reviewed ten grant applications and nine of those were awarded.

Since National Convention we've awarded grants for the Veterans Creative Arts Festivals in Vermont and Missouri. We've also supported a number of really cool initiatives through Veteran Projects Grants, art therapy tools, bingo equipment, Stryker, transport chairs, furniture for a VETS Center that support homeless veterans, and assistance with the purchase of a van to transport veterans to medical appointments.

The number of subgrants, especially those supporting ALA Girls State, have increased dramatically. Several of these grants were discussed during the breakout sessions at National Convention and basically we answered their questions and the grant requests started flowing in. We were really pleased to see that.

We've also continued to build awareness of the Foundation by including a brief presentation about the Foundation at each of the mission trainings held throughout the year. The staff at our National Headquarters continues to do a fantastic job in reporting about the impact of grants. They use integrated marketing techniques. And basically what that means is they use a lot of different sources. They use, they spread the word through the Auxiliary magazine, through the website, e-newsletters, Facebook, and they even use that old-fashioned method that we call word of mouth.

Madison is going to speak about some of those initiatives in great detail a little bit later today. But the job of building awareness never stops. And quite honestly, it really shouldn't.

The fourth key success is in strengthening the board. We've made a concerted effort to increase diversity within the board, to seek individuals who will be good stewards of the fund entrusted to the Foundation, to serve as a voice of reason in evaluating grant applications, and to always serve as professional ambassadors for the American Legion Auxiliary. We use a portion of our annual meeting for training. We encourage members to learn all that they can about fundraising. We hold them responsible for outreach to donors and potential donors. And we expect them to lead by example in their own philanthropy.

Those are four of the key successes that I wanted to share with you today. But I'm not finished yet. I spent most of my career in sales and client service and one of the things that I learned is that if you don't ask, you don't get. So I'm here today to ask you for a few things, too.

First, I just ask that you continue to be an ambassador for the Foundation. Help us continue to build awareness by sharing those success stories. Use the word of mouth method as much as you can. Be observing of veteran needs that could be supported through our grants and talk with your departments and units about them. Help our members with their grant applications to ensure success. We can really tell when members of this group right here have worked with those who are applying for grants. It really makes a huge difference in the quality of the input.

The second thing I'd like to ask you to do is encourage others to apply for board membership. We need people who are comfortable with fundraising, who have a passion for the mission of the American Legion Auxiliary, and who will take very seriously their fiscal responsibility. They need to be prepared to work hard. This is not a place for people who just want to list board membership on their resume. This is a place for people who truly want to make a difference. The deadline for applications this year is April 8th and the application form can be found out on the website. And if you have any questions, ask any of us on the board. We're happy to help there.

My third and final request is that if you haven't made a contribution to the Foundation yourself, consider doing so now. If you have already contributed, consider being a recurring donor, maybe making a monthly donation, or at least an annual one. And if you go online, it's actually very easy.

Also I'd ask you to consider including the Foundation in your estate planning. This is a wonderful way to honor the personal investment that you've made in the American Legion Auxiliary yourself. And it also helps ensure that our Foundation can support veteran needs for many years to come. You might consider having your unit making a donation to the Foundation whenever a unit member passes away. Even small donations add up to big dollars. If you haven't considered donating \$200 to purchase a legacy brick, please give it serious consideration also. If every one of those bricks was sold, we would be adding nearly a quarter of a million dollars to the Foundation coffers. Wouldn't that be awesome? That's a lot of money.

Our goal is to increase the endowment fund at a much faster pace than we have during, you know, in the next, in the coming years than we did in previous ten years. And I'm really confident that with your help, we can do that.

So I thank you for your time. I thank you for your leadership. And I thank you for your continued support. I'm really grateful for all that you do. Thank you.

(Applause.)

PRESIDENT DUNGAN: Are there any questions regarding the Foundation report? No? Thank you, Dory, for that excellent report. And thank you for your committee and the work that you do on the Foundation.

Speaking of bricks, that's an awesome way to honor somebody. How many of you have purchased a brick so far? Wow. If you haven't, maybe you could purchase one before you leave. Just a little plug for the Foundation. Anyway.

(Laughter.)

PRESIDENT DUNGAN: Okay. I now call on Finance Committee Chairman Peggy Thomas for the Finance Committee report.

MS. THOMAS: Madam National President, good morning all.

ALL: Good morning.

MS. THOMAS: First I have to thank the National Finance Committee members, Vice Chairman Jenny Hobbs, members Helen Riedlinger, Sharon Conatser, and Paula Raney. Would you all just stand up and take a quick bow?

(Applause.)

MS. THOMAS: I cannot tell you how seriously each of these members take their responsibilities and how invaluable their skills are to our work. Thank you, ladies, for all your dedication.

(Applause.)

MS. THOMAS: It takes a lot of work. Each year you've tasked your Finance Committee to monitor financial statements, oversee investment planning, review fundraising campaigns, champion for member benefits, and review policies. In order to meet these directives, we've held two meetings since our last Finance meeting at National Convention. The first was a conference call in November and the second meeting was an in person meeting yesterday here in Indianapolis right in this building.

As a committee, we were again very proud to receive a clean external audit for the 2017 - 2018 year. A big thank you to our external auditors of Alerding CPA Group. And let me tell you all, our auditors are very, very, very thorough. I emphasize very thorough. So let's give a big hand to our Headquarters Finance Division for surviving their first -- their very thorough inquiry. It wasn't the first one.

(Laughter.)

(Applause.)

MS. THOMAS: It wasn't the first one. Sara Riegel, our Director of Finance, will now go over our quarterly actual to budget report highlighting revenues, expenses, assets, liabilities, and investments as of December 31, 2019. Please feel free to ask any questions you may have after she has her report. Sara? Are you there?

MS. RIEGEL: I am here.

(Laughter.)

MS. RIEGEL: Okay. So I'm still learning how to do this. Usually I'll walk around. All right. Thank you, Madam Chairman. Good morning, everyone.

ALL: Good morning.

MS. RIEGEL: Okay. So before we get started -- there we go. Before we get started, what I wanted to do, especially if you are new as an NEC member, I wanted to go over the format that we present to you as far as the quarterly financial reports.

Can everybody see that, or just have a reference to it? So the first section I wanted to kind of focus on was the revenue section, to let you know this is how we present to you the financial information. I'm going to do a little adjusting here. So within the revenue section, we have what we call our footnotes. That is your label or your ID to let you know where to find an explanation.

The next column is our activities. So this is more internal to, of course, the Finance Division because this is how we track everything. And if you anything about anybody who does finance, they love numbers. So this is internal to us but then it helps us also communicate to you in more detail.

And then we have our revenue column. Now within this, this one column here of course you're going to get a better description of what you are looking at, an explanation of those revenues that we're reporting on.

The numbers, of course, these are in the quarterly financial statements, they are summarized. The Finance Committee can probably weigh in here. They get a more detailed report and it takes, you know, it takes a minute. But this is a good summary and it gives you an overall view of what our activities, our functions are, with regard to the organization.

So the next area I want to look at, and I do apologize, if we put the finance statements up, they are wide. They are humongous. So I'm kind of breaking it up with screenshots for you. So let's move over to the area under the number one. And within this first quarter, which is October through December, we are communicating with you about those activities specific to this quarter. Now you probably noticed under number two it's the same information. But this is the only, this is the first quarter of our fiscal year. So they are going to be the same. Next quarter you are going to see an accumulated total in the year to date. You're going to see that quarter but you're going to see overall the first two quarters being represented.

So let's do just a little, because I've highlighted here just to show you what we're looking at. We're looking at the current month activity and then we're looking at the budgeted activity and then we're looking at the variance. So that tells you if we are less than or greater than as far as the budgeted item. And everybody knows in the world the parentheses means, unfortunately, negative. But that's not always a bad thing. So.

Here is where you're going to get the answers. So as you saw in the very far left corner with the FN1 and the FN2, this is where we're telling you the reasons for those variances. So this is a good thing to look at to understand. And it's going to answer your questions. Why? And then if you do, please understand, if you do have questions when you receive these quarterly reports, do not hesitate to email Peggy --

(Laughter.)

MS. RIEGEL: -- and she will get those answers for you.

Okay. So as I explained, in the earlier side, when I was talking about the actual activity or actual financial activity to the budgeted activity, and then the variance. So here's our test. We budgeted to receive \$17,700 in revenue, okay? And we actually received \$15,400. Go to the footnote and we're telling you why. All right? So the expense columns are next and so, or the expense area is next. So this is where we, and the column headers are the same and I do apologize. I am challenged sometimes with copying and pasting and doing these things. So but I wanted to, it's the same format only now we're reviewing all of our expenses.

So to the next area I just explained, you're getting the quarter to date information and the year to date side by side. And then, of course, because this is our first fiscal quarter, then that is the same. Next quarter it will be different.

At the bottom of our financial reporting is our balance sheet. So these, of course, as you can see balance out. And you want to see that.

And then the next slide is our at a glance area. It kind of gives you an overview of where we are relative to these things. So this explains, it kind of, you know, wraps everything up and gives you some more highlights. And then also gives you some assurance, you know, as we progress.

So what I would like to do next is just kind of go through some of these highlights that we did and that we have before us on the quarterly report. So in our revenue we were looking at activity 117, which is our footnote one. And basically, yes, we were less than budgeted but it was because of timing or the fact that we had not received those revenues that were budgeted for. And so that's how we're, you know, telling you. We do expect them. You know, we also define when we anticipate to expect them.

The next area is our general membership and department services. Now that category or that activity encompasses so many different things. So we can't give you everything but we try and communicate within that description what's going on in there, where those resources are coming from. So here I think this is, to me, this is great. We're not too far off the budgeted amount. So then looking at it as a whole, okay, you know, it's a matter of timing. Not everybody, you know, renewed their dues immediately, you know, within the October/November/December time period. So anything with a negative, of course, it doesn't look great. But the thing is is that what is the weight of it to the overall budgeted item. That's where we need to look at that.

Of course management in general is very hard. So let's look at a quick look at management in general, which is activity 132 in our world. Here we feel that that is due to some significant things that have gone on, hence the building which Linda will report on a little bit later. So we are, we're good. We're going to be good. I mean, we're good.

(Laughter.)

MS. RIEGEL: These are some of the things that we were looking at and one of the key points to the management in general is we also have to budget for investments. But that's also hard because of the market. But we're doing okay during the first quarter. I can't, you know. So no promises. But we do budget certain income that comes in. So of course, where are we? We're greater, we're better than budgeted. I'm trying not to use the word worse. I don't like that. So.

Oop -- I'm flipping ahead of myself. Here's a key area that we want to look at, is our development and fundraising as far as the revenues that are generated. This year, so what's key in here also we have changed our vendors as far as direct mail. So what we used to or how we used to report, because of the agreement or utilizing our old vendor, we did not present all the information in separate categories, revenues and expenses. So we netted them together. Here we are actually providing

you the gross information, gross revenue received off that direct mail, which is included in that. And then in the expenses you're going to see the detail. You're going to see the expenses. So that is a change from last reporting as far as reporting in fiscal year '18. We actually had two different ways that we literally had to track. And so we decided this year, well, this really needs to be done in this format. So that is a change. That is something that you probably haven't seen in the past, in case some of you pull out your quarterly reports from the prior years. So.

Here and so in Section 400, the footnote five, we did really, really well on our mission training. So we try and be conservative when we're budgeting. But this year you guys told us you wanted to be there. So this is the revenue from our mission training and I believe the final count on all, for the whole entire I call it segment was over 522 attendees. So that's really, really good.

(Applause.)

MS. RIEGEL: In the National President's Scholarship Fund. So here is with the revenue that was received, and thank you everybody, we are showing that we are better than budgeted, which is good. Of course, down in expenses you're going to see the, what we have granted. So and paid out, is the term. Does anybody have any questions? It's too early for you guys to be bored.

(Laughter.)

MS. RIEGEL: I think it's also why they put me first. No.

(Laughter.)

MS. RIEGEL: All right. So let's hit some of these expenses. Let's look at some of these expenses. So the first thing in the footnote, in 117 in our footnote eight, we budgeted \$52,000 but our expense was \$79,000. Okay? That's okay. And this, and then let's look at our footnotes and see why. So everybody is reading that year to date actual, travel meetings, Convention expenses are over year to date budgeted due to timing. Also, because we had some modifications or we had to commit to a longer period contract, we had to do some things ahead of time that we had not planned for in this time period. So we budgeted them later but they ended up happening here. That's okay. But we want to make sure that you understand what's going on with those variances.

I keep on clicking this like I'm moving on and I'm not.

Okay. The next one is the footnote nine for the AEF programs. So we budgeted our expenses to be \$66,000 and we ended up spending \$80,000. Of course, the answer why is in the footnote provided to you.

So here's a, and with the AEF Programs you do understand -- and there's Marty back there, wave Marty. We, the applications come in and it's, we know that the, we have a fund. We use the fund. But for timing purposes, we need to process those grants because there is an emergent need. So sometimes you're going to see a variance that kind of seems out of whack, and you're probably thinking, what are they doing? The other thing is, is that we then have to go through the process of, you know, relieving the dollars that you have designated as AEF funding and bring them back. And so right now, they are sitting in an investment account and we haven't really, we have not brought in the revenue to cover that. But you know that no matter

what if somebody applies for and receives a grant, they are going to receive it and we will reconcile later. So the money is there, however, we haven't timing wise haven't gotten to that because we need to fulfill those needs. So.

Okay. 132, always a critical area. But as you can see, not bad. Okay? And we explain why. So one of the key things that you're not going to see in the first quarter of this report are a lot of the expenses associated with the building. So I want to prepare you. But we're going to see those in the second quarter of this fiscal year. Don't worry. Don't panic. But right now, yes, we're doing good. We're meeting those, you know, we planned well. But January, February, March you will start to see some of those expenses associated with the building. And we're prepared. So I don't, I want, I think one of the questions are, what happened? We were doing so good. So but any question is well received. So please do not hesitate to call us or email us, would probably be better.

Okay. There I go ahead. The last section, of course, is the National President's Fund. Not too sure why we budgeted that way as far as expenses. But we, you know, historically this is what happened. This is what we all talked about and agreed upon based on that. Obviously for timing it's different. So we are -- I hate worse. We under budgeted in our expenses. Thank you. I was trying to find a good word.

All right. And so and then we go to -- I keep doing that. I am so sorry, people. I really am. I can drive. Okay?

(Laughter.)

MS. RIEGEL: I don't think I have a clicker in my hand so I can drive. So I apologize. Of course, that's all the expenses, and then we also break down to the other revenue areas. Now on your financial statements I'm sure you guys are looking at the big \$3 million number. And I'm going to draw your attention to that. So that, as you notice, cannot be budgeted for because of why? Do you know what's in those numbers? That's our investments. Okay? So we can't really predict how it's going to go. Now we do plan through our policy and our investment policy, and we, you know, we try and find that, of course, that's with an investment advisor. But this cannot be budgeted for.

Now do not panic. That \$3 million has started to turn around and we received that information yesterday when the Finance Committee met with our investment advisor. So we are doing, we're okay. And we can't predict the market so we've got to ride it out. But one of the things that Rick, you know, provided to us yesterday was just letting us know he's watching things. I look at them. Usually it's, you know, it's a phone call because I'm looking at the month before, you know, and I'm trying to gauge. I'm looking at current activity. So we are keeping our eyes on that. But I do want you to know that we are recovering it and it is good. So that is a key area that I know kind of jumps out and that's why I don't put yellow highlight on that. But I do want to assure you that it's been covered.

All right. And then the balance sheet. So that gives you all of our assets to our, minus our liabilities, which is zero. So they balance out.

All right. Does anybody have any questions for Peggy?

(Laughter.)

MS. RIEGEL: All right. If not, Madam Chairman, that is my report.

(Applause.)

MS. THOMAS: Thank you, Sara. She does a great job, doesn't she? Let's hear it for her.

(Applause.)

MS. THOMAS: Our Development Division continues to manage three successful fundraiser campaigns designated for the ALA and the ALA Foundation. First quarter direct mail donations to the ALA totaled \$266,000. We are extremely fortunate to have generous donors, both inside and outside our organization. I realize many of our internal donors are sitting in this room and I thank you all for giving generously and helping us ensure the financial future of our organization.

The USAA credit card affinity program began in April 2012. There is an annual royalty guarantee of \$25,000, which we recently received. Remember, the last two years the percentage shared with your department has increased from 50 percent to 90 percent. Thank you, Madam President. This concludes my report.

(Applause.)

PRESIDENT DUNGAN: Are there any questions regarding any part of the Finance report? The Finance report will be filed for audit. Thank you, Peggy. Thank you, Sara.

Please welcome the Audit Chairman Jeri Brooks Greenwell.

(Applause.)

MS. BROOKS GREENWELL: Good morning.

ALL: Good morning.

MS. BROOKS GREENWELL: Thank you, Madam President. It is indeed an honor for me to stand before you and present the report of the National Audit Committee. The overall task of the Audit Committee is to certify fulfillment of the NEC's supervisory duty in relation to internal control over financial reporting, audit, risk management, accounting, and financial reporting. As prescribed in the National Audit Committee charter, it serves both the national organization and the American Legion Auxiliary Foundation.

Our committee meets a minimum of three times each year, either by conference call or in person. We adopt the audit schedule, engage the external audit firm, examine the annual consolidated financial audits of the American Legion Auxiliary and the Foundation, review the IRS 990 reports, assess policies, conduct risk assessment, and complete best practices reviews. In addition, we are responsible for making recommendations to the NEC on the appointment, reappointment, and removal of the external auditor, and to approve their remuneration and terms of their contract. We confirm that all information provided substantiates to the IRS and the public that the American Legion Auxiliary operates in a manner consistent with its exempt charitable purposes and continues to serve the mission for which the IRS granted tax exempt status.

While the NEC retains oversight authority, the Audit Committee's smaller size allows it to carry out its responsibilities in a more manageable environment. We

are not involved in the daily accounting functions, but instead oversee the independent audit process. We ensure that recommendations made by the auditor's letter to management are implemented. In addition, we are charged with the responsibility of addressing complaints about financial mismanagement and are identified in the Auxiliary's whistleblower's policy as the board delegated authority to review such complaints.

To guarantee that the audit process is objective, the Audit Committee members are as independent as possible and work at arm's length from the rest of our organization. Such independence frees us to make unbiased judgments about internal financial procedures and the performance of staff, as well as the performance of the auditors, without undue pressure. The primary goal is to demonstrate financial integrity and transparency.

The Audit Committee is comprised of five outstanding professionals, each with appropriate backgrounds and expertise. Our members, our auditors, and our management team rely on the Audit Committee to provide significant direction and oversight, not just on financial controls and reporting but also on a growing list of complex risks that challenge our organization.

The American Legion Auxiliary Audit Committee met on February 2, 2019 to review and approve the financial audited statements. After review of the Audit Committee charter approved by the NEC in 2010, it was noted that a resolution passed in August 2014 and the adoption of the whistleblower policy needed to be incorporated, as well as inclusion of additional statements of clarification. Additional agenda items included the opportunity to meet independently with both the external auditors and management to receive an update from the National Secretary; the inclusion of financial and IT audit policies and to correct alignment of future reviews; affirmation of completion and acceptance of the social media policy adopted by the NEC on February 2018; and to direct management in solicitation of bid proposals for future external and IT audits.

Considering the move to our National Headquarters, the reviews of the policies on record retention and emergency response and disaster recovery will be more thoroughly addressed and updated at our next in person meeting.

The committee relies on our Director of Finance Sara Riegel as the eyes and ears of our organization. We recognize that the most critical service the internal audit provides is in determining risk based assurance of the effectiveness of internal controls to mitigate financial operation compliance and strategic risk to our organization. As our internal auditor, she offers perspective on strategic and organizational challenges that could be potential risks if not effectively identified and managed.

Madam President, it is now my pleasure to introduce a good friend, the American Legion Auxiliary external auditor Michael Alerding. A certified public accountant, founder, and now senior director of Alerding CPA Group, Inc., Mike has amassed over 40 years of experience in public accounting, serving many nonprofits and not for profit entities across the nation. He has served as director of over 40 nonprofit boards, professional societies, and government entities, as well as serving

on many independent audit committees and has established several foundations. He speaks professionally around the country on best practices for boards and is a frequent writer for business publications. Mike is a strong believer in our mission and certainly is committed to service, not self. Please join me in welcoming Mr. Michael P. Alerding.

(Applause.)

MR. ALERDING: Good morning.

ALL: Good morning.

MR. ALERDING: This is kind of a bittersweet time for me because I'm going to pass a baton today to some other folks who really have always been here. I think Mike Staton has been with me for 29 years, or something like that. So it's nothing new. And -- 34. Like I said. That's why he's doing the numbers and I'm doing this.

(Laughter.)

MR. ALERDING: We've had a really good run in terms of audits going back to 2005, where we've looked at this organization grow and change. And your change management during that period has been remarkable. I was thinking last night about all the things that were here when we started, including and some of you I know have been around long enough to remember this, and your financial statements, your audited financial statements, were on sheets this long. And I would say they were as close to be unreadable as anything I've ever seen. They were good. There was a lot of detail. But we never really got to in those financial statements letting outside people, the IRS, donors, whistleblowers, watchers, all those people have to see. They don't want to take the time to do that. More importantly, those are for you. So the financial statements that Sara presents to you are the meat of what we do. We have to take that meat and in some way summarize it so you can all read it and understand it and create opportunities for yourself.

So that's where we started. And as we moved along during different management groups and different people, things moved as well. The organization had a number of members when we first started that's not the same as it is today. But it is more robust today I think than it was back then. In fact, I know it is. A lot more going on. A lot more things you've done that are smart, not the least of which is the audit committee. And I have to say something about that report from Jeri was just outstanding. I don't think you could do it any better than that. That was exactly why we're there, to do that.

(Applause.)

MR. ALERDING: But really the audit was these folks. Chris Mennel and Mike Staton do the audit. They've done it for a while. They give it to me and I look like I really know what I'm talking about. But they will tell you that right before I get up here every year, they kind of tell me what I'm supposed to be telling you. And they are really good at it. And I'm not kidding. We have a firm that started with four people as an audit based firm, and that doesn't happen very often. Usually they are tax firms. We were always an audit firm and we have over 100 not for profit clients right now. So we do a lot of this all over the country.

And I have to say, you present some unique challenges and opportunities both just because of your size. I don't know that you sometimes realize how big you are. I don't think you sometimes realize how important you are to the veterans and our society, period. I don't think you really give yourselves credit sometimes for, and stand back and say, man, this is a big, strong organization that carries a lot of weight. And I think you, the last few years I've seen more and more spirits being lifted on some of the things you've done, not the least of which was the Foundation which was a major issue for this organization. It gave you all kinds of opportunities. And I'll say it, I've said it every year and I'll say it again, as soon as you hit \$5 million in that thing, it will go to \$10 million. Mark my words. I may not be standing here at that time. Mark my words. Once you get to \$5 million it goes to \$10 million in a heartbeat. That's what you really need more than anything else because it's a (c)(3). You can do different things with it than you can do with your (c)(9).

And the last thing I'll you about a little bit is Phil. You've got to love Phil, your legal counsel. The first week I was here, I sat down with Mike Staton and we looked at the financials and I said, how come all these at that time I think 9,500 units, why aren't they included in these financial statements? Because accounting systems, accounting policies say they should be. So they, everybody immediately in management just said, call Phil. Just talk to Phil. And any of you who have had the pleasure of talking to Phil know that he is a pretty dynamic and pretty strong guy. And our first meeting in his office I'll never forget went on for hours. And voices were raised, and it got a little bit ugly. Until the end when he said, you just don't understand. This is the point I'm making -- you don't understand. We're special. We are special. Congress made us special. And as a result, we can do what we're doing. And a (c)(9) is an absolutely phenomenal way to run a business as long as you have good legal counsel, good auditors, and good management that know what they are doing with it.

So I am going to let Mike Staton and Chris Mennel take over. Chris is a senior manager. Mike is our managing partner and has done a phenomenal job getting our firm to where it is. And I want to say goodbye to you. I'm not going to be going anywhere. I'm changing my title from senior partner to of counsel April 1st. And that's not an April Fool's joke. That's what I'm doing. That's why my wife keeps saying. That's a Fool's joke. No, it's not. But I'm going to stay on for another three to five years working with all the clients that I really have been involved in for many years. I just won't be doing it quite as often as I used to. I'm actually going to do a few things like travel and help with the dogs at home and all that. And incidentally, just because some people asked, we have 19 there today. Nineteen dogs. So it was quite a trick getting out of there today. Let me tell you, because they all want to slobber all over your suit, which doesn't make it good. So with that, thank you. And thank you, Madam Chairman. I'm going to introduce Mike Staton and Chris Mennel. Thank you.

(Applause.)

MR. STATON: Well good morning, everybody. I will start off by telling you that if you heard Mike Alerding's introduction, he's a national speaker. I'm a local speaker.

(Laughter.)

MR. STATON: Chris and I are local speakers, so we will do our best. But, you know, Mike does hundreds of speeches every year. Chris and I do a handful. So we will do our best to try to fulfill his legacy and keep things moving.

As we go through here, we want to touch on what the agenda is going to be for our part of the process. We'll try to finish this in a half hour or less, just so everybody has a chance to move on with the agenda.

VOICES: We can't hear you.

MR. STATON: Closer? Okay. I apologize. I told you. Local. Is that good? Is that better? Okay, the agenda, we're going to start with an overview of the audit process, and then we're going to move into an analysis of financial statements and key indicators, kind of touch on some of the things that Sara talked about but more of a 30,000 view and plus a little more concentrated on 2018 and prior years versus she was concentrating on the future. So auditors always live in the past. If you ask us what year it is, we'll tell you it's 2018. That's what we're doing. Everything I do is 2018. Everything I talk about is 2018. 2019 hasn't even started yet.

Significant transactions and current year results, Foundation financial statements. You should be extremely proud of our Foundation. From where it's gone to where it is today, Chris is going to talk about that as we get into it. And then some fiduciary responsibilities as we see them within the organization.

MR. MENNEL: Just before we get into it, you do have a handout at your seats. It looks like this. And it is nothing we're going to go over but it's just highlights of what's in the financial statements, what's in an audit report, so that you can understand what each of these statements mean if you're not familiar.

MR. STATON: And I think the key to this, Chris is being modest here, he put this together. We think this is a great tool for you to take home with you. It talks about, you know, everything from what the audit opinion is, what you should be looking for, the balance sheet, income statement, footnotes. The benefit of this, and we've passed this out to a lot of our not for profits, is it not only tells you what's in those financial statements, it tells you as Board members and as Executive Committee members here what you should be looking for, what questions you should be asking, and kind of overall what, you know, the whole process should be and how your responsibilities fill into those responsibilities.

Report to the Audit Committee. As we mentioned before here, we are hired by the Audit Committee as outside auditors and we report to the Audit Committee. Several reasons for that. One, we are not supposed to be responsible to management. We are only supposed to be responsible to the Audit Committee. That's where the independence comes in. We take that extremely seriously as we go through this process. Granted, we work with the management team on a daily basis and we try to make sure that, you know, we're responsive to them. But overall when the things come up, any questions we have, any problems we have, those are reported to the

Audit Committee and not to management. And that's very, very critical as we go through this process.

Updated the Audit Committee on GAAS issues, Generally Accepted Auditing Standards, Generally Accepted Accounting Principles. A lot of changes in the current year as we go through here. Chris has another handout that if you can go onto our website and look at. Financial statements are going to change. What you guys see from an outside perspective is going to change. You should be looking at these things in your independent organizations. We're going to change how the financial statements look. We're going to talk about different footnotes. Liquidity is going to be an issue going forward. Liquidity is a big, big thing in the not for profits. We'll talk about that in some later slides. But a not for profit organization is about as close as you can come to a public entity. You know, everybody has heard of the SEC if you are publicly traded. Well you think about a not for profit. We don't present our financial statements on the internet. We don't show everybody our financial statements. You do. You're required to do that. You have to show your 990 on your websites. You have to show that to the public. So that's where your fiduciary responsibilities come in and you have a strong, strong requirement to let your constituency know and the public know what's going on. And so therefore you have to act like a public entity.

As far as the Audit Committee, we do as an outside auditor firm meet twice with your Audit Committee. The first one is what we call a risk assessment meeting, kind of an update meeting. It's where they formally hire us and do those things, but it's also where we tell them what we think your risks are. I will tell you that the biggest things that we see as risks in this organization are pretty obvious when we get into these numbers. Investments. Investments have been all over the board, especially this year. I mean, I had young people tell me that investments always go up. And I said, oh really?

(Laughter.)

MR. STATON: I mean, if you think about what's happened in the last couple of years here for them, you know, prime rates stayed at 4.5 percent for 100 years, you know, since they all, these people coming out of college they think, well, that's what it is. And so I have people say, well if you put your money in there it always goes up. And I said, well, I'm 57 years old. It doesn't always go up in my lifetime. And we'll see some charts in here that really kind of hit that to home. So investments are risky but they are important and extremely important to this organization. So we talk about those types of things at the first meeting.

And then the second meeting is two, two and a half hours, about a two and a half hour meeting where we go through the financial statements line by line, question by question, and we go through to make sure that everybody fully understands what's in those numbers, what the results are, and what our overall procedures were when we did the audit. Okay? So it's a pretty lengthy process.

I will tell you, and this is important for this organization to know, we had no disagreements with management, very few overall audit adjustments. And that's important because you do have a pretty substantial balance sheet and income

statement. So it's pretty important to know that, that all of those have been approved. I will tell you our biggest change this year was, like everybody likes to do in the world of public accounting, you completely changed your chart of accounts. And I will tell you that if you go single space, line by line, your chart of accounts is about 35 pages long, 35 pages long, and you changed every single account. So --

(Laughter.)

MR. STATON: -- so from our perspective that was a big risk because now we've got things in different categories, different descriptions, and everything else like that. But I think at the end of the day, we got through it with Sara and her team pretty comfortably.

Clean opinions were issued in both, again very, very important to this overall organization.

MR. MENNEL: Before we get into the numbers, we just want to do kind of an overview of the financial statements. I think Jeri already talked in the Audit Committee report what they include. It's the Headquarters and the Foundation. They do not include all the other units, and Mike talked on that, too. And you talk about why, but as an average member looking at the annual report, when you look at those numbers you don't know that. So it's important anywhere those numbers are published to be clear and to put that out there.

As Mike mentioned, the audit did go very smoothly. In addition to the change in the chart of accounts, there was also internal changes. The building, there was a lot going on this year. And to get through it as smoothly as we did, I won't say it was unexpected, but we expected to have a few more roadblocks. And there was certainly a lot of time involved, both from our standpoint and from the staff standpoint. I know I see Diana in the back, we put a lot of time in this year. But we got through it with few adjustments, no comments in the report. And that's pretty exceptional.

The audit process, as Mike mentioned, is divided up. We focused on internal control and risk assessment. That's something that's changed, a lot more focus on risk assessment. And also fraud, you see up there. I know we hear about it a lot. Going back, I started 13 years ago, we used to have specific procedures we did for fraud and we tested it in those areas and then we moved on because we didn't find any. Now we're looking at fraud throughout the audit. So every area we look we're assessing what's the risk of fraud in this area. So that's a change over time.

MR. STATON: Statement of financial position. Not for profits are definitely different than a lot of organizations in everything has a different terminology. So I'll try to fill that in. Statement of financial position is your balance sheet. That's, everybody knows a balance sheet. Most people don't know financial position. As you look through here, I will tell you that your, and we summarized this (indiscernible) I mean there's probably 20 lines and these are just your assets as we go through here. And you can see this, the balance sheet on this organization is a very mature balance sheet. I think it's very key that your balance sheet looks the way it does. If you look your cash and investments are \$39,620,000. On the surface, you can get really excited about that and say, man, we're really flush with cash. Life is

really good. You know, and I will tell you when we get to the rest those numbers, you really heavily, heavily on those numbers. And with the market, especially this last and we'll talk about that because it was very critical to us as auditors, what the market did in November and December. But from your perspective, you have about \$3 million to \$3.5 million in cash and the rest of that is investments. And this organization relies on those investments. And if you go back into some previous years, that was a pretty tough way to live.

Property and equipment, you have \$2,230,000. Last year that number was about \$130,000. So if you looked at Mike's slides last year that number was about \$130,000. Now you're at \$2.2 million and I will tell you it's because of this building right here and all the things that have gone into it. And we'll touch on that as we go through here. But that's very critical. And your other assets, that \$340,000, you would not believe how many things make up that number, everything from accounts receivable, to prepaid insurance, to whatever numbers you want to look at.

So in total the organization is sitting on about \$42 million of total assets.

Okay?

End of the year investment balances. This I told you was a big risk when we do an audit. For us, this became an ever bigger risk as we go through here. If you go back and you look back, all the way back in 2005, which was the first year that our firm performed the audit, you were sitting on total investments of just slightly over \$21 million. Okay? And as, you know, people in today's world, the younger people thing, investments kind of went up. You know, 2005, '06, '07. Everything was great? You know, we're just kind of moving on. It goes from \$21 million all the way up to \$25 million.

Now the rest of us in this room, 2008 and 2009 happened, you can see what happened to your investments. And I will tell you it went from all the way up to just slightly over \$25 million down to \$19.5 million. And I know I, my portfolio took that same hit. I mean, it was one of those things where you're glad you're not retiring anytime soon. I mean, it was really, really scary. Okay?

So as we got through that time period, 2008, '09, '10, all the way into almost 2012, it kind of hung around there. And so now you're really glad you didn't retire in those four to five years because your portfolio just took a dive and it hasn't recovered yet. Some of the people in this room probably retired in that time period. It was scary, wasn't it? It was extremely scary. I mean, you're sitting there, and my wife, I love her to death, but she doesn't understand and investments and that type of stuff, and she looked at me and she said, are we okay? And I said, I'll let you know soon.

(Laughter.)

MR. STATON: You know, I said, I said, but right now we're going to work hard and we're going to try to save some money.

So you go through all that time period and then you're sitting there, 2011, '12 comes around, and here's why people started thinking that life is good. You can look. Every year from 2011, and you just keep climbing, you're climbing, climbing, until right about 2017 you get to \$35 million. Okay? And during those time frames

we'll see these numbers as we go through, your investment income is really, really looking nice. And this organization is living off of investment income. I mean, absolutely, and Chris will talk about this, absolutely living off of investment income. And don't, I can't stress that enough. You talk about risk and all those other things. This organization lived off of those investment income.

So you come through here and then Chris and I walk in in 2018. You know, investments are up at that, just slightly at that \$35 million. We go through the whole audit process. Life is good. The numbers are tying out. We're surviving the change in accounting, change in the accounts and everything. And what happens? The last quarter of 2018, your first quarter happens. We've got problems. You've got problems. I mean, I understand this is your money, but from our perspective, we have to provide an audit opinion. What's happened to your investments? They went down about five or seven percent on \$35 million. So Chris and I show up in each other's office and we say, okay, now what are we going to do? Do we still have a clean opinion? Do we still have the ability to issue this report?

Luckily the meeting wasn't until February.

(Laughter.)

MR. STATON: So what happened was we got a little bit of recovery in January, and we were able to issue a clean opinion. But I say that for the purpose of you can never be in too good of shape on the investments, because as you can see here the arrow started going back down.

Now in all honesty and in full disclosure, \$2 million of that was the building. Okay? So the building was part of that decrease in the overall investments. So let's don't be too afraid of what was going on there. So you're sitting at the end of 2018 with \$34,229,000. Still a very healthy, healthy balance sheet. Okay?

MR. MENNEL: Next a little on the property and equipment. The building, the purchase price was \$2.1 million. That included the land, the building, everything that was in it at the time, some of which was kept, a lot of which wasn't able to be kept. I know there was some cubes we heard a lot about but didn't get the chance to see because those didn't survive the move. But once that took place and everything was assessed, there was a lot of improvements that needed, equipment. There was a property manager that was hired to oversee that months long process. There were operating costs just to keep the building functioning and running. And all of that amounted to about \$800,000, from the time it all started until move in. Even after move-in, things were still being done. And you know, I'm just going to go into more of that after this.

In terms of evaluating the building purchase, there are a lot of different factors to look at. And we won't get into, you know, the decision. It's a beautiful building and I think it is definitely paying off for meetings like this. But just from the numbers perspective, it was about \$250,000 worth of rent at the other building. That's an 11.6 year return on investment. That looks pretty good. But you have to add in, you know, maintenance on the building, new roof, new windows, all that, when is that going to take place to really make an educated decision on that.

MR. STATON: This is the old decision, rent versus buy. I mean, we've all made it in our lifetimes. You know, do you want to continue to rent the apartment or do you want to go buy a home? You know, I will tell you that we've been renting, your organization has been renting ever since you left downtown. So you made a decision to buy. So we can all second guess, third guess, whatever, but at the end of the day it's the rent versus buy decision. I will tell you this is, I agree with Chris, this is an absolutely gorgeous building. The decorating looks fantastic. So it just depends on what you believe is the right decision for that. But overall from our perspective, I mean, it's about a \$2.9 million investment. Yes, ma'am?

MS. JEFFORD: (Indiscernible).

MR. STATON: We just simply looked at what the building had cost you so far. And, you know, this building --

MR. MENNEL: The \$250,000 you were paying divided by the total cost of this building.

MR. STATON: Yeah.

MR. MENNEL: Yes. So it would --

MS. JEFFORD: (Indiscernible).

MR. STATON: Well, I mean, what we're saying is that, okay, if you take \$250,000 times 11.6 it roughly gives you the total dollar investment that you would have had in this building so far. Now the things that we don't know and probably even Linda doesn't know yet is how much is it going to ultimately cost you. And I think those are still waiting to be decided. Linda and her team have a tough, tough process going through. They've got to look at, you know, not only now, the things you've got to go through is replacement costs and all those types of things, putting back money for future maintenance and all those things. But I don't want to steal Linda's thunder with that. But those are all decisions that you didn't have to make before but now you will have to make in the future. And as outside auditors, we will watch that process. We will get involved to the extent that you want us to. But we will watch that process very closely because now you have to be able to have the funds to be able to pay for those as we go through in the future with that.

MR. ALERDING: (Indiscernible).

MR. STATON: Mm-hmm.

MR. ALERDING: (Indiscernible).

MR. STATON: Yeah.

MR. ALERDING: (Indiscernible).

MR. STATON: Yeah. I will repeat that in a second, yeah. For those that didn't hear what Mike said in there, that is just, it's a purely mathematical, that's purely a mathematical equation here. We just took the cost and divided by the \$250,000 you were paying for that. Obviously a building like this in the area that it's in is going to increase in value. At the end of the day you still have a building that's going to be worth \$2.5 million to \$3 million. So all those things are positive.

It's the same things that you guys, you look at when you're making a decision whether you want to buy a home. You know. At the end of a year when you rent an apartment, you have nothing other than an expense that you took out of your

cash. But if you have a home you still have a home at the end of that. So I think, you know, overall whether it was good decision or not, that's not for me to decide. That's for this organization to decide. But obviously it's a step up from where you were. So I think it's probably about ten steps up from where you were.

Fund balances. I try to, fund balances is a term that unless you're in the not for profit world, you really don't deal with, don't have to understand. But I always tell people in talks like this, if you want to look at fund balances, think about your house, okay? When you have a house, you've got, you know, say you've got a \$200,000 home. Okay? That's your asset. Okay? That home that's a physical presence that you have it. You can touch and feel your house. You have a \$100,000 mortgage. That's your debt, right? So you've got a \$200,000 home, you've got a \$100,000 mortgage. What's left? \$100,000 of equity. Okay? That's your fund balance. Okay? So in the simplest, simplest terms, that's what I always tell people, forget about all the crazy not for profit terminology and all the things that we want to make life difficult, that is your fund balance.

Now I spent a little bit of time on the words, on the terms fund balances, because in the not for profit area there's legal responsibilities with fund balances, there's requirements with fund balances, all kinds of restrictions go with fund balances. So I always start with, after I tell you that there's all kinds of restrictions, what's the first term on the board? Unrestricted. Okay? So it's kind, but unrestricted is kind of a little bit of a misnomer when you come into the not for profit arena.

Unrestricted just means that the organization has control over that part of your overall equity. Okay? So this organization has \$31,267,000 of unrestricted net assets. Well, you also have fiduciary responsibilities with that unrestricted. So legally, morally, and ethically the only thing you can do with that \$31,267,000 is to further the mission of the organization. Okay? You can't go out and spend it on something that doesn't relate to the mission of this organization. That's key, key, key to this whole process. If you start getting outside of that, then we've got to start about changing charters. We've got to start talking about, you know, what is the overall mission of the organization, where legally your responsibilities for that. So, you know, you can't, you know, you're here to serve veterans and their families. You can't all of a sudden decide you want to go serve the ALS Foundation. You can't go serve the Kidney Foundation. You can't do those things. Because that's not the mission of your organization.

So in unrestricted from that standpoint that you have control over it, but it's not unrestricted in the fact that you can spend it wherever you want to. Okay? So that's very key.

MR. MENNEL: And Mike's pointing that out, and some of these things aren't just for Headquarters. You know, we recognize that you all are heading back to your own departments and your local organizations. And that point rings true there, too, that those funds have to be spent for the intended purpose.

MR. STATON: The next one I'll touch on briefly, temporarily restricted. That just means that if, you know, if you give \$500 and you want it to be for Girls Nation, this organization has the requirement that that money has to be spent for

Girls Nation. So temporarily restricted can either be restricted by time and/or purpose. Okay? So pretty simple from that point. You either have to give it for a particular purpose or for a, you know, a particular event as you go through.

Permanently restricted. I'll touch on this one because Chris and I and our firm has had instances where permanently restricted has been abused. Permanently restricted means that somebody has given you money, in this case over time \$1,785,000, and they have told you that they want the corpus of that money to remain in perpetuity within the organization. Which means you cannot spend one dollar of that \$1,785,000. All you can spend is the investment income from those funds. Okay? You can't borrow from that \$1,785,000 and say, hey, I just need \$100,000 today and then I'll put it back in. You cannot do that. And we, Chris and I have had a group that spent millions out of a fund like this. And you talk about getting legal counsel involved. You know, our answer to them was the first thing you need to do is call your legal counsel. The second thing is that we're going to call our legal counsel. Because now we have the responsibility to report the fact that you've just spent permanently restricted funds. You cannot spend permanently restricted funds. It is illegal, immoral, and you will land in jail. It gets ugly. So we want to make sure we do that.

And Chris will talk about it later so I won't steal his thunder on the ALA Foundation but the Foundation is a huge success for this organization, guys. You should be very proud of the Foundation.

MR. MENNEL: Statement of activities, this is your revenues and expenses. You've already heard the Finance Committee report, but just a quick, very high level, revenues were down from the prior year. No surprise, there's decreasing dues. Also there were federal grant programs that ended in 2017. So those revenues were not present in '18 and that was a big contributor to that as well.

Expenses look like they increased a little bit. There was a change in how some of the expenses were reported due to contracts, not internal changes. So they are really more consistent from year to year, if you look at it that way, apples to apples.

Net loss from operations. That means the expenses were greater than the revenues by a million dollars this year, \$300,000 last year. That's what Mike was talking about earlier, the surviving on the investments. That's where the investment income comes into play to cover that loss.

And then if we look to the next slide, we have the last 14 years of net losses. There have been three years with a profit just from operations. But this shows over the last 14 years there was \$6.5 million that was the accumulated loss from operations that was covered by investments. So thankfully that investment income was there. That wasn't an issue and you were able to continue those programs, continue the mission. But if those investments weren't there, that's how much would have had to be cut out of the programs over the last 14 years.

MR. STATON: Okay. We've got membership dues as we go through. This is a lot of information on this chart but I wanted to kind of touch on something. If you start back in 2005, we were slightly over \$4 million in membership dues. Okay?

Just slightly over that \$4 million. And then 2005, '06, and '07, it kind of stayed in that area, into '08. And then you can see 2009, '10, '11, and '12, it started going down. Okay? That's when all the discussion started about increasing membership dues. I mean, and we just showed you the previous slide how we've had losses go through. Now we're showing 2010. But what happens between 2012 and '13? That's the membership dues increase. Okay? So that had a pronounced effect on your overall financial statement. You went from down less than \$4 million up to over \$5 million, got up almost to \$6 million in the 2014 time frame. And then the concern that we have when we talk about management, we talked to the Audit Committee all about this, is if you look at every year after that, 2014, '15, '16, all the way into '18, that has continued to decline. So that's the reason again we look at the investment income so heavily and I think something that obviously this organization has to address is that decline in membership numbers and in overall dollars.

This is a fun slide. Go ahead, Chris.

(Laughter.)

MR. MENNEL: We don't want to harp on the point too much. But we like graphs. The red bars represent the net losses from operation or a small profit in a few of the years without investment income. The green bars represent when you add in investment income. So you can see how much it magnifies the return. 2008 was obviously a large negative year. You took a big hit. But in total, it carried you. So it's a --

MR. STATON: Yeah. I mean, it goes back to what we summarized before. If you, almost every red bar is below the line and the green bars are what it takes to get it positive.

Functional expenses. I don't know how many people follow functional expenses within your independent organizations. But functional expenses in our world are very, very key. In the not for profit world they are very, very key. As you go through here functional expenses are broken out into three areas: programs, management in general, and fundraising. They are key because those are the outside indicators that people watch. When you go to people like Guide Star and the organizations that follow and kind of report on not for profits and how they are doing, this is an area that they focus on very, very heavily. They want to make sure that you are spending your money the way you should be spending it. That's what it's really all about.

As you go through here, program expenses, that's what you're here for. This is your mission. These are mission dollars, things that, you know, further the programs that you're trying to accomplish. You know, all the scholarships, all the functions, all the support that you give for military families and veterans as you go through here.

The benchmark, and these are benchmarks. This is if you look at public information. The benchmark is somewhere between 65 and 75 percent of your dollars should go toward programs. This, in the current year you are at 77 percent. I will tell you in some years you are actually higher than that. But as Chris mentioned before -- yes, ma'am?

VOICE: (Indiscernible).

MR. MENNEL: Sorry.

MR. STATON: Chris, can you get out of her way?

(Laughter.)

VOICE: Thank you.

MR. STATON: You are much nicer than they are around the office. I would have just told him to get his rear end out of the way.

(Laughter.)

MR. STATON: Yeah. He's a lot younger than I am and a lot thinner than I am. So -- but so program services are key. But you don't want to have all your money into programs and I'll tell you why as we go through here. Management in general and management and administration, the people in this room and the people that are here in the office as we go through here, your job is to safeguard those assets that we've talked about earlier. Somebody has to do that. So management in general is very key to that overall process. So you've got to have management in place and you don't want to have too little management because you have a lot of assets. And you have \$42 million of assets when you go through here. So about ten to 15 percent, you were at 14. Fundraising, you should always have fundraising expenses. People like to give to organizations that try to help themselves. So I would say, that's what I would say about that area. And you're about nine percent, five to ten, so you're in range here. The important part is you're in range.

The purpose of the external financial statements. It's very key that you have those external financial statements. You have a lot of money invested in here. You have a lot of people giving you money. So you want to make sure that those resources are audited and you want to make sure that that information is presented and presented in a way that makes sense to the outside public.

External users, current potential donors, people in this room, outside organizations, state agencies, federal taxing authorities, 990s, are very, very key, very key to this organization, because those get watched, criticized, and overall looked at.

MR. MENNEL: And your 990, you don't have to go publish it. It's out there. So that's a public document. Other people can find it and they can see what your, you know, functional expenses are in the 990. In addition, watchdog organizations, that one gets tossed out a lot and I think a lot of people feel like they are not going to get looked at. Like who would want to, you know, criticize them or write an article about them. We have clients with a lot less exposure than American Legion Auxiliary that have had articles written about them and criticizing their expenditures. And it's not true. A lot of times they are criticizing things that if they knew all the facts it would be written in the first place. But that doesn't matter. The article is out there for people to see.

MR. STATON: Foundation, Chris?

MR. MENNEL: Yep. We talked a lot about this. But I think some of these numbers drive it home. In 2008 the Foundation had \$22,000 of net assets. Five years

later, it was \$484,000. Another five years later, it's \$1.6 million. You can see that trajectory.

(Applause.)

MR. MENNEL: Every year --

MR. STATON: That's to Mike's point. You get to \$5 million, those numbers start doubling again and again. And the next thing you know, you have something, something really special.

MR. MENNEL: And you didn't get there just because you created a Foundation and people wanted to give. It's really the structure of it that has led it there. You've got the direct mail campaigns. You have programs that came over from the Auxiliary that are created. It was not started as a passive Foundation that would raise money and then eventually it would do something. It really started taking action from the start. It's making annual distributions to the Auxiliary. You know, it's running programs. So all of that helps increase those numbers.

Now some key indicators. We looked at kind of the financial statements overall and tried to think of what are things to look at and watch. We've already mentioned tracking the functional expenses. That's something you can do in your own departments and in your own financial statements, just evaluate how that mission is being accomplished. But we looked at it as two overall goals. One is to retain and grow membership, the other is to accomplish the mission. So if those two things can be done, I think everything else kind of falls into place. And I know there's a thousand objectives to get to those two goals. But in terms of membership, the average loss in recent years is 20,000 members a year. That's a big number. 12,000 of those are members that pass away and aren't replaced with younger members. So even if the hole was plugged on members that might leave, there's still a large number that are passing away that new members have to be attracted.

The mission, 1.7 veterans were served out of 19.6 million in the country. American Legion Auxiliary touched one out of every 11 veterans. I think that's pretty amazing. To get to that much of a reach and a scope, it gets to Mike's point of how much of an impact your organization has and that's something that can also be tracked locally in a state or a unit and how many veterans are out there and how many are being tracked to evaluate it over time and see are you average, are you above, below, and increasing or decreasing? I think that would be helpful.

MR. STATON: Fiduciary responsibility is our last segment as we go through here. Internal controls, we look at internal controls extremely closely. The cameras are starting to go off. Nobody took pictures when I talked about the financial numbers. But fiduciary responsibility. The first part of our audit is looking at internal controls. Internal controls are important from the standpoint of safeguarding the assets of the company but also making sure that your monthly financial statement, your quarterly financial statements are accurate. The things that Sara talked about on her first quarter. I mean, those don't come about because you have loose controls. They come about because people have actually looked at things and make sure they are doing their checks and balances.

Some of the things we mentioned here, segregation of duties. Critical, critical, critical. We look at, you know, cash receipts, cash disbursements, and payroll. We make sure that no one person has the ability to do any of those transactions from start to finish. Now I'll get out of people's way here. Nobody can do those things from start to finish as you go through that process. And it's not just to protect the overall entity, it's to protect the people in this room, too, and your internal organizations. You need to make sure that you have strong internal controls so that nobody can come across the table and say, hey where did that, you know, did that \$20,000 go to? And say, well, you're the only one that had control over it. It must be your fault. You want to have somebody else looking at these things for you so that they can say, no, we had a group effort here. We did the best we could. And here's where we're at in that process.

Mike Alerding always recommends the Secretary and Treasurer should never be the same person. You shouldn't have somebody that's in charge of the overall process here be the same guy that has the overall money responsibilities. It's got to be different.

Independent reconciliation of bank accounts. That is key. Cash is key. You know, people don't steal things, they steal cash. Okay? So as you go through here, make sure that if you're the one that's doing all the original entry process, you're writing the checks, you're doing that thing, that you are not the one responsible for making sure the bank reconciliation is done and reviewed and all go through that process. Make sure that somebody is overseeing that and there's a difference between who does the actual work in it versus the person who is approving the bank reconciliation.

Independent review of expenses and report. I always tell people if you've got a credit card in your organization, have somebody else approve your expenses every single month. If you've got a credit card, you are at the biggest risk for being the one that they point the finger at for fraud. I mean, it's so easy. I can tell you a million stories about people that have stolen money through credit cards. You know, I only got a \$500 credit. Well you pay off the \$500 and the next thing you know tomorrow you've got another \$500 credit, and the next thing you know the numbers start to get big.

Deposits made independent of recording receipts. If you are the ones getting all the money in and you're recording all the receipts, have somebody else take it to the bank. You know, have somebody else, you know, copy the information and make sure they understand what's going on.

Automated bookkeeping system. There's a million systems out there. QuickBooks is \$300. Get it. It forces you to at least get the debits and credits right. It won't let you do anything until you do.

Budgetary controls. Make sure that you do a budget at the beginning of the year and make sure that your board or your organization approves the budget. You know, if the year, looking at it, you're supposed to have \$20,000 of expenses in this category, the best control you can have in a small organization is budgetary. You don't have enough people to do all the things you want to do from an internal control

standpoint. But you can say, okay, this month I projected I was going to do \$5,000 in this category. What did I do? If it's \$10,000, go investigate it. Find out what's going on. If you don't have that budget, you don't know whether \$10,000 is the right number or not. You know? And nobody does until you get to the end of the year and it's too late.

One of the things that we look at from the purchasing, you should always have (indiscernible) and D&O insurance. Those are just to protect you, again, as you go through that process.

And if you have excess cash, God bless you because that's a great thing to have, but make sure you invest it. And maybe not and put it in the bank in November and December of last year.

(Laughter.)

MR. MENNEL: And the last area we'll touch on, just an update on governance. Governance, transparency, and accountability, mission creep, those all remain hot topics and very important. The IRS seems to have backed off somewhat on auditing nonprofits. But don't be fooled by that. A lot of it has to do with technology. All those questions that get answered on the 990, all those numbers that get turned in, those are all looked at 100 different ways by the IRS and by computers. And they can track things like mission creep and they can see when focus starts to drift and drift away from the mission. If, you know, an organization says they are going to do X, Y, and Z, and they do X, Y, Z, A, and B, then that starts to pop out when you are listing out your programs and you're listing out your accomplishments, all of which has to be in there. So that remains an important area and I think it's going to continue because we see a lot of nonprofits merging. We see a lot of gray area between, you know, what they are doing. And all that can lead to that sort of mission creep.

I mentioned governance is important. Who is in the governing body, what are their roles and responsibilities, are they carrying them out the way they are supposed to.

And then lastly the continuity of the NEC membership really helps with all these things. It helps with transparency. It helps with the governance structure. It helps avoid mission creep. So that has really been I think a benefit to the organization overall.

MR. STATON: Okay. That's all we have. We'll be glad to answer questions. You've got three of us up here. Surely we can come up with an answer for one of the questions, if you go through.

(Laughter.)

VOICE: (Indiscernible).

VOICE: Good morning. Thank you. This morning, Mr. Alerding referred to the American Legion Auxiliary -- I know I'm getting old. I want to make sure I heard him right, 501(c)(9). I thought we were 501(c)(19). And I'm asking for clarification.

MR. STATON: It is. It is.

VOICE: Because when I go home and say, well Mike said --

(Laughter.)

VOICE: Thanks for that.

MR. ALERDING: (Indiscernible).

VOICE: Thank you for that clarification.

MR. STATON: Yeah. You're (c)(19) Membership and the Foundation is (c)(3). So and that's why the Foundation is set up so people can make contributions to a (c)(3). They can't to a (c)(19). So that's why that's set up. But great question. Great question. Anybody else? Thank you very much. We love being part of this organization. Thank you.

(Applause.)

MS. BROOKS GREENWELL: We certainly would like to thank Chris and Mike for their informative and helpful presentation. And Mike, on behalf of the organization we wish you all the best in your new role.

(Applause.)

MR. ALERDING: You don't know it, but these guys will tell you, I'll miss you a whole lot more than you'll miss me.

(Laughter.)

MR. ALERDING: I mean that, too. My wife always used to say, now wait a minute? You're going to Washington with how many women? And you?

(Laughter.)

MR. ALERDING: And she always wanted to go, and I said no. You're not going.

(Laughter.)

(Applause.)

MS. BROOKS GREENWELL: Madam National President, this concludes the report of the National Audit Committee.

Madam President, the Audit Committee has approved the FY 2018 Audit for both the American Legion Auxiliary National Headquarters and the ALA Foundation. And on behalf of the Audit Committee, I move acceptance of the external auditor's report as presented.

PRESIDENT DUNGAN: It has been moved to accept the external auditor's FY 2018 audit report. No second is required because this comes from a committee. Is there any discussion?

All those in favor of accepting the external auditor's FY 2018 audit report as presented, say aye.

VOICES: Aye.

PRESIDENT DUNGAN: Opposed no.

Motion carried.

Thank you, Jeri, so much for your report, and thank you to the Audit Committee for all your hard work.

(Applause.)

PRESIDENT DUNGAN: We were going to wish Mike his goodbyes, but I believe he's gone. So.

We're running a little ahead of schedule so let's take a 15-minute break and be back here at 11:15. Sound good? Okay.

(Short recess.)

PRESIDENT DUNGAN: It has been asked if we can get a copy of that PowerPoint from the auditors and that is being arranged. So we will get a copy and make it available to you. It will probably go through Events, and then they will get it out to you.

I would like to now give my report as National President. I am officially at my halfway point so far and I've loved every minute of being your National President. People keep asking me if I'm tired, and honestly, I keep saying no. Of course, all the airports, flights, living out of suitcases and being away from my family is hard. But being able to travel the United States, meeting the awesome Auxiliary members, and those members working the mission, and I witness it, has been such a privilege that I actually feel energized, not tired. I wake up every morning to a new adventure, to meet new people, new exciting Auxiliary members, and to see the awesome work that you're doing.

Already in the first half of my term I've had the privilege of visiting 25 departments.

(Applause.)

PRESIDENT DUNGAN: And I've made so many wonderful friends and I see all these people out here smiling that I've met and, I mean, they are just my close, best friends now and I love all of you. It's memories that I will remember the rest of my life. Thank y'all.

(Applause.)

PRESIDENT DUNGAN: I've visited several facilities dedicated specifically to women veterans and multiple U.S. VETS facilities, including a personal meeting with Steve Peck, the President of U.S. VETS. I'm sure all of you remember the resolution we passed in Minnesota to support the U.S. VETS project called Women Vets on Point. I have great news to report. I just received an update from the project team and so far Women Vets on Point has completed 20 mental health referrals, made contacts with 230 women veterans through their website, external referrals, and walk-ins off the street, and received over 11,000 hits on their website. Now this is a pilot program that's still gathering data so they are off to a great start.

Most recently Women Vets on Point issued seven community partner grants to increase their connectivity with other agencies that specifically support women veterans. Supporting Women Vets on Point and watching them grow and support women veterans has been so rewarding. Thank you again for passing the resolution to support this great project.

In addition to department travels and watching Women Vets on Point continue to grow, the first half of my term has also included six successful mission trainings. In total we had 522 participants, which is definite growth over last year's numbers. Our presenters covered topics ranging from the Auxiliary's Foundation, membership, mission outreach programs, and public relations. And so far the

evaluation reports have all been positive with the welcome addition of participant suggestions. Imagine that.

(Laughter.)

PRESIDENT DUNGAN: Members of our leadership team have also been hard at work running our department revival operation. If you'll recall, last year at the DLNC when I announced the opportunity for departments to receive assistance in reviving their departments, several departments expressed an interest. So far we've coached two departments via conference calls and provided them coaching and policy templates. In addition we were able to supply these departments with workshop curriculum that they could each customize for their individual needs. In January our revival team was unable to make a department visit, so our National Leadership Chairman Trish Ward stepped up and presented workshops on DEC 101 and conflict resolution. Her presentation was so well received by that department that their American Legion department has invited her to come back and present to their members.

(Applause.)

PRESIDENT DUNGAN: Awesome job, Trish. Thank you so much.

As I said earlier, I'm only halfway through this year and I've already visited from amazing departments, witnessed our grassroots members working the mission. I've had the honor of standing alongside the American Legion National Commander Brett Reistad and the Sons of the American Legion National Commander Doc Gibbs during the Pearl Harbor ceremonies, the striking of the first Legion coin at the U.S. Mint, and of course on the 100th Anniversary Rose Bowl float in Pasadena. That was awesome.

(Cheering.)

(Applause.)

PRESIDENT DUNGAN: Yes. As I prepare for the second half of my term, I'm looking forward to more amazing department visits, the American Legion trip to Europe for the D-Day events, and continued dedication to focus on women veterans and the specific challenges they face, especially that of homelessness. I'm very appreciative of all the hospitality I've received during my department visits and look forward to all the adventures that await me in the next six months. And let me say, you all have put me on a pedestal. I have been fed -- you just would not believe. Forget the diet. I mean, I just eat, eat, eat. And thank you all so much. And really, I love to see the awesome that you're doing. And that's just really being down there with the membership, the grassroots members, seeing that work. It all starts on that grassroots level. You're the one that do the mission and I can't say enough. Thank you, thank you, thank you.

(Applause.)

PRESIDENT DUNGAN: I want to thank the National Headquarters staff for getting us into this beautiful new building, our new home, and for helping me serve our heroes every single day of my presidency. I almost said something, didn't I?

(Laughter.)

PRESIDENT DUNGAN: Good gosh. Oh. Can I have the, can I have the Headquarters staff please stand and let us give you a round of applause.

(Applause.)

PRESIDENT DUNGAN: Look around the room, those in the back. They are an awesome staff. Thank you so much.

And finally I would like to give a huge thank you to Linda Boone. As you know, she -- I don't know how to put this. Some people think that you just happen by chance to be in the right place at the right time for something to happen. I truly believe that God puts somebody in your path. God put Linda Boone in my path. She has helped me tremendously to fill in the gap here at the National Headquarters. Her leadership is 110 percent. I cannot say thank you enough, Linda, for what you have done. Not only has she helped this Headquarters into a new move, a few hirings, straightening up some financial matters. But she has been my friend, my advisor, and confidante. Because I have to admit I was struggling when I first tried to make my plans for this year and I wouldn't have considered -- and I've talked to her about this. I wouldn't have considered her my good friend. She was an acquaintance. I knew she was Past National President. I knew of her. As a matter of fact, I was a little bit intimidated of her.

(Laughter.)

PRESIDENT DUNGAN: But -- yeah, she scared me.

(Laughter.)

PRESIDENT DUNGAN: But God put her in my path and we have just become the best of friends. And I honestly could not be where I am today. And I don't think the organization would be where it is today without your leadership. Thank you so much.

(Applause.)

PRESIDENT DUNGAN: And of course, there's Ms. Prissy over there, Tamara.

(Laughter.)

PRESIDENT DUNGAN: I love her to death. She is awesome. She's the one that takes care of me, gets me where I need to be, takes care of all my speeches, takes care of making sure I'm in the right place, saying the right thing. And I cannot thank you enough for what you do. You are wonderful. You are wonderful. Thank you.

(Applause.)

PRESIDENT DUNGAN: All right. I guess I've said enough. So now I would like to call -- and thank you all. Thank you so much. The Chair calls on the National Secretary Linda Boone for her National Headquarters report.

MS. BOONE: Okay. So after that interesting National Convention, I flew home to where I live in Florida on Friday morning. I got home about 1:00 in the morning on Friday morning and I, after Convention, and I left the next morning about 6:00 a.m. to drive to Indianapolis with a car full of whatever I could get in there, to think that I might need for two or three months.

(Laughter.)

MS. BOONE: I've to have my husband go through the closet and tell me over the phone what he's looking at. And I say, yeah, put that in the box. Mail it to me. Those kinds of things.

Anyway, so just I'm going to go through and tell you some of the things that have gone on since I came to National Headquarters. But first, you know, today I'm not wearing my neck collar because yesterday I got, the doctors gave me permission to start not wearing it as much. So I'm trying to make it through a few hours without the neck brace. And so everybody was saying, well what happened? On December 22, which is ten weeks ago today, I was at my -- one of my nieces lives about an hour north of here. So whenever I'm in Indianapolis I always try to go to her house because she has grand-babies, which are my great-great-nephews. And so anyway, I went to her house and we had had Christmas and stuff. And so we were coming back home to her house and I was coming in her back door and behind me was my pregnant great niece. And so I stepped back to open the door more and I fell down the basement steps into the abyss. And the doctors, one of the things, do you remember the fall? Did you black out? And I go, oh God, no, I remember every damn minute or second of it. But what happened is I broke my C-2 vertebrae and I had a big gash on the back of my head that required ten staples and then I had really colorful bruises up and down my right side and things. So anyway, I ended up in a trauma center in Indianapolis for a few days and down the street.

So I'm really lucky and I feel really fortunate that C-2 when you google it, it's like oh my God. You know? And like Angie here, she sent me an email, she says, you could have been playing a harp by now. You know?

But so anyway, I feel really lucky and I only missed two days of work. So.

This has been, has been a dramatic change in my lifestyle because, you know, I'm used to taking naps in the afternoon and they won't let me do that here. Although sometimes I do try. But the, some of the things, the biggest thing that happened, I guess, when I got here, you know, the biggest priority was the move. And I really didn't think that I was going to have to be so involved in the move because we had somebody that was a project manager. Well that turned out that that person really didn't want to do that job and when I started asking questions, we didn't have a project plan. We didn't have a timeline. We didn't have a budget for the move. And I found out over time that the staff really hadn't been involved in the planning. So we had to regroup and figure out, we didn't know our critical path. What was the timeline? What are the critical path items that needed to happen? So there was a lot of panic and trying to get things on track and finding out from vendors and doing all these things.

So one of the things that has troubled me about this move -- I'm not sorry we bought the building. I was one of the people that thought it was a good idea to have as an asset. But the process bothered me. And so I want to take this opportunity to talk about the process that we moved and maybe how we should have used a different process.

On the building, the decision to buy the building was done by the Executive Committee to the National Executive Committee. They had the authority to do that

and they made that decision, and then the NEC ended up ratifying it. But I am troubled that we got so little information about the cost and that we made a decision. And I'm part of that. I've been part of this NEC since 1991. And I should have asked more questions and we should have had more information. I guess we were assuming that those things all happened.

There was no building inspection done so we didn't know that there were going to be some of the items that came up during the construction phase that were going to cost us extra money. A lot of things were never taken into consideration. We didn't set aside a pot of money. We didn't say, gee, this is our move in money pot. You didn't not authorize any move in money pot. You authorized the purchase of the building.

So we ended up, the Finance Committee gave some authorization for some amounts but it wasn't transparent enough for my ideal when we're making such a huge decision.

The other thing is a decision like this shouldn't be done over email. You know? You were given some information and there were some phone calls that were, conference calls that were allowed. But there was some incomplete information given from, in my opinion. So I would like us to think about our fiduciary responsibility better. About when we are pressed with this, you are the board of directors. You need to push back. Even though it's uncomfortable. You need to ask those silly questions or that may turn out to be a big question or important question. And we need to trust but we need to verify.

I would have liked to have seen a real breakdown of what this building was going to cost us compared to renting and moving and long term. There were statements made in the phone call and in the emails that we got that were not, to me, didn't tell enough. So I'm just saying you need to ask questions. You need to ask more questions.

I'll just -- you heard the auditors talk about the \$800,000 and that's, I mean, it's like hooah. I have spent \$800,000 to get us in this building, get the construction done, and to buy all the furniture, the cubicles, get it decorated as, you know, we had to pay decorators. We had to have new phone system. We have a new security system. The LED lights in this building cost \$37,000. We did get a \$9,000 rebate. So that's a good thing. But there's a lot of things that I felt like we should have known more. We should have done a better job of asking more details and there should have been a plan. And we didn't have that.

So when we didn't have a plan, we were changing things at the last moment so that would cost us more money. The layout was done by two people that didn't talk to the rest of the staff and so when we started involving the staff, they go, no, that's not going to work for my department. We need to do this, and this, and this. So it was just those kinds of things that became really frustrating because I'm a planner and I like things to be planned out and you, you know, you look at all the pluses and the minuses.

I think we have a beautiful building. I think it looks nice. And the result of spending that \$800,000 is that we're going to take us longer to get our return on

investment back. So it's not like it was a dumb thing to do or that we spent badly. But coming up, what we've done, just in this last week I've been able to, we were told also that this building, that a lot of the big ticket items had been done by the previous owners four years ago. Well that wasn't quite true or accurate. I mean, some of the things were done. But we now have a list of those things, those big ticket items over the years that you have to do, like roofs and HVAC and, you know, all the things that go on in a building, and the outside of the building, the exterior of the building, the landscaping, the parking lot. We have 98 parking places. To redo the parking lot costs \$50,000, okay? So we've chosen a smaller option between now and August to repair part of it that has some damage, water damage and stuff. And to seal it so that it will look nice for when everybody comes for Convention. And that smaller option is only \$27,000.

So we're looking at all these items. We now have a list of those major items. We have a list of when they were placed in the building or replaced. We have some cost estimates and some inflation rates and the length of life that they will last. So we have some idea and we've just got some new numbers because we made decisions about, like the windows. There's 100 windows in this building. I think it was 24 were replaced on the first floor two or three years ago. Now we have 14 that have to be replaced on this floor, and that's like another \$27,000. Because they need to be replaced. There's leakage and things like that.

So anyway, what we're trying to look at is how much money do we have to put in reserve, like the auditors talked about, to make sure that we can afford to replace a boiler or a piece of, you know, the asphalt, or whatever. And right now that number looks to be around \$60,000 a year that we're going to have to place in a building reserve and that we will have to do every year so that we have the money when the event happens. And if we're lucky, things will last longer and whatever. But we have, we're going to have a plan. That's part of this new planning process.

So just you are the Board of Directors of this organization. You have the right to ask questions. You have the right to challenge information. You know, we were supposed to have a building inspection. That was part of the purchasing agreement but it never happened. So when we started constructing, things showed up that we didn't anticipate because we didn't have a building inspection. You know, it's just things like that that just seemed unorganized to me. And so when we ask you for big decisions, make sure I can prove it to you and that I give you the numbers and I give you all the information. That's my job. And whoever sits in this job, that's their job. So please, take this fiduciary responsibility you have very, very seriously.

I have to look in the mirror, too, and say I participated in this. Because I've been a member of this NEC and I did not ask enough questions. So I'm annoyed with myself. So that, we'll move on because we have a beautiful building. And I think that you can have lots of pride in this building and just to give you some information. Mike Butt, who is the Director of Communications and Development, he had a great idea to around the rotunda, around the ceiling where the blue is between the two levels, to do a pictorial of our 100 years. So we're going to wrap that, like they do cars and stuff. And his department now is collecting photographs

and picking to depict our 100 years around that. So we'll have that by Convention and so that's going to be real spectacular. So that's really great, and it's really inexpensive. I think it's \$3,000 I think, Mike, or something. Yeah. Yeah. So I think it's great.

(Applause.)

MS. BOONE: So the other thing that we're doing is the decorators are going to provide us with a list of items that would enhance what they did. Things that we, you know, that we need to maybe buy, like they want a coffee table down in the lobby area, and a little rug there to match the other new big run that Mary and Sharon gave us. And so we're going to develop this list. And so if departments want to honor somebody or if you want to donate something, we'll have a list that you can do that to help us enhance the building. So we'll be, I don't know when we'll be doing that. That's Tamara's job to get that done.

(Laughter.)

MS. BOONE: Okay. So let's talk about, I skipped over the National Secretary search because that's another thing that I'm sure you're real interested in, and what the heck is going on? Why are you still here? Yeah, my husband asked me that, too. He said, he asked me the other night, he wanted to book a cruise, and he says, are you going to be home in September? I said, I don't know.

But we did the first search and we had 13 applicants and we narrowed those down to interview four. We had, we sent out questionnaires and then they sent them back, and we used the resumes and the questionnaires to determine which ones were, you know, the most likely candidates. And so we picked four. One pulled out after the interview was scheduled, so we interviewed three people. Highly, highly credentialed people but the fact was none of them really met our needs of what we had. And it's about complexity of an organization and the bigness of our organization, and how long it would take them to integrate themselves into learning about our organizations, because it is to -- I mean, think about it. When you try to learn this organization, it takes a while. So we did not make offers to any of those people.

So now I've received permission from the Finance Committee to engage a recruiting firm, head hunters, that go after people that don't necessarily fill out applications or, you know, job applications. They may be okay but they may be, you know, somebody I know, somebody that might be interested type thing. So our new HR Director Teresa Pohlman and I are, we've had one interview with one search firm and we're going to talk to a couple more before we select a search firm. Once -- and they are very expensive. They charge one-third, on average, one-third of the person's yearly salary, plus some expenses. So when we, and when we engage someone they say it takes an average of ten to 12 weeks to find a placement. So this is, so we won't be doing this probably until April. So that's April, May, June, so about three months after we engage somebody. And then, you know, so that's sort of the deal. Yeah, yeah. Kathy goes, well, just stay until the end of, you know, Convention.

So anyway, that's, we'll try to keep you up to date when we get down the road. And if you ever have a question, I mean, don't hesitate to email me if you have a question about that.

Okay. So another thing that came up after -- the first week I was here, actually, in interviewed candidates for the HR position, Director position, and made an offer to Teresa and she came October 1st. And through all this transition, we discovered that there really haven't been any, there hasn't really been a compensation practice or procedure in place here at National Headquarters for the staff. Staff had not had performance reviews since like 2015, 2014. There was inconsistent assignments to job descriptions. And you could have three people with the same job description but be in three different pay grades. Bonuses were given out with no really specific criteria in lieu of pay raises sometimes. So there was some inconsistency and the managers of people really weren't involved in their performance evaluations or things. That was all done by one person. So Teresa and I met with all of the Directors and we went over everybody's pay history and performance history and things here. And so we made a lot of adjustments.

In December, we gave, there had been, there were several people that were incredibly underpaid for their positions. And so we systematically looked at everybody's responsibilities and everything and so we gave a healthy amount of pay increases in December.

I also, we still lack a real defined procedure because we have, we had that special committee that Peggy Thomas was in charge of for last summer that reported at Convention about the pay grades. And the new pay grade was adopted but there's nothing to define a pay grade. If you're at 50 percent, or half, midway, what does that mean? Are you doing half the job? Are you doing all the job? You know. So there's no definition inside those pay grades. So we need to do that and have you get that.

We also, there's job descriptions for pretty much everybody but there's no performance plan that says you need to do this. And we're trying to tie that, you'll hear about the strategic planning process later, but we're going to be having a new strategic planning process and plan next year. So we're going to, how are we going to tie everybody that works here? How are we going to tie their performance to that strategic plan goals? And so we're, we're doing some of that and drafting but we're not done with that process yet to define this really well. But we're trying to communicate better with the employees.

Now what's happened is if a, the policy I made is that if a COLA is approved in the annual budget then that will take place in October, which is the first, you know, month of the new fiscal year. That would, everybody would get that in October. And then everybody is to receive a written performance evaluation by their supervisor/manager/director around their anniversary date each year so that we have a process in place. So the tying it to all the how much money do you get for how much do you, we're not quite there yet. But I'm confident we'll get that.

So that's one of the other things that has been a challenge, too. Like, oh my God, I don't want to design another system. But we had to do that.

And the other thing that we've really tried to focus on is the divisions were working sort of separately. They worked together but not all the time. They weren't having staff meetings. So we started right away with having staff meetings once a week to talk about what's going on in each division and to try to figure out how we can help each other and if you've got work loads or things that are going on. So that's been really helpful and I think everybody is real pleased to be able to have more information and about what's going on.

The other thing we're going to try to establish is an all staff meeting like once a month to go over performance. How are we doing financially? How are we doing with other things? So that the staff will feel connected to the mission of the organization more in terms of how we impact it more. So we're trying to get all that.

Okay. So another thing that was a challenge when we came is our relationship with the American Legion. Kathy and I were sort of surprised that there were some problems and trying to figure out what was going on and everything. But what it really, what it really boiled down to is the main issue was that we had pulled out of the Washington Conference without discussing it with them. So Kathy made a decision that we would try to address some of these things. So she authorized additional people to go to Washington this year, particularly from the Past National Presidents, to be a presence and to walk the Hill and participate in the legislative activities. And then we developed a proposal for next year's budget that would include every legislative chairman from the departments be called into Washington, D.C. to work the Hill with the American Legion.

We are not going to have a separate conference. They have graciously invited us to participate in their commission meetings. We can go into their meetings, sit in, be part of it, and work together on those, you know, so we don't have to set up our own conference. Which will save us lots of money. And but it's still going to cost us, we figured about \$100,000 that we would have to put in the budget for that, I think that's what it was. Yeah. And so that made the American Legion leadership really pleased that we were willing to revisit this. And remember, you voted not to have a Washington Conference because of the cost. So you will have a chance to restate that, if you would like to have one, at a significantly reduced cost and to build our relationship with the American Legion. So at the Post-Convention NEC, when the budget is presented.

The other thing that they asked us to do was to try to, they don't know who to come to talk to. They would, and they have a structure. They have an advisory committee and then they have, you know, some leadership inside that advisory committee. And they wanted some comparable, you know, organized effort in the Auxiliary to meet with them a couple of times a year. And if they have issues, they would have somebody, they would know who to come talk to. Or if they had opportunities or things that they just wanted to, you know, just to get to know each other. So Kathy has authorized three Past National Presidents to meet with the American Legion leadership in Washington. And we'll be doing that on Monday. And that's Peggy and I, and Virginia Hobbs will be meeting with the Legion to see

what's up and how they are feeling about everything now. And I think it's going to be real positive. So I'm not worried about that.

The other thing, we, I met with Dan Wheeler, I don't know, November, I guess it was. And what we are going to do is try to establish an exchange of executive leadership of both organizations, staff leadership, to try to meet like once a quarter. So directors from the Legion and directors from the Auxiliary can get to know each other and maybe there's things you can do together and they can be a resource for us and that sort of thing. So we're hosting them here on March 12th. They are coming for lunch and we're going to talk about opportunities and just, you know, starting to get to know one another. So that's a start to help rebuild the relationship they felt was, had deteriorated. So.

Okay. So a couple of other things. You should know that we're looking at what to do with the Red Book. The Past National Presidents told me I couldn't do away with it so we're not doing away with it yet. But we're looking at alternatives. And just to let you know, it is on the website and it gets updated on the website. So that's one avenue. So just think about that and get used to looking at it on the website.

The Unit Handbook, you know, that's been a project for the last six years or something. And it always got deprioritized because the Emblem Sales would print a year's supply and then so nobody would work on it because you had other things to do here. But anyway, that, Diane Duscheck and Sharon Conatser helped do some editing and writing of the Unit Handbook. And then we are in a major rewrite of it and it's going to be called the Unit Guide. And our target date now is that it will be available to go to the printer, to go to Emblem Sales, on April 15th. And the same day it would be available on the website. You could download it on the website. So that's our target right now and we'll announce it, you know, of course. But that's the target now. Because a lot of people call, because you know, it's been out of Emblem Sales since October.

The organizational effectiveness training for the department finance chairs and treasurers happened two weeks ago. We had 79 attendees from 44 departments. And we haven't gotten the surveys back yet but we'll provide that when we do that. We'll give you some feedback on that. But overall the verbal feedback has been really positive, that it was well worth it and people really enjoyed having the financial people here and they liked the information and everything. So, and I got a thank you note from somebody that says, "with my background in finance, it really gave me insight into our organization. Brushed up on a lot. The staff was very informative." So I wanted to let you know we had staff and volunteer presenters and it worked out really good.

We have some new people and at the National Organization. In the last week we had three new staff members join us and this, or a couple of weeks ago, and then this week we have a returnee. Where is she at? She left. Where is she at? Where is she at? But anyway, so we still have a couple of critical positions we're trying to fill but in all I never really knew a lot of the staff before I came here. I mean, you

know, you see them at Convention or whatever. But I can tell you that it's phenomenal. Phenomenal.

(Applause.)

MS. BOONE: I really appreciate them every day and their passion for the mission is wonderful. So you should be very thankful for a great staff.

(Applause.)

MS. BOONE: So what kind of questions do you have that I didn't answer for you? We have just a few minutes before lunch. But is there anything that you're just dying to know that you want to embarrass me about or anything?

(Laughter.)

MS. BOONE: Okay. Well I understand that somebody might have a presentation for the National President. Did somebody want to give some checks or something? All right. Come on down and --

VOICE: So Madam President, the Department of Iowa, we still think about the parade of checks so we still do one. So there you go.

PRESIDENT DUNGAN: All right.

VOICE: For your project. Thank you.

PRESIDENT DUNGAN: Thank you. This is for my National President's special project, women veterans, the Veterans Project Fund. And from the Department of Iowa, \$200. Thank you.

(Applause.)

PRESIDENT DUNGAN: I have to admit the departments have been so generous in helping with the women veterans project.

MS. NEWSOME: Madam President? Linda Newsome, Past National President. I had inquired whether we were going to do any sort of parade of checks here. And I still didn't know if we were or whether we were going to do it at Convention or what. But the Past National Presidents are going to make a presentation to you, correct, ladies?

VOICES: Yes.

(Laughter.)

PRESIDENT DUNGAN: Thank you. Okay. Thank you.

MS. BOONE: The check's in the mail, right?

PRESIDENT DUNGAN: The check's in the mail.

(Laughter.)

PRESIDENT DUNGAN: Thank you. Okay. Thank you, Linda, for your report. It was very informative. I know it was kind of difficult with some of the information you had to share but it was information that we needed to hear. So I appreciate your research and your candor.

Let's break for lunch and I'll see you back here for the afternoon session at 1:00. We are recessed.

(Short recess.)

PRESIDENT DUNGAN: Welcome back, everyone. We will begin this afternoon, this session, with our National Chairmen reports. They will report one after the other without interruption so I ask each chairman to pay attention and be

ready to report when you are up for rotation. And I think this is a good way for all of you to get to know the National Chairmen, to put a name with the face, and so that you know how to contact them if you have questions pertaining to that program. We will begin with the National Membership Chairman Ann King-Smith. Ann?

(Applause.)

MS. KING-SMITH: Good afternoon, ladies. Great lunch, huh? Now everybody stay awake. A good lunch always makes people sleepy.

Okay. For many years we have all heard the old phrase, membership is everybody's job. Well this year that has certainly been true. With our numbers falling, everyone seems to have been answering the call to try to assist in renewing and recruiting our valued members. Although we have an amazing, and I cannot tell you the amazing committee and divisional chairmen we have, many other people have stepped up to the call. I know Secretary Linda had part of the Past National Presidents involved. And to each of you, I say thank you for your efforts and hard work and time concentrated on that.

We're going to talk about some good things and some that aren't so good. As of February 19, 2019, we have 496,027 paid American Legion Auxiliary members. I realize that this number is significantly down from this same time last year. But there is some good news. For 2019 we have 24,774 new members, and we have effective this last week 33 newly chartered units across the nation.

(Cheering.)

(Applause.)

MS. KING-SMITH: For our Veterans Day Challenge, which was an increase of two percent, the following departments received a \$250 check: Florida, District of Columbia, Rhode Island, Idaho, Alabama, North Dakota, Oklahoma, and North Carolina. And we've --

(Applause.)

MS. KING-SMITH: And we must give honorable mention to the Departments of Maryland, with a 1.81 percent increase, and Missouri with a 1.15 percent increase.

(Applause.)

MS. KING-SMITH: At our mission training meetings this year we focused more on retaining and less on recruiting in an effort to keep our existing members. Statistics prove that our organization is much better with recruiting than we are with retaining. Of course, as we have for many years we stressed being kind, but we also shared a lot of thoughts about how to make the meeting experience more meaningful for our members. Ideas were shared on how we could bring our mission into each and every one of our unit meetings. I'm happy to report that units in all divisions have worked on this effort and the ones that have given it a try are receiving great feedback from members. Many units with struggling attendance have changed their meeting times, days, and even places. Units have been inviting guest speakers and they are doing program related activities before or after their general meetings. Agendas are being altered to introduce more information in a fun kind of way in hopes of more members participation.

And some more success things that's happening before I go any further, we currently have nine departments that are less than 100 members from this time last year. Less than 100 members. And some of them are just 16, 22, 44 away. Those departments are Alabama, Alaska, Connecticut, Montana, Nevada, New Mexico, Puerto Rico, Rhode Island, and Wyoming. So if you're from those departments, go home and work just a little bit harder.

VOICE: Yes, ma'am.

MS. KING-SMITH: And then we do have five departments that are ahead of last year: District of Columbia, Florida, Hawaii, and North and South Carolina.

(Applause.)

MS. KING-SMITH: So there are good things to report. At the beginning of the Auxiliary year units were asked to try off site recruiting as a way to gain new members. And we wanted their success stories added to the mid-year reports. I'm glad to report that we saw American Legion Auxiliary members all across our great country have been spotted at fairs, flea markets, weekly street markets, holiday and patriotic open houses, sporting events, concerts, paraders, VAMC hospitals and clinics, all in an effort to recruit new members. And those places are just a few.

Even though there have been amazing things happening with membership this year, our numbers are still lagging. From the onset of the year, I have communicated very closely, almost on a daily basis, with our divisional membership chairmen. And I have asked them when they talk to department chairmen, department secretaries, department presidents, to ask why are your numbers down? Why are people not rejoining? What are reasons that you're hearing? And although we can always accept some excuses, some of these reasons are very real for the members. So let me name a few of the things that we have actually heard. As of February, we have six new department secretaries that have been in their positions for less than three months. We have two that still have no department secretary, and two have interim department secretaries. This obviously affects the entering of data and membership and keeping them up to date, and I know I have talked to several of you here today that are having that problem.

Some membership chairmen feel they are being placed in their positions without sufficient training or detailed knowledge and they need more knowledge about how membership actually works. Now we know that at DLNC everybody is given an equal opportunity. We also know that sometimes those positions change during the year and maybe those people don't ask for help or we don't always realize the changes.

Many units still feel that any increase in goals is unattainable, considering the higher death rate of our older members. If an older member enters a nursing facility or passes away, the unit often loses more than one member because one member is paying dues for many family members who won't or don't continue to pay their dues. So that is an issue. I know if something happened to me today, we wouldn't lose one member, we would lose six. So that is something, I don't have the solution to that. But if units could track maybe a little bit more about who is paying for who, I know in Florida we have a lot of snowbirds that pay grandchildren and

children's dues that live in the north. If something happened to that person, those people wouldn't even know where to begin if they wanted to continue their membership.

And as great an effort as our national staff makes, and they do work very hard for membership. Please give them, please give them applause. They're great.

(Applause.)

MS. KING-SMITH: But as hard as they work, we're still hearing that members are not receiving their renewal notices. And it seems to have a pattern that it's coming from some departments way more than others. And as we all know, many members still consider that renewal notice from National as their official notice. And even though it has been minimal from my standpoint and long overdue the way I feel about it, the increase in dues has been something that a lot of people have named and I don't look, I look at it as something that was a long time coming and way overdue, and something that I certainly won't miss. But this information I'm giving you is how some of the members feel. And it's been too much of a challenge for many already struggling units to overcome that amount of dues. And different reasons. There's a lot of the units we're finding out that their standing rules are not in order and they are still collecting dues that they were collecting the same amount five or six years ago. And they haven't had guidance in updating those.

So I want each and every one of you here to kind of raise your right hand and give me a commitment that when you go back home today, that you're going to start working on increasing membership in your department and helping. I need your help. We all need your help. Our organization needs your help. Okay? Do I see hands here? Come on. Wave them high. Linda, come on. You're never going back to Florida so you don't have to worry --

(Laughter.)

MS. KING-SMITH: Yeah, I know. But I kind of said when you went back home so Florida is home right now, right? But please know and please remember this is a mid-year report and not a final declaration of defeat. The membership team that President Kathy has chosen are dedicated, committed, loyal, hardworking, and it's been my pleasure to work with each and every one of them. And ladies, with half the year still to go, we're not through. Thank you.

(Applause.)

MS. CORRIHER: Good afternoon. I'm Martha Corriher, your National Public Relations Chairman. And I want to let you know that public relations is well across this country. I'm happy to report that three divisions were 100 percent reporting, and two even with the hard work of those division chairmen and this National Chairman by contacting those department chairmen and the presidents, we were unable to get 100 percent for two other divisions. So it just didn't happen but we're trying to work on making sure we get some reports for the end of the year.

But from the department reports that we did receive, units and departments are really jumping on board to embrace all the different multiple social media sites that they can find or create and they are having huge successes. Units and departments have embraced the idea of creating Facebook pages in their department

and then thus not just sharing that with their members but they are able to share it with the national Facebook page to get what they are doing out nationally. And it makes them feel good because they think, now people can really see what we're doing.

But those members that don't use social media have not been forgotten. Units and departments have beefed up their snail mail or their newsletters that they mail out to their members that prefer that avenue of correspondence. And some of them have started just emailing the newsletters to those that do not want to go on Facebook or anything like that. So they are embracing that and really working it that way. Using the multiple PR tactics has made it easier for the members to see and hear and take part in all the programs.

The units and departments are really having a lot of fun with the Facebook pages and they have embraced the Facebook Live. I know that for a couple of years we, I was, you know, kind of fought on that, no, you don't want to do that, don't do that yet. Well I bit the bullet and started it this year. And I believe everybody else is enjoying it because people feel like they are with you at your activity so it really works out well and they can actually see and get this event motivated and moving.

The common denominator across all the departments reflecting is the branding. They are understanding that there is more than one auxiliary around the country. It's not just auxiliary. We're the American Legion Auxiliary. So they have embraced that and they are now saying we are with the American Legion Auxiliary. Because a lot of people say, oh, well you're with the VFW Auxiliary? No. We're American Legion Auxiliary. So we need to embrace that and let them know American Legion Auxiliary.

Another great focus that they are having this year in PR is embracing Madam President Kathy's focus on Women in Service, especially the homeless veterans. All the departments reported that they are working to make a difference in these female veterans' lives. Units and departments are holding information fairs just for these female veterans and the homeless veterans, holding receptions, and inviting the VA personnel to come in and highlight and give them extra information just for the females so that they don't feel like they are being slighted, or if they go they want to make sure they have a female representative from the VA there to help them so they feel more supported. So with that being said, we can contact and get more information out to our female American heroes so they can prosper and move toward the lifestyle that they deserve.

So a lot of people think, you know, maybe it's hard to measure the success of PR. I don't think so. Because the success of PR is more than just the written word. It's whenever we hear American Legion Auxiliary is having an event to raise awareness for female veterans, just the verbal, that's PR. When we wear our emblems and we're out in the community doing something, that is PR whether we say anything, whether we hand them anything. But the more information that we can do with our branding, with handouts, with our energy, it's going to make that a better PR time. Every time an article or event is written regardless of the program, that is PR. That is what we have to remember. So it's not hard. You know, people say, well

we really don't do anything in PR. No. If you're doing an activity and somebody in the community sees it, that is PR.

So as the saying goes, practice makes perfect. So let's keep practicing and make the American Legion Auxiliary the perfect organization that everyone wants to be part of.

(Applause.)

MS. CHAPLIN: Good afternoon. I'm Lisa Chaplin and you're going to hear a little bit about Legislative right now. Just a little bit.

So based on the objectives of the 2017-2018 Programs Action Plan, the committee has opted to highlight some of the following activities through monthly newsletters to departments, eBulletins, and postings to the ALA Legislative Facebook Group so that members are empowered to take action on the American Legion's legislative priorities. We try to provide through those avenues easy to follow directions to allow everybody to access the resources that are available through the ALA website, including the Programs Action Plan and the ALA Legislative Advocacy Guide, which is full of tips and tools and templates and numbers and websites. And also the American Legion Legislative Center, where you can subscribe to legislative alerts, the e-newsletter -- what else do we have there? The Point Papers, the legislative agenda. So there are a lot of resources there, including links to articles and big headlines.

I'm going to skip ahead in the interests of time. I'm going to go to the Facebook page. So if -- is anybody a member of the ALA Legislative Facebook Group page? Very nice. Very nice. Did you know that all Legion family members are eligible to join that group page? So we now have interaction with the Legion and with SAL, which has opened up the dialogue a lot. And we want as many members as possible to join the Facebook group page so that they can just watch, just read, just see what's up, or join the conversation. So that's been, that's been one of the two initiatives for this year.

We have picked up a little over 200 members since October, which is when we started something we call Tuesday Legislative Moments, which are brief little informative, hopefully informative sessions with multiple individuals, sometimes committee members. We've had our program manager. We've had members from the Legion office, Matt Shuman, Mark Walker did one, Keronica Richardson. We have had the privilege of having Congressman Takano from California, the Chairman of the House Committee on Veterans Affairs did a segment for us, which was awesome. And now through work with Headquarters we are able to share content from that page, which we previously could not do. And this is kind of new. So I've been tracking the numbers and since that has been in enabled, most posts are being shared somewhere between 15 and 40 times, depending on what they are. With one of particular interest being shared nearly 100 times in four days.

(Applause.)

MS. CHAPLIN: Well that was a link to the 116th Congress Agenda, which everybody was waiting for. But it tells me people are there looking for things and that's what we want.

A second initiative is a Survey Monkey questionnaire that has been deployed through the In the Know Bulletin, hopefully distributed from the division newsletters to departments. Well, I know it's gone to departments but hopefully it's gone from departments out in their newsletters, to draw attention to the Survey Monkey. We are looking to form an advocacy team to take, to meet quarterly via conference call of individuals who have existing relationships with their lawmakers at any level so that we have somebody that we can call when the Legion says, hey, this is a critical issue, we need to take action now. So you don't want to then find people. You will have them. And part of that advocacy team job will be to keep the American Legion Auxiliary and the American Legion family in the forefront of their lawmakers' minds as they conduct their deliberations on issues that we support with the Legion.

So all of that being said, I thank you very much for your time. And everybody join up. Get on the page.

(Applause.)

MS. KOUTZ: Madam President, I'm going to give the Children & Youth report this afternoon. I've had the opportunity to participate in the Military Child's Table Setting Ceremony that was presented at the American Legion's National Children & Youth Conference with the assistance of two very pretty young ladies who just happen to be Junior members from my department. There were several Legion family members in attendance that day and they had never seen the presentation and were very impressed. So a lot of them got their pictures taken later.

So far this Auxiliary year there have been nine Youth Hero Awards granted and 63 Good Deed Awards. And we are expecting many more before the year end. There were 51 departments who turned in mid-year reports and we learned from them that units in several departments have promoted the Star Spangled Kids Program and distributed copies of the Constitution to the kids in their communities. Josh and G.I. Josh dogs were purchased and presented and there were some donations made to the TAPS Program. I'm a Hero Too buttons and stickers were given out all over the United States.

Units distributed flag etiquette books and taught children the meaning of the 13 folds of the flag, how to fold the American flag, and how to raise and lower the flag in the proper way. Dictionaries and hygiene products, school supplies and books were all donated to schools for needy children. There were blankets made and donated for homeless female veterans and units held raffles, can drives, car washes and dinners to purchase food, toiletries, diapers, and clothing for homeless children. And there were pillow cases, personal hygiene items and clothing was collected for kids that are placed in foster care.

Four Oaks Unit 346 from the Department of North Carolina donated books to a local library titled, What is a Veteran, What Was Pearl Harbor, and I am Enough. And this is a book that teaches children to appreciate themselves.

Members educated at risk kids to help prevent child abuse and a unit in Michigan raised \$7,000 for a children's assessment center that provides care for crisis and sexual abuse situations. The Department of Illinois treated 900 kids with

\$10 gifts at a Christmas party. Local police departments held special events by fingerprinting local school children.

One unit takes their local kids fishing and they teach the older kids about safety while hunting. And I think this is such a unique idea. Money was presented to a facility that provides lodging for family members while their kids are in a children's hospital. Unit 32 from the Department of Colorado reported they support a gold star family that hosts an annual toy drive in honor of their son.

Lots of donations were made to the Toys for Tots Program this year. And some unit members in Florida volunteered at their County Stand Down by sitting in children's tents while they read, played games, and talked to all the children. Units donated sets of hats, gloves, and backpacks for the military students. And April 15th is Purple Up for Military Kids has been promoted already this year.

A Texas unit reported that eight boys and girls participated in the Annual Four Chaplains Program by reading the biographies of the chaplains and lighting candles for each. Schools joined together to place American flags on individual grave sites at National Cemeteries.

As you have heard, our unit members have once again opened their hearts and their wallets in making sure our children are well taken care of. Madam President, this concludes my mid-year report. Thank you.

(Applause.)

MS. DAUDISTEL: Good afternoon.

ALL: Good afternoon.

MS. DAUDISTEL: Madam President, I am Kathy Daudistel and I'm going to talk a little bit about the Veterans Affairs & Rehabilitation Program. It's a core program in the Auxiliary's repertoire of programs geared towards helping our veterans.

Members have embraced this program for years and are deeply motivated when it comes to assisting our veterans. Almost every state reports that members are very active at our local VA facilities and VA nursing homes. The most reported event is the Christmas gift shops. Members host fundraisers all year long, shop for items, and prepare for gift shop day. Around Christmas, they set up their stations and invite the veterans to pick out a gift or two. Some are strictly for the veterans, others are for the families. Once the gifts are picked out, the members wrap the gifts and in some cases even deliver the gifts.

A group in Utah recently received live TV coverage for their shop. A veteran was interviewed and during the interview he conveyed his deepest gratitude and appreciation for the ALA and all of their thoughtfulness.

Members who aren't located near VA facilities creatively find other ways to assist veterans. Many host or volunteer at local Stand Downs, an even that may span multiple days where the community comes together to bring homeless veterans the assistance they need. Socks, clothing, and essentials such as toiletries are handed out to all attendees. Services are also provided on site offering eye care, foot care, medical care, as well as haircuts and even dental care. Service officers and VA

personnel are often on hand to screen attendees to see if they qualify for VA benefits.

According to the U.S. Department of Housing and Urban Development, approximately 40,000 veterans are homeless on any given night. During mission training this year, we learned that women veterans are three times as likely versus their male counterparts to be homeless. Sadly, the percentage of homeless female veterans has increased by seven percent versus a one percent increase in male veterans. President Kathy recognized this early on, that it is an issue and it's not going away. She asked members to focus on women veterans and their issues. Once again, our members have rallied and are working hard to address these issues.

At VA facilities, members are providing funding for women only wings and regularly donate their time and resources. At local Stand Downs, members are setting up a female only area and providing spa like experiences as well as female specific items and even working hard to provide female doctors and therapists. Members also volunteer, raise funds, and donate goods for facilities that allow only women and children, such as the Betsy Ross House in Maine, Home of the Brave, Final Salute, and Safe Harbor, to name a few, all transitional housing for women veterans. Items such as backpacks, baby clothing, games, bus tokens, and food are donated.

Many departments report setting up specific funding to help Veterans Against Homeless. The Wisconsin Legion Family started a grant fund specifically for homeless women veterans in need. Last year 24 of the 31 applicants were approved, with over \$25,000 paid out.

New York has a Warriors Family Assistance Program which provides grants to veterans who have been honorably discharged within the last ten years and are having short term financial challenges.

Other departments reported raising funds for individual veterans in need. New Hampshire hosted two fundraisers to purchase a young dog for a veteran and they donate regularly to a place called Hero Pups.

Pennsylvania Unit 791 started the Military Share Program through a central food bank in Pennsylvania. Veterans who provide an ID are provided with food once a month. The program started with 87 veterans in April, and by December the number of veterans increased to 155.

An Indiana unit has its own version of Meals on Wheels and delivers food to veterans who can't get out on their own.

These are just a few of the creative ideas and programs that our members are working. As you can tell, there's many ways that you can contribute. President Kathy asked that when you are planning your program and events, think of the women that are out there and ways you can incorporate the plight of them. The ALA is very good at taking care of our veterans and we know it. As Utah member Carrie Fisher states, and I'm sure many of us agree, "taking care of veterans is my why. This is why I am a member of the American Legion Auxiliary." Thank you.

(Applause.)

MS. WARD: National President Kathy, the American Legion Auxiliary Leadership Committee has structured its 2018-2019 Action Plan around three core competencies related to the growth and enhancement of leadership to the greater membership. These three primary focal points have set the page for the team to deliver content in a manner to both educate and encourage competence to our members while they serve in support of each other and on behalf of the greater mission outreach.

We're focusing on helping members, one, find new leaders; two, identify existing leaders; and three, enhance knowledge to better equip these women to serve with competence and foundational skills. The Leadership Committee is determined to make the concept of leadership believable and achievable for every member, not just those who are currently serving in leadership positions. We know that leadership is as much a belief in self as it is a definition of roles and responsibilities.

The team is focused on keeping its communication fresh and relevant, providing insightful, helpful, and proven information that can be used to increase proficiency to better manage a challenging volunteer landscape and positively enhance the experience for everyone. Best practices, one on one communications, and elevating our presence as a resource to the department teams has served to increase dialogue and gain respect as both a trusted advisor and valued team member.

Part of good leadership is achieving deadlines. And although we missed the January 5th cutoff, we're proud to report 100 percent mid-year written report submissions by January 8th. Our departments have reacted favorably to our efforts and have embraced the items shared with energy and enthusiasm. Material we have provided has found its way into department leadership events and activities, bringing a fresh approach to content and renewed member activism. Two-way communication has improved and we're thrilled to have gained improved relationship just by reaching out frequently and consistently. In addition to the monthly communication efforts, the team has created a quarterly newsletter with tips, tools, activities, and suggestions from both the committee and our departments. We're all about caring, sharing, and making sure our teams are armed and loaded with the most current appropriate and important information to support good leadership and encourage a philosophy of kindness and civility.

Our departments have reported that mentoring and educating other members continues to be a focus, and that the ALA Academy is gaining momentum as the go-to resource for leadership concepts and training. Documents such as Minnesota's Back to the Basics from A to Z and Ohio's THINK: To Be Thoughtful, Helpful, Inspiring, Necessary, and Kind, serve to lay the foundation for nurturing that all important culture of goodwill.

Small but mighty Vermont, the only chairman who doesn't have email, was the first department in the Eastern Division to deliver her report by regular mail.

(Applause.)

MS. WARD: Yes, a stamp still works. Alaska is doing a great job working smarter and stronger to help guide developing officers with greater explanation of

their roles as upcoming leaders, and Florida's ABC Schools was rolled out across the state to engage members and help them with achieving their full potential. A total of 291 members attended the Florida schools of instruction and in one district they had 100 percent of their units attend.

(Applause.)

MS. WARD: These are just a few examples of the great leadership wins reported from the department teams.

As the National Leadership Committee prepares for the second half of the year, we remain focused on helping departments create harmony and goodwill through serving the mission and engaging others in a positive way. The number one New York Times bestseller *Switch: How to Change Things When Change is Hard* mentions one key item that characterizes successful change. If you want people to change, you must provide crystal clear direction. The ALA National Leadership Committee is committed to providing that crystal clear direction to ensure departments have what they need to react, respond, and lead with tolerance and grace.

(Applause.)

MS. MCGINN: Okay. Good afternoon, everybody. My name is Beth McGinn. I'm the Americanism Chairman this year. Thank you, National President Kathy, for appointing such an awesome committee this year. Thanks to them, I am happy to report that the ALA members in all departments are wholeheartedly participating in the Americanism program promoting patriotism in their communities and their local schools and partnering with other organizations within their localities to create opportunities for citizens to show their respect for our country.

Every idea recommended in the Americanism Program Action Plan was mentioned in some way or another in the mid-year reports. They describe sharing the pocket flag program which students, which were folded and presented to deployed servicemembers and presented flag folding demonstrations while explaining the meaning of the 13 folds at schools and during ceremonies at Post homes. The Let's Be Right on Flag Etiquette pamphlet was widely distributed and used as a training tool as well as other material available at ALAforveterans.org.

On patriotic holidays, members reported handing out flag coloring pages that were hung in school hallways, making flags using children's handprints. Many other units describe how they honor veterans by participating in or actually holding events on Veterans Day, by placing flags at cemeteries on Memorial Day and Flag Day, contributing to Wreaths Across America at veterans cemeteries, and hosting 9/11 remembrance ceremonies and inviting community residents to attend.

It was encouraging to read that members are making calls and sending letters and emails to their legislators to vote in support of the American Legion initiative to protect our flag. They have signed up to receive legislative alerts in the Legion website. A substantial number of members used the template found at legion.org or prepared their own message for others to use and shared their responses that they received from their legislators.

Units reported recognizing businesses and homes in their neighborhoods who fly the American flag. They used door hangers located at the ALA website. They played an eye spy game and used other methods to identify and thank them for their patriotism. Certificates were presented and dinners held to acknowledge their dedication.

Promoting and supporting the programs of the American Legion Americanism Program is also part of the ALA Americanism Program. Unit members are currently holding fundraisers, providing refreshments, and working with their posts in support of Legion baseball, oratorical contests, and junior shooting sports.

As we head into the second half of 2018-2019, the emphasis for the Americanism Program will be on the essay contest and to encourage not only students to participate but also ask senior members to submit an essay. This year's theme, how can we address and prevent veteran homelessness in our communities, was chosen based on National President Kathy's focus.

In closing, never underestimate the power of joining together for a common cause. The American Legion Family and the Department of Vermont recently posted their efforts to bring back the Pledge of Allegiance in the morning announcement at Hazen High School in Hardwick. The Pledge was eliminated by the school, can you believe that, in September 2018. Jan Tadesco, who is the ALA Eastern Division National Junior Vice President, is also a member of the ALA Green Mountain Girls State, was instrumental in petitioning the principal to reconsider his decision to eliminate the Pledge. Many supporters peacefully protested, I say peacefully protested the decision at meetings. And I'm proud to announce on February 11th, Vermont was happy to report that the Pledge of Allegiance was once again recited during the morning announcements and will continue to be recited in the future.

(Applause.)

MS. MCGINN: Thank you, Vermont, for standing up to that. Yes. In the words of Margaret Mead, "Never underestimate the power of a few committed people to change the world. It's the only thing that ever has." Thank you, Madam President. That's my report.

(Applause.)

MS. WILLIAMSON: Good afternoon. I am Lisa Williamson from the Department of Alaska, serving this year as the National Education Chairman. Thank you very much, Kathy. This is audience participation. I know it was lunch and we're a little food coma. So first of all, I would like to know something that affects every single one of you. We were 100 percent reporting at mid-year and I expect to be 100 percent reporting at year end as well.

(Applause.)

MS. WILLIAMSON: So yah, whoop whoop. So let's get to the meat of it. Give a man a fish, and you feed him for a day. Teach a man to fish, and you've fed him for a lifetime. Don't you think this epitomizes the education program for the American Legion Auxiliary. And an important step in helping people help themselves is to provide that learning opportunity.

Although a key component to our education program, it's a lot more than just giving scholarships. Let's talk on some of those. One aspect is the Give 10 to Education, where school supplies are collected and given to local schools. We also collected gift cards, BoxTops for Education, maps, dictionaries, even socks, underwear, hats, boots, and coats. Units paid overdue library fees, lunch program costs. Some concentrated on helping schools that have a larger homeless population. And of course, there were others in those areas where Mother Nature took its toll such as Puerto Rico and Florida.

Iowa Unit 272 worked with the Sheldon National Guard placing Give 10 collection boxes throughout their community to collect school supplies. With school supplies collected, a Maryland unit invited 106 community children to go shopping for needed school supplies at their Post home. Each child received a backpack and they went around and filled it up.

A unit in Minnesota has a unique approach collecting supplies. At unit meetings, members bring a designated school supply. For example, October they bring pencils, November they bring crayons, very simple, yet effective. And many units indicated that they were resupplying their schools after the Christmas break. The need is there.

I hope that those participating in the Give 10 to Education Program use the certificates of appreciation that are on our national website, like North Carolina, who presented 5,000 certificates.

VOICES: Wow.

MS. WILLIAMSON: Yes. Whatever needed, Give 10 to Education Projects allow our educators to teach. Units in nearly every department participated in American Education Week during November 12th through the 16th. What a wonderful opportunity to celebrate public education and honor all educators and support staff that make a difference in ensuring that every child gets a quality education. Goodies were provided to school staff. Many used the downloadable thank you card that's available on our Education Program page on the national website, and a unit in New Hampshire personalized nearly 100 cards.

In recognition of American Education Week, members from Nebraska Unit 100 visited third graders and showed the video For Which It Stands, about the history of the U.S. flag, its significance, and how to respect and care for it. The video was produced by and is available from the American Legion.

And ALA thanked our educators in appreciation as they teach. And who can forget Veterans in Community Schools programming. While working with teachers, several departments reported that units hosted events where veterans shared their military experience with schoolchildren. For Veterans Day, Maine Unit 135 took a veteran to a classroom to discuss the history and importance of the holiday and ways to acknowledge and thank veterans. He even fielded questions about his military service, the American Legion, and its connection to Veterans Day.

Two veterans in Missouri also shared with schoolchildren interesting facts about their service, even going as far as to bring in some of their medals and

certificates that they had earned while they were in the military. Our Legionnaires helped to teach.

Several departments and units reported offering scholarships. For example, Michigan's Second District is in their third year offering four scholarships each year to student veterans with the help of the entire Legion Family. Thus far they boast seven recipients. Three of them are women.

One unit in Alabama was able to support two local veterans as they transition from college by providing a \$1,000 grant. One of these veterans is a female who just newly graduated and is becoming a nurse.

And Ohio reported developing a scholarship this year to honor our female veterans. It all kind of fits right in line with our National President's special focus, doesn't it? We'll hear more about scholarships at our National Convention. Together our members helped to provide others with that opportunity to learn.

Now NEC members, please, pick up your pens. I have five dates I'd like you to write down. This coming Friday, March 1st, all national scholarships need to be to the units. March 15th, those unit selections, the winners, must be to the Department Education Chairman. April 1st, the department winner needs to get to the division chairman. So it's March 1st, March 15th, April 1st. That's for scholarships. And May 6th through the 10th is Teacher Appreciation Week. And May 15th, year end reports are due.

(Laughter.)

MS. WILLIAMSON: And like that earlier proverb about teaching a man to fish, let us continue to cast our nets as large as we can to provide our youth, our veterans, and our military the quality education they deserve so they are able to feed themselves throughout their lifetime. Thank you very much.

Now I'd like to introduce Carol T. Robinson.

(Applause.)

MS. ROBINSON: Good afternoon.

ALL: Good afternoon.

MS. ROBINSON: Are you awake?

ALL: Yes.

MS. ROBINSON: Good, because I'm not.

(Laughter.)

MS. ROBINSON: I'm Carol T. Robinson, the National Junior Activities Program Chairman. When President Kathy approached me about the chairmanship for the Juniors Program, I was a little hesitant. I'm like, this old lady? Wow. I've got news for you. I have met so many young ladies and learned so much from them. I have a brand new attitude and I believe I'm a little bit younger.

(Laughter.)

MS. ROBINSON: First, let me thank the entire Junior Activities Committee for their commitment to the program. Yes, we started slow. But we are on full speed ahead now. And by the way, we had 100 percent reporting.

(Applause.)

MS. ROBINSON: Now that the Junior Division meetings are completed, I'd like to give you an update. Junior attendance was down this year, but the majority of the young ladies were first time attendees. So that's a good thing. Check out the pictures about the meetings and other information on the Juniors Facebook page.

Let me speak about the Junior meetings. First, the Honorary Junior Division Vice President is sworn in and the gavel is turned over to her to conduct the meeting with the opening of the prayer, the Pledge of Allegiance to the Flag, the National Anthem, and the Preamble. I must say that all Honorary Junior Division Vice Presidents did a good job.

(Applause.)

MS. ROBINSON: The meetings were exciting, informative, and consisted of the following. We had information sessions on Americanism, VA&R, national security, community service, Junior Patch program, membership, and leadership. The Military Child's Table Setting Ceremony, Blue Star Banner pins were given to each Junior member who has a mother, father, sister, or brother serving in the military. Each division had a guest speaker who spoke about female veterans with a focus on the homeless female veterans. Their special project was decorating a white backpack bag and filling it with personal hygiene items for a female veteran. The backpacks were given to the guest speaker to take back and distribute to homeless female veterans.

Of course, we had games, name toss, which was the ice breaker game, and cross-over and leadership, and about branding. And then we had songs, like Little Sally Walker, and Coast to Coast. And Baby Shark. I learned that Baby Shark.

The craft this year was making felt flag brooches or hair clips.

On back to the mid-year reports, all units that have Juniors are participating in the Patch Program and some units reported because of this program, it has increased their membership. Many units have Juniors that take part in the senior meetings, such as leading the Pledge or the Preamble, or working with different committees on their projects. The majority of the reports included service related projects, such as thank-you notes to deployed military, hospitalized veterans, and law enforcement officers; participating in poppy distributions and making felt poppies; collecting clothes and food for homeless veterans; collecting school supplies; ringing the bell at Christmas for the Salvation Army; making and filling backpacks for the homeless female veterans; marching in Veterans Day parades; serving dinners at the Post home to the veterans; and delivering snacks to the local nursing home. I could go on forever about these reports. In fact, I brought them all with me in case anybody wants to look at them.

As you can see, the Juniors are busy. As I close, I want to remind you that the newly revised Junior Handbook is now available on the ALA website. It's not yet available at Emblem Sales but it is full of a wealth of information. I encourage you as senior members to promote and inspire active participation from your Junior members. Remember, they are members, too. Be kind. Listen. You may learn a thing or two. The Junior Activities Program builds a strong future for the American Legion Auxiliary. Thank you.

(Applause.)

PRESIDENT DUNGAN: Before we begin another --

MS. ROBINSON: (Indiscernible).

PRESIDENT DUNGAN: Before we begin another report, we need a seventh inning stretch, don't you think? I see a few people yawning. So let's stand up and stretch. Mary Davis, what is that activity that you do? Would you like to do it? Yeah.

MS. DAVIS: Okay, ladies. Everybody up. (Indiscernible). Okay, so I'm going to do something and you follow me, okay? Hands up.

VOICES: Hands up. Hands up.

MS. DAVIS: Hands up.

ALL: Hands up.

MS. DAVIS: Wrists together.

ALL: Wrists together.

MS. DAVIS: Arishticaw. Arishticaw. Arishticaw.

ALL: Arishticaw. Arishticaw. Arishticaw.

MS. DAVIS: Hands up.

ALL: Hands up.

MS. DAVIS: Wrists together.

ALL: Wrists together.

MS. DAVIS: Elbows together.

ALL: Elbows together.

MS. DAVIS: Arishticaw. Arishticaw. Arishticaw.

ALL: Arishticaw. Arishticaw. Arishticaw.

MS. DAVIS: Hands up.

ALL: Hands up.

MS. DAVIS: Wrists together.

ALL: Wrists together.

MS. DAVIS: Elbows together.

ALL: Elbows together.

MS. DAVIS: Knees together.

ALL: Knees together.

MS. DAVIS: Arishticaw. Arishticaw. Arishticaw.

ALL: Arishticaw. Arishticaw. Arishticaw.

MS. DAVIS: Hands up.

ALL: Hands up.

MS. DAVIS: Wrists together.

ALL: Wrists together.

MS. DAVIS: Elbows together.

ALL: Elbows together.

MS. DAVIS: Knees together.

ALL: Knees together.

MS. DAVIS: Hips out.

ALL: Hips out.

MS. DAVIS: Arishticaw. Arishticaw. Arishticaw.

ALL: Arishticaw. Arishticaw. Arishticaw.

MS. DAVIS: Hands up.

ALL: Hands up.

MS. DAVIS: Wrists together.

ALL: Wrists together.

MS. DAVIS: Elbows together.

ALL: Elbows together.

MS. DAVIS: Knees together.

ALL: Knees together.

MS. DAVIS: Hips out.

ALL: Hips out.

MS. DAVIS: Tongues in.

ALL: Tongues in.

MS. DAVIS: Arishticaw. Arishticaw. Arishticaw.

ALL: Arishticaw. Arishticaw. Arishticaw.

(Laughter.)

(Applause.)

PRESIDENT DUNGAN: Okay, ladies. Now that we're awake again, we will continue with our reports. Pam?

MS. RAY: Boy, am I glad we did that right before my report.

(Laughter.)

MS. RAY: Madam National President Kathy, mid-year reporting always gives us a chance to evaluate what we are doing and to ensure that the states understand the program and are communicating important information to our units. This year, the National Security Committee has tried something new. We have done division conference calls. We picked a date that worked well for the majority of the department chairmen in each division. Along with our National Headquarters program coordinator, myself, the division chairmen, and our committee members, we shared what we are needing to hear from each chairman, reminding them of our National President's focus on homeless veterans, as well as female veterans, and their specialized needs, reminded them to utilize the excellent resources on our national website, and asked each of them to share one outstanding thing units in their departments are doing to support our active military, Guard, and Reserve.

The response was outstanding: 37 of 52 departments participated in these calls.

(Cheering.)

(Applause.)

MS. RAY: I received much positive feedback from many ladies saying they were definitely planning to share what they learned on the call with their units. They also enjoyed meeting and sharing with other departments. They said that was sometimes the only time they got to meet people from other departments because they didn't get to National Conventions.

In mid-year reports we heard some exciting things as well. The Department of Arkansas wanted to ensure that units understood the National Security Program so that they could revitalize their efforts in National Security this year. They created brochures on how to assist spouses of deployed military with finding employment, purchasing a vehicle, and much more. Working with their state government, two active duty military families who were in need of financial and emotional support were identified. Working together with other local ALA units, these families were offered the support they needed.

A longstanding part of the National Security Program has always been coupon clipping. Many units continue to report that this is a wonderful way to keep their members engaged that may not be able to participate fully due to age, health, and yes, family obligations for those younger members. Sending these coupons to Troopons ensures they will be distributed where they are needed most.

Sending packages to our troops continues to be a great way to involve members and support our military. This project became very personal to a member in New York. An ALA member lost her son in Iraq in November of 2004. She had continued to send care packages to deployed soldiers. She started receiving thank-you notes for the toiletries she was sending and then she received a special request. A military unit stated that they sometimes had to wear their socks for up to three days and then of course they must be discarded. So the unit decided to hold, wait for it, a sock hop.

(Laughter.)

MS. RAY: Everyone got into the spirit of the theme, wearing poodle skirts, fancy hairdos, and rock and roll music. \$862 and 460 pairs of socks later, the unit was set and they are forever grateful for those socks.

We all remember babysitting, right? Well, the Department of Florida took that to a whole new level. They babysat 52 children of active duty personnel for a parents' night out, and this one is a real brave thing for me, hosted a sleepover for 25 teenagers.

(Laughter.)

MS. RAY: Many units have remembered our National Guard members and their families as well, through food baskets for the holidays, as well as gift cards to assist with shopping.

The POW/MIA part of National Security remains a focus throughout our country. A unit in Alaska -- come on, you said audience participation --

(Cheering.)

MS. RAY: Thank you.

(Laughter.)

MS. RAY: -- has provided POW/MIA table at a local mall along with an explanation of each piece left on the table at all times for the shoppers to see. When they first placed the table, the American Legion Family performed the ceremony. This same unit has created a relationship with the 1st Battalion, 24th Infantry Regiment. It has branched out to include two more military battalions as well. There

are over 600 troops in each of these three battalions, allowing this unit to, “touch the lives of nearly 1,800 troops and their families.”

Another unit in Alaska provided \$800 in financial assistance to a Coast Guard family whose belongings were destroyed en route to the Coast Guard base.

An Arizona unit holds several events throughout the year, such as pottery painting, light displays, trampoline parties, and holiday parties for deployed families at Luke Air Force Base.

Local contacts in the State of Washington at the VA allows them to participate in all send off and welcome home events as well as be aware of and share what troops and families are needing so the ALA units can fulfill those needs.

Nearly 100 percent of our states reported promoting the Blue Star and Gold Star banners to active duty military families. Several states have reported working with TAPS, Tragedy Assistance for Survivors, and some department presidents have even made this their special project this year. So thank you to those ladies.

The Department of Illinois has started a Fallen Heroes Wall of Honor, where the memories of fallen servicemembers can be remembered in perpetuity.

I share these wonderful works to you to encourage you to take these to your states and share these ideas as well as create new ideas of your own. Working any and all aspects of this program is a responsibility toward our mission, serving both community and active duty military and their families. It can also become a valuable membership tool. There is something for all ages in this program. For example, there is a unit chairman in California that is 94 years young. I’m impressed by that.

(Cheering.)

MS. RAY: That’s right. Please remind your units that when they send end of year reports, we want to see photos. We want to see them working that mission. And we want to receive reports of what the units are doing as they continue to serve our heroes. And now, I would like to introduce your Poppy Chairman, Virginia Nelsen.

(Applause.)

MS. NELSEN: As a military mom, I really appreciated that report. Well, this is what I have learned about you. If our goal is to promote the Poppy Program, then you are getting the job done. Poppy Lady Ann in the Department of Massachusetts provided our poppies for Armistice Day in London, where they were presented to each member of Parliament.

The Department of Kentucky reported that their 2019 goal is to distribute enough poppies to cover the steps of their capital building in Frankfurt. This is so wild, ladies.

If our goal is to increase poppy makers and revenue, no problem, as many departments reports having thousands to provide to any buyers. You just need to talk to each other and to our national office here.

The Department of Michigan holds a Poppy Bonanza open to the public. It spreads the word, teaches poppy assemblage, and recruits.

Units reported that mailing poppies to members and veterans in their community almost doubled donations in their areas.

Pride was expressed often by units actively planning and succeeding with efforts to promote the Poppy Poster Contest and I look forward to many heartfelt poppy posters from each division. And I'd like to share a tip with you. Maybe your judges should be veterans of combat because they are really the only ones in this world who know what it's all about.

The Department of Pennsylvania will be utilizing their women veterans, their dual members, to serve as judges during their spring National Security Conference. And this is a great idea.

Many departments use poppy funds to assist homeless veterans and of course we know that some of these veterans are women.

Now, particular to this program, Veterans Day, Memorial, National Poppy Day, are the main avenue for promoting the poppy. Our organization is built on these remembrance days. Many times Juniors are assisting Little Miss Poppy on site to share our mission and American Legion Family values.

Texas, Texas with the high heels, Texas one unit wrote about a wonderful use of technology, and if you know me you know that that's funny. Their poppy field banner displays three dimensional poppies with your servicemember's name. What a great idea.

Units understand these opportunities are a fertile ground for honoring veterans via the Poppy Program. I expect this year's National Poppy Day to expand in a big way. Reports indicate that our members will take full advantage, including participation of civic leaders on all levels.

Across the state, the Department of Washington thoroughly embraced our National Poppy Day and I am proud of you. It's a sign of great things ahead.

If our goal is expanding membership, then I recommend the Poppy Program. Members are having a great time working together in poppy projects, I can tell from their reports. It's a win from every direction. Enjoying the volunteer journey is an indicator of good leadership and camaraderie.

The Department of Colorado invited women veterans to help collect funds, reporting that this fostered enjoyment in each other, sharing experiences with the public and those Post family veterans building closer relationships. It's a reflection of strong cooperation with local Legion Families, which makes all of us stronger.

If the promotion is key to success and future of our American Legion Auxiliary Family, then I must talk about media. I am so proud. Our participation on Facebook is burgeoning. The compassionate messages, information, encouragement, ideas, and most important the sharing of all of these cannot be dismissed. It is huge. It must be noted that with over 1,200 members on the Facebook Poppy Page, I have learned much more about what we are doing in the Poppy Program on this media venue than I did on reports.

(Laughter.)

MS. NELSEN: It must be more fun than reporting. If our goal is to increase branding awareness, then I am proud to report that our Poppy volunteers are promoting the program and branding while honoring veterans, mentoring youth, and spreading the goodwill of working towards our patriotic goals, our Poppy Program is

providing an accomplishment trifecta. We are sporting Emblem poppy apparel. We are enjoying the volunteer journey, building membership, and honoring veterans all in one fell stroke. Kudos, Poppy ladies. And thank you, Kathy.

(Applause.)

MS. NELSEN: I'd like to introduce Norma Tramm from Minnesota.

(Cheering.)

MS. TRAMM: Thank you very much. National President Kathy and members of the NEC and guests, I want to let you know first of all that the ALA Girls Nation and Girls State committee did make our 100 percent. It was awesome.

The American Legion Auxiliary Girls State and Girls Nation is a premier program of the American Legion Auxiliary. For many people, this is their first and probably for some of them maybe their only contact with our organization. Therefore one of the goals important to our program is one of excellence during the week-long session.

We have some of the most dedicated members working in the ALA Girls State Program, as substantiated by ALA member Ann West, who is the Education Director of ALA Granite Girls State in New Hampshire. Ann has been providing instruction to citizens for 60 years. What a great example of service, not self. Also consider the Florida panhandle and the devastation of the hurricane. People are still trying to put their lives back together. But guess what? They are still focused on sending girls to their ALA Girls State session in 2019. Do you have members like Ann and those in Florida in your departments? Another goal is to share the mission of the American Legion Auxiliary with those in Attendance. Now this is nothing new, because for many years the Poppy story has always been told at Girls State. But that's about all. In recent years, what has happened is that we have evolved and now we're sharing information on many of our programs and also our missions. So we can encourage units, I'd like you all to encourage your units, ask these young people that attend their ALA Girls State sessions to help them when they do their outreach programs in their communities.

The Samsung Scholarship, it's available only to those who attend ALA Girls State or the American Legion Boys State. One of the requirements of the scholarship application is being a descendent of a veteran. Does that sound familiar? Uh-huh. It's the same requirement for becoming a member of the American Legion Auxiliary. Another goal of our ALA Girls State sessions is to get information in the hands of these citizens so they not only know our mission, but they are aware that they too can be part of our organization if they are eligible.

Some of the departments have an ALA Girls State Alumni Facebook page and this is to keep in contact, but also to reach out for assistance in their programs. There are many dedicated members who continue to be active in the ALA Girls State Program because of their participation in the program.

One alumni is Governor Kay Ivey. Governor Ivey attended ALA Alabama Girls State, was elected Lieutenant Governor, and selected to attend ALA Girls Nation. Since attending the program, Governor Ivey has remained an active member

of the program staff, serving as the program's director, chairman, and member of the board of trustees. Can you find some of these type of alumni in your departments?

Many programs are nearing or have just completed 75 years. This is a great way to celebrate this milestone to be able to find and locate some of these alumni and record their accomplishments.

Another goal for the ALA Girls State session is to move to online registration. Our youth have computers in their hands from the time they practically can move, and they navigate so easily in this manner. What a great way to do it. Give them a pencil and paper and it will take forever. A computer, and they are done in no time.

Some departments are really quite successful at online registration while others are needing to get there. So all they need to do is ask and others will help them, and they will also become proficient at online registration.

The registration for our ALA Girls Nation is also moving to online registration. So you remember this huge packet that was sent that the senators need to fill out? Mm-mm, not this year. All you need to do is the chairman will just need to send a good email address and send it to our national program manager and she will get that all taken care of online. It will be great.

Funding for the session is always a concern. This was addressed at the September ALA Girls State Leadership Conference. Departments handle this in many different ways. Maryland has penny wars, and this also provides their units and gives them the involvement too. What fun. This is also a great way to get your community awareness because you can ask for sponsorships and then they will understand more about what our program is.

Another goal in many departments is having more citizens attend sessions. Some of the ways that departments and units are reaching out is through social media to share the importance of the program and the opportunities available, such as scholarships, and how it will enhance their applications for college and throughout their entire lives. This is another opportunity for all Auxiliary members to assist by spreading the word about the quality program that will make a difference in the lives of those attending.

So now do members understand the ALA Girls State Program? Do you invite the ALA Girls State Governor and senators to attend and speak at your department meetings? Many provide this opportunity. But if your department doesn't, this might be something that you could initiate.

ALA Girls State Program typically have a mission based project for citizens during the session. We're hopeful that most will incorporate our National President's project of assisting women veterans, especially the homeless.

Thanks for all that you do to make this program a success. It takes everyone. And thank you, National President Kathy. This has been a wonderful opportunity to share with the NECs.

(Applause.)

MS. KNAPP: Good afternoon, ladies.

ALL: Good afternoon.

MS. KNAPP: Madam President Kathy, national officers, executive committee, and guests, membership. And no, this isn't a flashback. You did already hear the membership report. But membership seems to be a focus of any organization dependent on paying dues. Without dues, the organization cannot function and the Auxiliary is no different. Those members need to understand the value of the organization they belong to and feel it is making a difference.

Ladies, I am here to report that we are making a difference because of the Auxiliary Emergency Fund grants to the members of our organization. I would like to remind everyone that the first requirement to apply for the grant is that a member is in good standing for at least two years and has paid their third year of membership.

My report covers applications received since September 15, 2018 through the end of January. Since that time, we have received 83 grant requests and granted \$97,527.82 in emergency financial assistance.

(Applause.)

MS. KNAPP: Forty of those grants were to cover the costs caused by natural disasters, mainly Hurricanes Florence and Michael. Florence made landfall in the State of Florida and Michael slammed into parts of Georgia, South Carolina, and North Carolina. Twenty-two grants were for temporary financial assistance requests. Fifteen grants have been denied during this time and that we are still waiting on a few grants that needed a little bit more information.

If you have given even one dollar to the Auxiliary Emergency Fund, you have helped your fellow Auxiliary sisters in a time of need and I personally thank you.

As I read over the last report, I did find an area might need a little bit of investigation. Last fall there were terrible forest fires and wildfires in California, destroying hundreds of homes in a matter of a few days. Yet we did not receive not one request for a grant from the Department of California. I plan to reach out to the western states to see how we can help with awareness and process if that is what they need.

For those of you in tornado alley of the country, please make a point to promote the Auxiliary Emergency Fund to your departments in anticipation for the spring and summer storms. It might be starting tomorrow, from what we're hearing. I'm not sure.

(Laughter.)

MS. KNAPP: I would also like to thank the departments who have donated to the Auxiliary Emergency Fund. Since September, \$48,973.84 has been donated. Thank you. Because without those donations, there would be no money to grant. Or at least not as much.

There are many ways to fund-raise for the Auxiliary Emergency Fund. Departments have reported garage sales, golf tournaments, silent auctions just to name a few. And that silent auction raised over \$7,000.

VOICES: Wow.

MS. KNAPP: The Department of Florida is lending a sister a helping hand as they raise funds for the AEF grants. But as I stated earlier, \$97,527.82 has been granted, \$48,973.84 donated. We have given out double what we have taken in in donations thus far this year. Let us keep this fund healthy so we can assist our members now and in the future.

I want to encourage all departments to donate 25 cents, or what you feel you can afford, per member to the AEF to keep the fund healthy for years to come.

Thank you, Madam President, for the opportunity to serve, and this concludes my report. And now I would like to introduce Raleen.

(Applause.)

MS. TOLZMANN: The Community Service Program promotes the American Legion Auxiliary's visibility within our localities through our commitment to community, state, and nation. That's exactly what our unit members have been doing.

Our members in the Central Division did not take a backseat to volunteering in their communities. They felt that volunteering replaces tears with smiles. In one town, the entire community participated in a blood donor program. A tornado hit one town, leaving many hopeless and homeless and helpless. The Auxiliary and the individuals in the community worked together to bring food and clothing to these families. In the Central Division, Iowa Department Chairman Jackie Westover said it best for them. "We believe in service, not self, as demonstrated throughout the year by the countless hours of volunteering on behalf of the ALA, their communities, their schools, their Children & Youth, and all for veterans and their families. Their efforts, time, and donations are not just certain days or the year but a year-long way of life."

Northwestern Division Barb Washburn said she was amazed at the number of ways in which our units give back to their communities, sponsoring egg hunts, Memorial Day dinners, Flag Day, and July 4th celebrations, and Veterans Day recognitions, plus preparing and distributing food baskets and helping at food pantries at the local schools.

Unit 2008 in Falcon, Colorado volunteered at game night at a local retirement home, helped their post with a roadside cleanup, helped with a D-49 military family event, supported membership drives at local businesses, helped the Boy Scout group with a 4th of July breakfast, collected food at a meeting to donate to the Helping Hands Food Pantry, worked and played in a golf tournament, raised funds by reselling peaches, and worked at a local Stand Down, always wearing the Auxiliary branded clothing or hats so everyone knew they were ALA Members.

At the Nebraska Mid-Winter Conference, ALA members collected purses filled with items that female veterans could use. They collected over 1,300 purses. Dual member Sandra Kessler said at one time she was homeless and one of these purses would have lifted her spirits and given her hope. And that's what these purses will do for those receiving them.

Parts of the Southern Division were hit with several hurricanes. Many of the units in this division were busy helping each other get clothing, food, and cleaning

supplies. They also purchased things such as blankets, towers, and furniture for victims of the hurricanes. All of the areas that were hit by these storms received truckloads of help from the Auxiliary and the Legion from all over the country. Auxiliary members helped fill out forms for the Auxiliary Emergency Fund for those that needed help, or paid dues for some of their members that were hardest hit. A small unit in Oklahoma worked with its Chamber of Commerce to put on a community parade at Christmas. Units put on dinners as fundraisers, parties for children, and honored our veterans at celebrations. These proud members wore their branded clothing and hats to show and to let the community know it's members of the American Legion Auxiliary doing these good deeds.

Division chairmen responded to the question what could we do to make the program even more successful. Here are some of their ideas. Mary McDonald (phonetic) thought of putting up small libraries, with a sign that the Auxiliary put up and maintained it. She thought some information in the Auxiliary could be put in the library along with some Americanism coloring books, reading books, for those that stopped by.

Barbara Santella (phonetic) suggested a month of kindness for community service. Each day of the month suggestions could be made for acts of kindness that an Auxiliary member could do. These kind deeds could be something such as buying a cup of coffee for someone, baking cookies for a shut in, or visiting someone. There are all kinds of little acts of kindness that could be done.

Anita Owens would like a better way to identify local veterans so that members would have a better knowledge of what these veterans need.

Eleanor Amato would like to have a conference call to get ideas on what others are doing so we can all learn what and what doesn't work.

These are all wonderful suggestions. If the information gets out to our units on what the community service is and how it works, this program will move forward and in the process membership might increase because people will see what the Auxiliary does and what it means to their community and the veterans.

Here's a Robert F. Kennedy quote that describes the Community Service Program very well. "It is not more bigness that should be our goal. We must attempt, rather, to bring people back to the warmth of the community, to the worth of individual effort and responsibility, and of individuals working together as a community to better their lives and their children's future." Here's my report.

(Applause.)

PRESIDENT DUNGAN: Thank you, ladies. Thank you for the excellent reports. I hope that you took some notes on some of these ideas that were shared and suggestions made and plan to take them back to your department and share them with your department. Also, if you have any particular question on a particular program, the national chairmen will be glad to see you during break and visit with you. So stop by and see them.

Right now, let's take a quick break and we'll see you back here in 15 minutes.

(Short recess.)

PRESIDENT DUNGAN: Okay. Our National Secretary Linda Boone has arranged for our Headquarters Team to give a briefing on their division activities and this will also give you an opportunity for the same as it was for national chairmen, to be able to put a name with a face so that when someone is mentioned you'll know who is at National Headquarters. Because we are very proud of our Headquarters staff. So we're going to start off with Mike Butt, Director of Communications and Development. Mike?

MR. BUTT: Thank you, Kathy. Thanks very much. I appreciate it. The first order of business I'm going to ask for our Interim National Secretary to stand, please. Uh-huh. National staff, come on in here a minute. Absolutely. Absolutely. Don't make you cry? Absolutely I want to thank this woman for all the work she has done during the past several months.

(Applause.)

MR. BUTT: It has been phenomenal. Phenomenal.

(Applause.)

MR. BUTT: I'll pay for this Monday morning, but you know. This building was not in the best condition when we moved in. We didn't have everything we needed when we moved in. It took a very long weekend to move in this building. And she was in charge of all of it and I, yeah, I mean I've worked with her for about ten years. But I thought, well, I would expect she's going to bark some orders and we're all going to follow. She was right in there with everyone. In fact -- oh, you can't hear me? You can't hear me back there? Okay. In fact, by Sunday morning after about the 427th trip up and down the stairs, do you remember the old like exercise commercials on TV? One of them was called Buns of Steel? I don't know what it was, some kind of aerobic exerciser. She's up ahead of me sprinting and she goes, "Mike, buns of steel!" And she wasn't even winded. I was winded.

(Laughter.)

MR. BUTT: So thanks very much, Linda. It's really been an honor to work with you. I'm trying to get her to stay around a while. I've even told her my pool opens at the end of May. I know she likes aerobics. But my pool is not heated, so you know. Anyway.

So I know a lot of you in the room. I greeted most of you this morning. Thank God we didn't have to do that with umbrellas. So again, I'm Michael Butt. I'm the Communications and Development Director for the organization. I've been here 10 years; well, 10 years in July.

(Applause.)

MR. BUTT: Yeah. Time goes by quickly. And I orchestrate staff talent and big pictures items for both of these areas. My career goes back, oh, quite a while, since the beginning of time. That's why I have gray hair. Well, actually the late seventies. Does anyone remember the seventies?

(Laughter.)

MR. BUTT: Great times, right? Yeah. It was awesome. Yeah. But that's not what I want you to take away. I'd rather you take away, even though I've been in media and publishing and really loved that, this is the first place I've ever worked in

my life where I could help serve a mission collectively with volunteers that serves the greater good. I thought I did that in media, but that didn't work so well. Here, I just love that. Every day, day in and day out. And you never know what the project is going to be and that keeps me young. Well, and a young staff keeps me young, too.

I've asked two of our team managers to report today. It's a little bit different approach. But I believe very strongly, as you do on the volunteer side, I do on the staff side of mentoring, coaching some of the younger folks. I'm sort of young but I won't be here forever and some of the younger ones will be. And so we want to raise them up right. So Stephanie Holloway is Managing Editor for our publications.

(Applause.)

MR. BUTT: Yeah, Stephanie. And she oversees day to day editorial operations, so that includes print and electronic media content, and then editorial staffing.

Madison Maves, a lot of you know Madison --

(Applause.)

MR. BUTT: -- she's our Development Manager. She oversees day to day operations with fundraising and she also serves a really important support role with our ALA Foundation. Go Foundation.

Both of these women are very hard working, competent professionals. They do a tremendous job. They make my life a lot easier. So thank you for being here.

As an introduction to their reports, I'll be very brief. I would want to know if I were in your seats that the organization is in great hands in terms of communications and development. Okay? We have a strategic approach to effective print and electronic messaging. We're having conversation with more and more members and non-members across the country.

Auxiliary magazine remains our key communications resource and probably will for the next few decades. But you need to know the number of followers we have in social media, skyrocketing. You don't have to take our word for it. We have analytics that can back that up. We can prove that any day. It's just awesome. How many of you, for example, look at our blogs? Blog followers? That's great. Okay?

So Communications is working hard to increase brand awareness, brand loyalty, that helps drive membership, volunteerism and donations.

Now we all understand that member dues alone will not cover the expenses to keep our programs running, let alone expanding so we can better serve our mission. It take lots of additional money, lots. Doesn't it? Haven't we found out? Oh yeah, lots. Yeah, well, okay, yeah. The Development team helps raise money and facilitates various campaigns to do that, and we've made great strides in helping to offset some of those financial burdens. But a lot more needs to be done to close the gap. With your help, thank you, we'll continue to gain ground.

We have a very small, but capable, Development team led by Madison. Brad Oppenheim is our Development Coordinator and we're calling this person Brad

II, the sequel, we hope to hire any day now. So we'll have another Development Coordinator.

We're aware that money needs to be raised at unit, department, and of course national levels. And we're poised to do that. It's going to happen. So thank you all for your support.

I'm not going to take any more of your time. We'll get these folks speaking to you briefly but if you have questions and answers, please see us during break, during the rest of the day. We'll be happy to talk to you about any and all of this. Thank you very much.

(Applause.)

MS. HOLLOWAY: Good afternoon. Can you hear me? I know my voice is a little scratchy today. Along with ALA volunteers, we are communicating more information to more members and the potential members, that's key too, than ever before, with a goal to better illustrate who the Auxiliary is, what we do, and how we matter to the masses.

Of course you know the national quarterly *Auxiliary* magazine remains our key communications outlet for members and we're very proud of that. And we also know that Legionnaires read it. We're getting at least after every issue goes out phone calls or some sort of feedback from a Legionnaire or the spouse of an Auxiliary member regarding something they read in our magazine. So that's pretty cool, too.

You may not also be aware that we distribute our national magazine to members of Congress, VA medical facilities, USO and Fisher House Foundations, and Legion posts across the U.S. And that greatly helps to increase the reach of our message to mission significant audiences.

You also know we have a national website full of useful documents, detailed program information, historical pieces, blogs, and breaking news. And you probably also are aware that we are actively engaged in a number of social media outlets, such as Facebook, Twitter, and Instagram. Those are our big three. And thanks to dedicated members like you, and I saw a lot of you taking pictures. I hope you're posting those. We are where the action is, thanks to you guys. And please keep posting about the ALA. It is getting noticed. And I do want to take a quick shout out to our National President who what we call in our industry is a social media influencer because a lot of her posts are very inclusive of all ages, departments, Legion, everything. So thank you, Kathy.

(Applause.)

MS. HOLLOWAY: So make sure you're following her. And now here's an Auxiliary story sharing opportunity we want to tell you a little bit more about. Local and national public relations articles all about the ALA that are placed online and in print publications in small, medium, and large markets across the United States. And those are areas where our members, and there's that potential membership phrase again, where they reside. And in a vendor relationship with MSL Group, a well-respected global public relations firm, we collaborate to produce and distribute multiple stories of general audience appeal that also apply to our mission. We cover

programs such as ALA Girls State and ALA Girls Nation, events like the National Veterans Creative Arts Festival, and pertinent topics such as Memorial Day, Veterans Day, and National Poppy Day. We also address additional items in the national spotlight, such as the plight of homeless veterans. More recently, we had an ALA story about caregivers that was distributed nationwide to an audience exceeding 158 million. So woo-hoo, right? Where's the PNP posse? Yeah, yeah.

(Cheering.)

(Applause.)

MS. HOLLOWAY: Think names like Los Angeles Times, the Chicago Tribune, Houston Chronicle, Orlando Sentinel, and the Baltimore Sun, but also media names you may not have heard of unless you happen to live in that community. And maybe we have some members today of the Beatrice Daily Sun in Lincoln, Nebraska, the Lancaster Bee in Buffalo, New York, and The Times Leader in Martins Ferry, Ohio. And we are always welcoming your story ideas and suggestions, too. You could call our Communications Division the fan club of feedback. We just want to know what ways you're serving the ALA mission. So please send your story ideas, comments, suggestions, anything via the media tab at alaforveterans.org, or you can catch one of us today. We have our reporter notebooks on us, of course. So thank you.

(Laughter.)

(Applause.)

MS. MAVES: Sorry. That's not going to work.

(Laughter.)

MS. MAVES: Sorry, gang. I'm a little shorter than the rest of you. Okay. All right. As Mike said, I'm Madison Maves and I'm part of our Development Team here at National Headquarters. You heard from Dory Hammeke this morning, our Foundation Board President, and she spoke to you this morning about a lot of the things that our Foundation has been doing and a lot of the amazing things that they are able to reach out into the departments and units. So I want to talk to you a little bit about where that money is coming from.

So each year we actually raise money for six different funds. Three sit on the ALA side, three sit on the ALA side. So on the ALA side is the Auxiliary Emergency Fund that you heard about, and then we have our Spirit of Youth Scholarship Fund, and our Children of Warriors National President Scholarship Fund. On the Foundation side we have our Veterans Projects Fund, our Veterans Creative Arts Festival, and our Mission Endowment Fund. So each year our fundraising goals are continuing to grow and so are our fundraising efforts. And that's what I want to talk to you about today.

Our direct mail campaign that you heard a little bit about today, in the last year we've switched vendors. Resource One has been working with the American Legion. They understand our membership. They understand our mission, our goals, our member and our non-member audiences. And another bonus with them was that we were able to have all of our appeals made right here in the USA. So that was huge, yes.

(Applause.)

MS. MAVES: We still continue to do four of those a year. We're trying to keep in mind we know you all are receiving stuff from the Legion, from the departments. We get that. So we're trying not to clutter mailboxes. So we do get those four main packages. Three are geared towards the ALA, with one being geared towards the Foundation.

Those main appeals, so we kind of have those main appeals, and then we have test appeals. We're always tweaking, changing. You'd be shocked at how much we talk about stickers, different things. Do we put gold foil on them? Do we add one here? So there's a lot of that that goes into it because we want to add more revenue while keeping our cost to raise a dollar as low as possible.

So exciting for calendar year 2018 we had nearly 28,000 donors. 13,000 of those donors gave two or more donations. So that was huge, and many of you are in this room. So thank you.

Everything we do with direct mail fundraising is very data and strategic driven. It keeps a lot of the guesswork out of it. We're able to look at a lot of analytics and better plan each mailing, as well as plan our budget.

Another thing we did this year, we're trying to reactivate our lapsed donors. So donors that haven't given in 24 months, or the last 24 months, bringing those guys back into the fold. And so we were able to actually bring 2,800 back into the fold for 2018.

We're investing in our non-member donors and doing some acquisition so that way we can grow that larger database with people who have like-minded missions and causes and beliefs as us. This will increase our revenue but also hopefully we'll hit some of those people that can become members as well.

So another great project we have going on, and a lot of people have touched on it, is our Leave a Legacy Brick Campaign. So you all have flyers and stuff in front of you, too. So when you entered the building this morning the two plots right on the stairs, right I think there's mulch in them right now. They are waiting. Is where those bricks are going to be laid. So the campaign started January 7th and will run until March 31st. Each brick is \$200 and all of that money will go back to the Foundation's mission endowment fund. So today, not counting the few of you that stuck in earlier this morning, we have raised \$42,200. And as Dory mentioned, if we get every single one of those bricks available personalized by March 31st, that's an additional quarter of a million dollars into our endowment fund. Yeah.

(Cheering.)

(Applause.)

MS. MAVES: So I hope that not only you all will decide to leave your mark, but that you'll go back to the department, to your units, and talk to them about it as well. If every person in this room decided to order a brick, that's an additional \$20,000 just in this room, ladies. That is an enormous impact that we can have on our veterans.

So we've got a couple of things and more that we go on that we're doing kind of in the now. But we're constantly thinking about the future. And one of those

things is continuing in our planned giving efforts. So we have a lot of fun and exciting things coming up this year, one being the official launch of ALA's Legacy Society. So we will recognize our initial 11 planned givers as our Society's founders. And then with the marketing rollout coming later this fall, you will start seeing some more information on that opportunity to join as well.

So over the past year and a half to two years, our Development team and our board, our Foundation board, has actually had 141 personal conversations with members to discuss the opportunity of planned giving. We plan to continue this outreach and have done a lot of research and a lot of diving into our own database looking at donor history, membership years, affinity to the organization. So we're reviewing not only our own data, but then we'll roll out a targeted marketing strategy so that way those other members that might be interested can self-identify and have those conversations with us.

So our team is constantly thinking about the now. We're constantly raising funds for our members in need, to send students to college, to provide therapy and tools for our veterans around the country. But we also have to think about the future. We have to think about our kids, our grandkids, and their future. So now that I've talked to you a little bit about what's going on, I wouldn't be the fundraiser I am if I didn't again point out the brick flyers that you all have in front of you. Please join me, join us in ordering a brick and making a donation. Chat with us about planned gifts and let's really solidify the future of this organization. Thank you.

(Applause.)

MS. FIKE: Hello.

ALL: Hello.

MS. FIKE: I'm Colette Fike. I'm the Director of Programs and Events. Many of you are familiar with the members of the Programs and Events team because you interact with us at some point in your travels, whether it was when you received our travel authorization or when you checked in at registration with Nicole, probably, or Madison was helping at the hotel.

The four members of the Events team handle ten national events from conception to completion, and they assist with 20 other national events. They do everything from helping a new person through their first Concur log in, to buying supplies and physically setting up this room. Events prepared 742 travel authorizations last year. For comparison there were 310 authorizations in 2008 when I first started here. That was my first full year. So the number of authorizations for travel has doubled in the last decade.

Last year this division was responsible for arranging 6,792 meals and nearly ten percent of those were a special dietary request that was tracked, incorporated into the menu with a caterer, and connected then with the guest on site. This is an area of concern for the food industry in general and it's only one small part of event logistics.

We've had some changes on our team in the last year, with Stephanie Abisi moving to a new role and Laura Casey being promoted to Events Manager. Laura, raise your hand in case anybody doesn't know who you are. Laura wasn't with us at

Convention last year because she was busy having a baby. So we're counting on her being there this year, though.

We also have some other new team members. Sam Caudill is back there in the blue dress, and Lauren -- is Lauren somewhere nearby? Lauren Blakey? Well Lauren Blakey is the other person that's running around, long, brown hair, and Nicole actually has gone home, I think, to take care of her kids. So it's a new team but we're still following the same rules, the rules that the NEC instituted, or actually I guess updated last year at this meeting.

So a decade, in 2008 we processed 448 travel expense reports and a decade later we are using that policy to process 524 travel reimbursements in 2018.

So between events and programs, this team is responsible for nearly one-third of the ALA's annual expense budget. And let me tell you that is a lot of hundred dollar check requests that we send to the Finance Division. Even when we send a big check request for something like our travel account for flights and things, that still is broken down line by line so that all of those expenses can be tracked appropriately to the correct event. So if the Finance Division had a frequent flyer program, we would have elite status.

(Laughter.)

MS. FIKE: On the Programs side we have three full-time program coordinators, who in addition to their own email accounts they answer mail from eight program mailboxes. They manage 12 Facebook groups, two Facebook pages, and two Instagram accounts, and they support nine national chairmen, whom they love, by the way, many of the ones in here. There really is a nice bond that forms between the chairmen and their program staff. It's really a lot of lifetime friendships are formed there.

In the past year we've updated content in four significant program guidebooks. I often use the phrase, I've said this for many years, all things Auxiliary are far more complicated than they first appear. We work diligently to keep things as simple as possible and I've begun to think of the program area as a lab of sorts where our program managers and their chairmen constantly test theories, tweak processes, and share discoveries with one another. Their teamwork makes it fun and energizing when we find just the right formula.

We're also partners with your department secretaries so we share your pain when those positions turn over. A department secretary has so much interaction with the members of our team, through ordering hour bars, Junior patches, verifying VAVS certifications, distributing the annual awards, purchasing tickets for special events, and of course registering your delegates for National Convention. We are so grateful for the friendships that have formed with our department secretaries over the years and we're also quick to welcome new friends because we have made a lot of new friends. And that's not hard to do in the Auxiliary since we all share the passion for our mission.

So I'll end here. But I just want to say that we strive to create meaningful experiences for a unit member that we may never meet. But we do this by supporting your mission delivery efforts and facilitating events where a member can hear stories

that will inspire her to mobilize her friends and her social network to build a community for the Auxiliary and to support our mission. If that member is a Junior member, we hope to watch her grow up in the Auxiliary, ensuring that our military families will always be well cared for. Thank you.

(Applause.)

MS. BOONE: I'm going to give the IT/Membership report. Tammy Wiggins, the Director of IT and Membership, is on a medical leave for the next eight to 12 weeks. So I'm in charge.

I'll first tell you a little bit about IT. This is the place that keeps me awake at night because we have placed all of our knowledge and processes around information technology in one person. And now she's on medical leave. So we're, we have contracted with a consultant that was actually he, the day that Tammy went on leave Sara and I were meeting with this consultant because he was going to do the IT audit. Alerding Group had recommended him. They have used him since 2003 to do IT audits. And so we've contracted with him to help us figure out, gee, we didn't have a plan B. Help us get to plan A again and figure out what we need to do and, you know, how we're going to make everything work in the IT Department.

In terms of what you will notice most of the time, the interaction that most departments have with IT is with Bonnie Vest and Sara Hedding in terms of the ALAMIS system to do membership. That has not changed. They are still smart. They can still do that. And so that should be okay and you shouldn't notice anything different there.

On the Membership side, I'd just like to give you some information because I was pretty amazed when I came here. In 2017 when we started to pay the dues by phone, we had about 1,800 members pay by phone. This year already, well I don't have, yeah, this year already we have almost 6,000 paid by phone.

(Applause.)

MS. BOONE: So do you know how many phone calls a minute that is? Sometimes it was 12 phone calls per minute we're getting in here. And especially after the dues notices drop. So it's a big task. It doesn't take very long to take the dues by phone but it is, you know, it's the volume is great.

One thing that you need to understand is that when people pay by phone or they go online and pay their membership, we send the membership card to them. That's one of the big complaints that we get from a lot of members that call up, that they've paid their dues for the last three years and never gotten a membership card. So that's really, really key and that's something you might want to check in your department to see what's happening.

The other, so there's two things that we're looking at in terms of the turnover in departments with membership processing, the people that do it not being skilled, not being trained. We trained everybody when we went on ALA MIS but then now we expect the departments to be able to do all that training. But often those people they are replacing are gone. And who is going to train them? So when I came and we started talking about what are the biggest issues in each division, this was one of the ones that really became apparent in membership.

So there's two things we're thinking about doing. One is to offer a training for new personnel to do, you know, to learn the ALAMIS system, the membership processing system, come here to Indianapolis and do that and share the cost of that between the department and national. But also maybe if they are the new executive or department secretary or whatever their title is, is to help them learn some of the other things they might need to know. To put together maybe a four- or five-day training package so that we can ensure that people get trained, they don't get frustrated and leave, they learn how to do it right so they don't get yelled at and they don't make mistakes.

Because the other thing is, we charge for when people make mistakes to redo things. There's a lot of mistakes that get made and one of the primary ones is the unit dues amounts don't get done, uploaded correctly, and so the dues notices go out with the wrong information on it.

So anyway, that's one thing. We haven't figured it all out yet but we're talking about that. And a couple of years ago we did that for Illinois, the Department of Illinois. And so we're looking at to do it. So if you have a big need, you know, talk to us. We'll try to figure it out, but you know, how we can do it in the interim.

The other thing that we're thinking about doing is having all the dues notices go out and come back to national. So we would do the dues processing. And make that an opportunity for departments so that there's not that lag and things don't get held up, there's not a backlog. We would input them here. We are already doing it for two departments. They call up and tell us, you know, on the phone, pay these dues. We go in and, you know, mark them paid, and then we get the credit card number and it's done. You know, five minutes you can do a whole bunch of people. So those are things that we're looking at figuring out what would be the cost if we took on a department that was much larger. The two departments we're doing now are very small. So what would it cost, what would be the savings for the department, you know, would that improve things, whatever.

So anyway, those are the two things that are going on in the Membership. So who is next? Ms. Sara, Finance Division.

MS. RIEGEL: Okay. Well you guys, this morning that was a result of what we do in the Finance Division. You got your first quarter financial report and you have your audited financial statements. I'm done. No --

(Laughter.)

(Applause.)

MS. RIEGEL: And then I'm sitting here and I'm listening to Mike. Of course, that's why he's in Communications. And I'm listening to Colette and Stephanie and I was like, what can I tell you about the Finance Division? It's the same thing every day. But you, I do want to let you know kind of the background.

We in the Finance Division do have 77 years and two weeks of experience working for the organization on our team. And of course, you know 40 of those belong to one person. Susan Stewart.

(Applause.)

(Cheering.)

MS. RIEGEL: 41 in May. And Cindy Radcliff, Accounts Payable, is that old. Okay. I'm done.

So you're welcome. As you know, we will all pay for what we say up here on Monday. I'm sure over time you have spoken with or worked with one of our division team members. So since I pointed it out, Susan Stewart is one. Diana -- I always try and have a Spanish accent but I -- Giraldo is here. Stand up. Stand up.

(Applause.)

MS. RIEGEL: Then Cindy Radcliff, Erin Hoffman, Amanda Ginter, and Michaellyn Greyeyes. So that, and she's the two weeks. She's the, so she just came to us. She has not for profit experience. She has accounting background. So thankfully between Linda and Teresa, especially, who has been a wonderful person in helping us get some of these positions filled, she's a really good choice. And usually I check by day three to see if they are still at their desk. So okay.

So with all that, I can honestly say I'm really, really honored, especially after this, what's transpired in this last year with all the changes that we've had, I have an incredible team to work with. I have incredible coworkers. Because I consider myself a staff member on a daily basis. You know. I enjoy every day, even though it's hard, coming to this, to work for this organization. And we do have some really dedicated and passionate ladies back there in the Finance Division. But they will also hurt you if you don't follow the rules.

(Laughter.)

MS. RIEGEL: So but within that division we have two things that we do. We do the finance, of which you saw the evidence. So my metrics, that's what I was trying to do, Linda. Because Linda keeps throwing that word around, and I go, how do you measure what happens in the Finance Division? Twelve financial statements, four quarterly reports, one audited financial statement, one governance letter. And two tax returns, the 990 and the 990-T for the American Legion Auxiliary. Those are my metrics. Okay?

So I was listening to that and I was like, what do you do? How do you say that? So it is a daily, it's a daily, weekly, monthly process. And it is, you know, you, if you've ever done books, you know. It's the same thing over and over. You open the books, you close the books. You open the books, you close the books. So a day in the life of the Finance Division. It's exciting. We make it exciting. We're big foodies back there. We love to cook. Okay.

So the key to what we do is making sure that we're meeting those, the daily, the weekly, the monthly, okay? But we also have a Compliance Division. That resides in the Finance Division and that is where we are not only overseeing the national organization but we are also providing assistance and guidance to our grassroots organizations. So the other hat that gets worn is working the national group exemption roster, making sure that we maintain that, which is an annual reconciliation with the IRS.

We do all the state charity registrations because of our donation. You know, because of the donations we receive and the ways and the means that we receive them. So you know, we of course payroll tax returns, things like that. But all those

things have to be done annually and it's, you know, it's a job, it's a task. So for the American Legion Auxiliary we filed 36 for state charity registrations. No, I do not know all the laws. But I do understand or I make sure that I understand that we're fulfilling whatever requirements from the states that are required. And then on the other side we also manage the operations or the administration of the American Legion Auxiliary Foundation, 39.

So there's a lot of technical things. And I think sometimes, you know, people just expect it. But, I mean, we're a good division. You guys like us. You keep us.

VOICE: You've got the money.

MS. RIEGEL: I know. I know, I love it. They say, you sign the checks. And I was like, actually, I don't know how. So okay. So I just wanted to touch on those areas as far as trying to expand what happened this morning as well as what we're responsible, the other side to what we're responsible. Some of you have been to Compliance Matters and you've also written or called or asked and you know that is our interaction on the Compliance side with helping with the grassroots organizations and the, you know, just the Compliance. I hate using the word revocation. There's a lot of words I hate to use. But that still continues. So and I appreciate every phone call which for just a little bit it's going to be me. So please be patient, be kind. Erin Hoffman, one of our team members, is -- there's something in the water. She's going to have a baby. And so we're going to have a little bit of a gap. But please, I really, really appreciate understanding the, you know, some of the things that as far as the financial reporting and everything like that from everyone.

We do have an email, compliance@alaforveterans.org, that is, you know, shared and use that, please. And I will get back to you. But for just a little bit, it's just going to be me. So but I don't know what else to say other than, all right. So thank you very much.

(Applause.)

MS. POHLMAN: I have heels on today. I talk loud, so you can hear me, right? My name is Teresa Pohlman. I'm the Director of Human Resources and Administrative Services. You guys have been so sweet listening to all these people and I know it's hard to sit there that long. I'll try to keep it short.

Basically my job is to protect the employees that work here and to protect the organization that hires them. And sometimes that seems like it's at odds but it's really not because if you protect your employees you are protecting your organization. And we're doing what's right. And I used to have a mentor that said as long as you do what's right, it turns out in the end. You know.

So a lot has happened since October 1st. I sort of had to hit the ground running with Linda and I playing a lot of catch up, figuring out things on our own. I'll be honest, the records weren't in that great of condition and I had to dig out from under a lot of piles of paperwork. But I am proud to say that with Linda's help, with Sara's help, with all the help of all the other directors, I'm about 90 percent compliant now with all of my records. I'm still auditing as we go but by this time

next year we're going to be like, you know, pumping, going, making everything more streamlined.

I think it was in, was it in November that we did the wage, or was it, yeah December. We did the wage project. It was really very exciting and Linda and I worked really closely on that. The neat thing about that, it really showed the directors' hunger for collaboration and it showed the loyalty of all the people who work here. They were very grateful for some of them a very small raise, and some of them a larger raise. But through all the interviews that I had with everybody, what they all kept saying is they love the mission, they were grateful for any raise that we gave them, and they just wanted to help make things better. And for me, that was like the best news, you know, to keep me going when times got tough.

Another, okay, so basically I implement programs with employees. I do all the recruiting, hiring, on boarding, monitor policies and procedures. When I get some time, I want to revamp our handbook. It's been a while since we've done that. But it looks pretty good right now just maybe we need some tweaking. I'm really trying to make it clear to everyone that works here that we want transparency. We want to make things as smooth as possible. Normally even if you have hard news to tell people, if you tell them why, we had to do it this way because this is what the federal law states, this is what the state law, these are our choices, they don't usually get that mad about it. They usually take it in stride.

So I've been here four months. We've hired six people. That's a lot of man hours for me. But it also is very invigorating because every single one of them so far has been just lovely and very hard workers and so excited about the mission and so excited about learning. We had three new young ladies start last week, as they said. We're interviewing another young lady this coming week. And then we've got the big kahuna left. The biggest, hardest fish to find.

(Laughter.)

MS. POHLMAN: But we'll get there and it will be worth the wait. And Linda has been so gracious with her time and I know she's tired of being here. But we appreciate it. We appreciate it.

Also in my responsibilities I oversee the maintenance person for this facility and I have learned a lot about HVAC. I've learned a lot about leaky windows and bathrooms. And Stephanie Abisi helped with the projects for the move and little by little she's been giving me things to do. And the other day she emailed me, the electrical outlet isn't working in this one room. I'm really sorry. And it's like it's okay, it's part of the job. But it's a fun part, too.

My team is Angie Graham and Anita downstairs. And they are the most overqualified receptionists you'll ever want to meet. Angie has her master's degree in HR, if any of you didn't know that. And Anita has been in management a lot of her life. And I asked them why they are here and why they are in that position and basically they said it was time for them, they wanted to give back. So I lean on them a lot. I depend on them. I can bounce things off of them and they'll give me true feedback. Sometimes I don't want to hear it. But it's good. It's a good relationship.

So we, Linda and I are going to be working on employee evaluations. Right now we just, we're just doing more of narrative reviews. So they will be getting some reviews until we get it tied to the strategic plan. I'm still revamping on boarding procedures. I'm about halfway there. We're going to get some first aid and CPR training within the next six months.

So really that's about it. Basically I solve problems. And that's about it.
(Applause.)

MS. ABISI: Now I have to play with it because she's a foot taller than I am. Hi. So I'm Stephanie Abisi, for those of you who don't know me. And I am now the Director of Operations Management. Is that the right title? We go back and forth.

So obviously that's a new role and many of you have asked, many of you who know me have asked, and know that I worked for the ALA for a really long time, have asked what exactly am I doing. Well I am looking at the national organization projects that impact more than just one division or program and helping bridge connections between stakeholders, developing project and implementation plans. For example, as Linda mentioned this morning the Unit Guide Book is currently being revised. I've stepped in and worked with our content editor here in our Communications Division to develop a realistic timeline for a final product. I make sure that all of the stakeholders can meet the timeline and adjust when needed, making sure that this information is shared by everyone. So in the near future I will also be applying this project timeline process with the Red Book and several other projects that impact the entire organization.

I am also working with other divisions and national leadership to develop a list of training needs to evaluate the organization's volunteer education and training programs. And along with forging my new path, I'm still managing the strategic plan, ensuring that the plan meets the expectations of all of our members. And I'm still managing the implementation of the ALA Academy. Speaking of the Academy, just over 3,000 members have completed at least some if not all of the first five classes. So great job.

In July ALA Branding and Why It Matters to Me was released and helps define what branding is and why it is more than just wearing ALA branded apparel. Have you had the chance to take this course yet? Anybody taken this course? Okay. Just a reminder that it's out there.

As part of the strategic plan we have invested a lot in the Academy and members are using it and asking for more courses. So we're in the very early stages of developing a course that may seem familiar to you, or at least to a Junior in your life. We are working with our Academy content developer to convert the revised Junior leadership course to an ALA Online Academy course.

(Applause.)

MS. ABISI: And not to discourage, we're also working with the Development Division on a fundraising course. Which hopefully, I make no promises, will be ready to go by Convention, both of those courses. Hopefully. We're very early.

So I hope this gives you a little insight into what I'm doing for the ALA and I want to thank Linda for this opportunity. It's been fun trying to figure out and helping with the move. And I also thank all of you for the opportunity that you give to me to serve you and to serve our mission. It's very important to me. It's been part of my whole life so I really appreciate that. And don't worry, I still plan to see you all at upcoming meetings and events. Tamara?

(Applause.)

MS. SHUMATE: No wait, this is part of my opening. Wait for it. It's going to happen. Pretend that didn't happen. The joke's got to land, Linda, for this to work. All right. Here we go. Okay. Before I get started, I need to make something very clear. I've heard the rumors. I've seen the sideways glances. I've even been approached by some of you. So let me make something very clear. Linda and I most definitely planned these outfits today, as shown by my slide. You can see us earlier this morning. It is the same exact outfit. So there you go.

So a keen sense of fashion is not all that Linda has brought to National Headquarters. I think the entire staff would agree that what has been most impactful since she arrived has been a sense of opportunity that she and National President Kathy have brought to the Headquarters staff. I'm sure you've seen the sense of opportunity in the new title changes and in the way staff is interacting with volunteers again. I think we're working to strengthen those bonds.

Under this new halo of opportunity, the national staff has been encouraged to redefine roles and examine current processes to ensure that mission delivery is really at the heart of every single thing that we are doing. The directive gave me the ability to really shake things up and to redefine roles in my own area. So I immediately recruited Cathi Taylor, she's our archivist, she works directly with the Constitution & Bylaws Committee. She works with the National Historian -- Melanie Taylor is doing a dance, and she works with the History Committee. So I also brought back a former program coordinator, Maria Potts. I know -- yes. She did V&R and Poppy for a while so you probably know her from both of those programs. And we now make up your Executive Support Division.

Our goal will be to work as a team with all of the executives so that we can strengthen communication and better identify opportunities for mission delivery. Yes, the Executive Support Division will still be doing our traditional functions, like managing over 100 travel engagements for our national officers, including seven foreign travel destinations; scripting nearly 30 days' worth of executive and national meetings, including National Convention; managing the National Constitution & Bylaws, Past Presidents Parley, and History Committees; processing over 150 archival requests from departments, units, and internal staff; taking, formatting, and distributing official minutes for nearly 75 executive meetings; managing the national appointments process of nearly 250 members; and ensuring the National President is having a successful year while laying groundwork that ensures the incoming National President will have a successful year. All of this is done while still managing the day to day activities of our internal executives, like Sara and Linda. And then of course Linda and I spend a lot of time together coordinating our outfits

for the days and for meetings. That's where a lot of our time is spent. That's where the real work happens.

(Laughter.)

MS. SHUMATE: So yes, we will still take care of those functions and all the other behind the scenes magic that we do. But now we'll be doing it as a team. This new composition will allow us to provide additional and enhanced support to all of our executives. So that means all of our executives, that's you, our executive board, and of course our Past National Presidents that we've worked with, Maria has worked with, we love to continue working with.

Our hope is that this new team concept will deter miscommunications, enhance transparency, strengthen the bonds between staff and volunteers, and ultimately grow opportunities for mission delivery and brand recognition in our community. Because like Linda so colorfully reminds us, every day if we're not here for the mission, what the hell are we here for?

(Laughter.)

(Applause.)

PRESIDENT DUNGAN: Thank you, Tamara, and a big thank you to all the national staff members for the great mission work that you do every day.

(Applause.)

PRESIDENT DUNGAN: I was carried away with Tamara's speech and I forgot I was supposed to be up here. I'm sorry.

(Laughter.)

PRESIDENT DUNGAN: Let's welcome Past National President Linda Newsome report for her report for the activities of the 100th Anniversary Committee report. Linda?

MS. NEWSOME: Woo-hoo!

(Cheering.)

(Applause.)

MS. NEWSOME: Madam President, members of this National Executive Committee, 20/20 vision. How is your 20/20 vision? Boy, I'm not hearing very good things out there. First, I would like to commend the 100th Anniversary Committee. So would those present please stand? All right.

(Applause.)

MS. NEWSOME: You see we have a mixture of those who are in power, those who try and remember power, and the staff who does the work.

(Laughter.)

MS. NEWSOME: Very soon we will have the official opening of the 100 Years of Service, Not Self. Many, but unfortunately not all, departments are well underway with their current activities and planned events, and so is the national organization. Memorabilia is on sale through Emblem Sales and departments are following suit by either purchasing through Emblem Sales or using their own designs with approved use of the 100th emblem.

My department is doing a t-shirt with small emblem on the front, a banner on the side that says Department of Maryland, and on the reverse it says 100 Years

of Service, Not Self. So you too can do something to show your department is with the 100 Anniversary.

A common thread throughout the reporting departments are plans on having a special something at their upcoming department convention. Some are planning elaborate dinner dances at their opening. Some are planning on displaying unit memorabilia at that convention, and others are having parades. I want to give a shout out to the following departments: Arizona --

VOICE: Woo-hoo.

(Laughter.)

MS. NEWSOME: -- Alaska, Iowa, and Virginia.

(Cheering.)

MS. NEWSOME: Their plans are really coming together. And I have to say the committee is doing a lot of work. One of our committee members in California has her unit and post together to celebrate jointly. They have received a proclamation from the mayor and also permission to place a time capsule in their city park.

Our Facebook group currently has approximately 1,500 members and there are so many good ideas available there, as they are in the e-bulletins. How many of you are part of the Facebook for the 100th Anniversary? You'd better be.

(Laughter.)

MS. NEWSOME: Thank you. Now, for those who did not raise their hand, I expect a totally different response when I'm up here doing National Convention stuff. Please go back and encourage your department members to utilize these helping hands. Man, that's way ahead of my remarks. So what else is on the horizon?

How many of you have seen, you all have now, the 75th Anniversary commemorative artwork? How many of you have seen the original, the real one? Okay. A whole lot of you haven't. And you won't see it here today.

(Laughter.)

MS. NEWSOME: This was -- let me start over. You will recall that it is the depiction artwork, the shadow box of the Auxiliary's first 75 Years of Service, not Self. Well we needed to update the artwork. And I'm excited to say the Finance Committee --

(Laughter.)

MS. NEWSOME: -- approved the addition to the original to cover the last 25 years. A shadow box questionnaire, to help determine what events should be included was completed and sent to One of a Kind, the original artist of our 75th Anniversary shadow box. That's the big one in the middle. Please note the depiction on the screen and also if you want to see it up close or later upside down, there. I will be happy to show you and you can pick out some really neat things.

At -- yes. Our pictures. Right. We're the last two on there. Yeah. The artist will be arriving at National Headquarters in the next month or so to begin his collection of memorabilia to be included. That's where the side bars are. The next, the 25 years since the 75th.

At our upcoming Convention here in Indianapolis tours of this beautiful National Headquarters will be available to our attendees and at the 2020 Convention for the first time in a long time each department hopefully will bring their colors for a Parade of Colors.

(Applause.)

(Cheering.)

MS. NEWSOME: And in between these two Conventions, more and exciting festivities are in the works. I can't tell you all yet. We need to save some surprises. So I urge you to go back to your departments and promote the 100th Anniversary. If this committee can help, please let us know. We do have many ideas and many ideas from the departments that have already given us some of their information about what they are doing.

Madam President, while this completes my report, I would like to take a moment of personal privilege and scare the heck out of her and approach the podium.

So Madam President, come here.

(Laughter.)

MS. NEWSOME: Madam President, I mentioned earlier that the Past National Presidents would present a check for your special project. Well, here it is.

PRESIDENT DUNGAN: Oh, thank you.

(Applause.)

PRESIDENT DUNGAN: Thank you. \$200. Thank you, ladies. Love you all.

MS. NEWSOME: Thank all of them, right. Thank you.

PRESIDENT DUNGAN: Thank you, Linda.

MS. NEWSOME: Oh, that completes my report.

PRESIDENT DUNGAN: Thank you, Linda. We appreciate all the hard work being done by the Anniversary Committee to celebrate our 100th year of service to veterans, military, and their families. Would Past National President Janet Jefford and Headquarters staff member Stephanie Abisi please share their strategic planning report?

MS. ABISI: Hi again. Over the next 20 minutes or so, Janet and I hope to accomplish two things: to review the proposed changes to the standing rules that were included in your packets and get some of your feedback, and review the status of our current strategic plan and discuss where we go from here.

So the American Legion Auxiliary organizational effectiveness assessment released in 2015 examined how members view the ALA's ability to deliver our mission. Respondents felt the main purpose of the ALA should be to deliver our mission of serving veterans, the military, and their families. Some respondents felt current Auxiliary programs are too varied and need to be streamlined. Therefore Jonathan Grossnickle & Associates, the company that conducted the assessment, suggested that ALA conduct a program review of all current Auxiliary programs with a goal of focusing on key programs -- sorry. I'm sorry. Suggested the ALA conduct a program review of all current Auxiliary programs with a goal of focusing

on key programs that most strongly support the ALA mission. In response, the implementation team created a team whose responsibility it was to look at how the ALA can optimize our mission delivery.

This team was charged with the following: interpret the recommendations from the assessment; assess our current programs; evaluate the effectiveness and composition or structure of current programs; and report it all to the implementation team. After 12 months of research and investigation, the Goal 4 Team at the 2018 National Convention during the Constitution & Bylaws meeting presented you their initial proposal on committee changes. We want to thank all of you for all of the comments, feedback, and suggestions that we received.

These suggestions were reviewed by the implementation team, the Future Focus team, Goal Champions, and future leadership prior to the meeting that was held just this past October. This group, based on your suggestions and the team's research, have made several recommendations for changes at the national level which Janet will review with you and which was included as part of the packet. However, before I turn this over to Janet I want to remind you that there are national committees whose structure is not impacted by this proposal. That is the National Audit Committee, the National Children & Youth Committee, the National Finance Committee, the National ALA Girls Nation Committee, the National Junior Activities Committee, and the National Membership Committee. Janet?

MS. JEFFORD: Okay. So at our October meeting I have to tell you there were a lot of assertive young ladies there and we came to the meeting with a lot of different opinions. We didn't all agree in the beginning on what was best. But we looked, we had good discussions and we looked at the feedback and suggestions that we received. After a lot of debate and thought, we came to a consensus and that's what was important. We came to the consensus on what would be good for the organization.

The draft proposal that you received in your packet, if you could take them out and, you know, follow them when we talk, is a result of that consensus. So we didn't always agree on the how, but in the end we agreed that that final draft that you have would be good for the ALA as we move to the next century.

So when you look at change, we need to consider what's best for the organization, not what may be best for us individually. Please know that we are not proposing these changes just for the sake of change. We really believe this would help our organization.

For discussion today I'd like to split these resolutions into four areas. I will first present the rationale and reasoning for proposing these changes as were discussed at our October meeting. Then I'll open the floor for any clarifying questions that you may have. And if time permits, I'd like to get a few of your initial reactions to these proposals. Now I'm going to warn you, all day when we said are there any questions, I didn't hear any. But this time, what do I expect?

ALL: Questions.

MS. JEFFORD: Questions. Okay, good. All right. So the first proposal you had was a draft resolution to delete the following committees at the national level:

the History Committee; Liaison to the American Legion Child Welfare Foundation; and the Past Presidents Parley.

So many people who responded, as Stephanie said, told us they thought there were too many programs. So that's why we are looking or proposing this draft to eliminate these three committees at the national level. So here's some rationale.

History -- let's look at each one first. The History Committee. Things change over time. Today at the national level, the collecting and categorizing of our memorabilia is done by a staff person, mainly headed by Cathi Taylor. When I was National President, when a PNP had to resign as the chairman of what was then called the Cavalcade of Memories, I appointed Cathi as Chairman since she was the person actually doing the work. So right now currently this collecting and everything headed by Cathi is really a staff activity. So therefore the group felt that there was no need to have a History Committee at the national level. We still do encourage departments very strongly to have their own History Committee. Because just as our written history is very important, so is collecting and displaying a visual history.

The responsibility of communicating to departments about the importance of having their own collection of memorabilia can be given to the National Historian. And this will be a way for her to connect with departments as she talks to them about the importance of preserving our history. So that's for the History Committee.

The Liaison to the Child Welfare Foundation. So the main responsibility of this national committee is to encourage donations to the American Legion Child Welfare Foundation. We still and strongly believe that it's very important for the Auxiliary to support this Foundation. But the group felt that this position of Liaison is really a position. It's really not a committee. And it could be assigned to a member of the Children & Youth Committee. And we did not therefore need a national committee.

Currently this committee is comprised of a Chairman, a Vice Chairman, both of whom traditionally have been PNPs, and the National Children & Youth Chairman. The Children & Youth Committee member assigned to be the Liaison to the Child Welfare Foundation can still be a PNP and we did suggest that to future leadership.

Okay. The last one is our Past Presidents Parley. Currently this committee has a Chairman, Vice Chairman, and one committee member, all of whom have traditionally been Past National Presidents. The main responsibility was to promote Past Presidents and departments to take roles in promoting leaders and then the importance of mentoring. Eliminating Past Presidents Parley as a national committee does not necessarily mean taking away two very popular programs. Over the years, the Past Presidents Parley Program kind of moved to include two very popular awards: our Salute to Servicewomen Awards and our Unit Member of the Year Award. So we think that the Salute to Servicewomen Awards could easily transfer to the National Security Committee and the Unit Member of the Year would go where it seems naturally to fit, to the National Leadership Committee. Very good. So you

see some of our reasoning there. And we really do encourage the national leadership coming up to keep these two very popular awards.

So we also encourage, though, departments to have and maintain their own Past Presidents Parley. That Past Presidents Parley is very important in a lot of units. It's more of a group that gets together. It's not really a committee. It's a group of their Past Department Presidents meeting in a parley or discussion on what they can do to help the organization. And that scholarship, they raise a lot of money for scholarships and we hope that will still continue. So please, we're not saying do away with this at the department level. But as a national committee it will no longer exist.

Okay. Mary Davis, where are you? So Mary Davis is the Chairman of our Future Focus Committee. And you heard that this was a joint group between the implementation team, Future Focus Committee, our Goal Champions, our upcoming and current leadership, and the Goal 4 Team. So Mary is going to help us if you have any questions. Okay?

Before we begin with the questions, and you'll be first, okay? I just want to point out something. If you heard me, the appointments of the committees, most of the appointments of those committees that we're recommending be eliminated are currently held by Past National Presidents. And there are a lot of Past National Presidents in this group. But I want to tell you we based our decision, not what was good for us, but what would be good for the organization. And so I'm asking you in the spirit of goodwill that you do the same thing when you talk about these resolutions or think about these resolutions.

All right. So we're going to first ask are there any, like, clarifying questions? Things you don't understand that you'd like us to clarify for you? Yes?

MS. KRYCZKOWSKI: Debbie Kryczkowski, Department of New York. Madam President, through you to the committee, on the Past Presidents, are we doing away with the luncheon at National?

MS. JEFFORD: Absolutely not.

MS. KRYCZKOWSKI: Okay. And my other question on the Liaison for Child Welfare Foundation. Is that going to be a one-year position?

MS. JEFFORD: Did we -- yes.

MS. KRYCZKOWSKI: Okay. Thank you.

MS. JEFFORD: Yeah. It will be a one-year. And it's like any appointments. The incoming National President will make those appointments and if they want to keep somebody for more than one year, that's a possibility. The luncheon, we never talked about doing away with that. As that award transitions to the Leadership Committee we hope that it just stays the same. Okay? Any other questions? What you don't understand? Don't forget, we're going to be asking you to go back to your departments and have a discussion. So you need to understand and, as Linda said, ask your questions now.

MS. CRAWFORD: Ann Crawford, NEC Iowa. The Liaison to the Child Welfare Foundation, it says could be a Past National President. Does it mean should be or could be? Is there a designation that it should be?

MS. DAVIS: Certainly you could, the incoming President can select anyone they want. So they could have a Past National President or they could have a member who has some expertise with the Child Welfare Foundation and would be a great representative as well. MS. JEFFORD: Is this a problem? Are you suggesting it should be? Or are you just asking the question? Okay. So sure.

MS. DAVIS: So I'm going to take the mike again. Currently, nowhere in any of our governing documents does it say it has to be a Past National President. It had been traditionally but it does not have to be.

MS. JEFFORD: Any other questions? Okay. I think we have time. We're going to do more and I'm going to take one comment on your initial reaction to this proposal. Who would like to stand up and just tell me what your gut reaction is? Come on.

VOICE: (Indiscernible).

MS. JEFFORD: Okay. We're doing, let's, we're talking about this one right now. But --

VOICE: (Indiscernible).

(Laughter.)

MS. JEFFORD: Oh. Okay. You're good. You're way ahead of us.

VOICE: (Indiscernible).

MS. JEFFORD: We'll get you the mike.

MS. BONILLA: Yolanda Bonilla, Department of Arizona NEC. It makes sense having Member of the Year in Leadership. You don't know, this might be a department president in the future. So to me, it makes sense.

MS. JEFFORD: Well thank you. Okay. So now let's look at the second group and that was the resolution to change the following national committees to a Chairman, Vice Chairman, and five divisional chairmen. I don't have my -- do you have your paper with the list of those? Because mine is over there. Oh, here it is. Okay. So that would happen to the following committees: Americanism, Auxiliary Emergency Fund, Community Service, Leadership, Legislative, National Security, Poppy, and Public Relations. All right.

The rationale for this. The current committee structure has been in place for a very long time. It was created before a lot of the technologies that we have today. The world communicates differently and with the internet, emails, and social media. The American Legion Auxiliary needs to look internally and change and move towards these other means of communication. With these new modes of communication, there's not always a lot of responsibilities to assign to committee members. The divisional chairmen have very defined roles and responsibilities, communicating with the departments and their division. But that wasn't so for the multiple committee members on these programs. And when people are appointed to a job, they like to know what they have to do. They want to know specifically what's expected of them. In many cases, we couldn't define that job for committee members on these committees. So, you know, when people are given a national appointment and they don't realize they really have a role, that doesn't make them feel very good. You know? It's probably the worst thing we can do is take people who want to

contribute, appoint them for something, and then don't utilize them. So that was some of the rationale for this proposal. Okay?

And in addition, over the last few years the incoming leadership teams, our entering National President and her leadership group, the number and quality of the member applications that we're receiving for national appointments has declined. And there's often not enough applications to fill those like approximately 250 committee appointments. So that was another thing we discussed.

Okay. I'll take some questions on that so you can explain it better in your departments. Are there any questions? Oh, I see someone. She's hesitating but, yay, she's coming up. They have their, they have the -- oh. You do not have what I'm reading but you do have this and you also have -- this is the one you should be looking at. And you can see where the, the one you should be looking at looks like this and you'll see that it's page five, we're on page five of eight. Oh, 16 in your packet. And you'll see we give you the current wording in the standing rule. We give the proposed amendment showing what we're deleting. And then we give you the final version if adopted what it would look like. So this is what you should be looking at. And I have to thank Chris Dickey for kind of suggesting this format. Because I think, and I don't know how you think, I think it so clearly states what we want to do in each instance. And it might be something you might on the side take back to your departments and use. All right. Go ahead. I'm sorry.

MS. LONG: I'm Kathy Long. I'm the NEC from Montana.

MS. JEFFORD: Hi, Kathy.

MS. LONG: I am looking at two of them. I'm not understanding something on these two. I'm on page 8 of 8 or page 21 of 21. I'm not sure which way you have to go with your --

MS. JEFFORD: Okay.

MS. LONG: Okay? I'm looking at VA&R and Education.

MS. JEFFORD: Okay. I'm going to just stop you there and ask you if it's on VA&R or Education, hold that question. And we'll get back to you. Because we're not to that section yet, okay?

MS. LONG: Oh.

MS. JEFFORD: Because hold that question because I'm coming back to you. All right. So on the proposal for those committees that we're just going to be removing a committee member and have a Chairman, a Vice Chairman, and a representative from each division, so five divisional chairmen. So any questions on that? Sharon?

VOICE: No. Mine is a clarification on something else.

MS. JEFFORD: Okay.

VOICE: Madam President, to the committee, it does say in our standing rules that both of the members of the Child Welfare Foundation will be Past National Presidents. So that's just a clarification for knowledge. That's all that is. It doesn't mean anything. It's just a clarification for knowledge.

MS. JEFFORD: Thank you. All right. Anything about these committees that you don't, might not understand or you need answers about? No? Okay. How about your gut reaction? How do you feel about this?

(Applause.)

MS. JEFFORD: I'm liking it. Thank you. You know, I want you to know this isn't written in stone. But we're doing this so you could understand and bring it back. So, okay? All right. Stephanie, I'm going to let you do the next three.

MS. ABISI: Okay. So now we're going to talk about the proposal for the Veterans Affairs & Rehabilitation Committee and the Education Committee. So each, both of these committees moving forward, should this proposal be adopted, would have a Chairman, a Vice Chairman, one committee member, and then one representative from each division.

So this recommendation considered what the committee member role is and our group decided to leave a member in place for each of those committees, for those two committees. Specifically for the Education Committee, they no longer go to these national educational conferences with the American Legion so there is not the same amount of responsibility as previous years. And members of this committee also attend the American Legion Committee on Youth Education meetings and the American Legion has asked that we only send three members to their, three total committee members, to their meetings.

And the VA&R Vice Chairman and committee member obvious have roles with VA volunteer services and both are so very vital to the success of that program. The Vice Chairman and the committee member, should this proposal be adopted, will each be appointed for two-year terms as their work is more than just a 12-month period. So are there any questions, I know we're going to need to have part of that clarified. Okay.

So the Vice Chairman and the member of both the Education and VA&R Committee will serve a two-year term. Right. Now they serve a three-year term. Because there's three of them. So we're changing it from a three-year term, three people having a three-year term to two people having a two-year term. The Chairman will still just have a one-year term. Yes. She asked if that was a rotating two-year term, and it is. Staggered. Okay. So the Parliamentarian reminded me it's a staggered two-year term. So it will still be how it is now.

Okay. Are there any other questions?

VOICE: (Indiscernible).

MS. ABISI: Oh. The reason to cut it down to two years is because there's only two people and right now there's three people. And so basically it allows that appointment, it's an easier way to do that staggered appointment. Hi, Lisa?

MS. WILLIAMSON: Lisa Williamson, National Education Chairman. Having served and five years ago, I believe, Diane had brought a resolution up to the National Convention body about this. It just makes more sense. So -- sorry, speaking through --

MS. ABISI: No, you're fine.

MS. WILLIAMSON: So perhaps on the odd years, the Vice Chairman is named and then on the even years the committee person is named. And it goes back and forth like that. Right now we have three seats at the Legion's Children & Youth Education table when it comes to their meeting. And so that one committee member down here really has nothing to do.

MS. ABISI: Okay. Any more questions about this proposal? Okay. So moving on to the Constitution & Bylaws Committee. So this, the proposal for this committee is that it will go from five members to two, a Chairman and a Vice Chairman only. The committee relies heavily on the National Headquarters program coordinator for research and they relay information to the person who submitted the question. Oftentimes it's through the National Chairman. The Chairman and Vice Chairman don't make decisions in their own regards to department governing documents. We now also have a Parliamentarian that we can go to for correct answers. This still makes at least three people who are helping to answer department Constitution & Bylaws questions and we felt that that was enough to handle it at the national level. The Chairman and Vice Chairman will also still be communicating with departments on the importance of having good governing documents. Anybody have any questions about -- okay.

Any comments on either one of these proposals? Okay. Janet?

MS. JEFFORD: Just to clarify what you heard Sharon stand up and say about what it's -- if you look on the first page of the formatting here where we talked about deleting the committees? I just want to clarify this, that you see how it currently reads and it does read that they will, the appointed Past National Presidents, this does say they will be -- but if you look at what's proposed, we're just proposing to delete that whole section. So that would be gone and it would be up to the incoming leadership or the incoming National President to decide, you know, who she is going to put in that position. Ms. Nancy?

MS. BROWN-PARK: To go back to Constitution & Bylaws, Nancy Brown-Park, Past National President. I have a question, Stephanie, if you could explain it a little bit. When you talked about how the information comes in and how the information goes out, I saw a gap there, to me I see a gap where there is no, when decisions are made I don't see volunteer input into some of those decisions. So that is what I was concerned about. It sounds like it all comes out of staff and through the Parliamentarian and there's no input from the national Constitution & Bylaws Chairman. So I have a little bit of a concern there.

MS. ABISI: I'm going to yield to Melanie Taylor, who is the current Constitution & Bylaws Chairman. Because I can't answer that question.

MS. TAYLOR: Nancy, to answer your question a lot of the questions come to Cathi Taylor.

MS. BROWN-PARK: Mm-hmm.

MS. TAYLOR: She CC's those to me. We talk back and forth and she will respond to that question and also CC me in her response. I in turn do the same thing. If I get a question that comes directly to my email, I will send it on to Cathi. We

discuss it. And then she will in turn respond or I will in turn respond and CC her.
And --

MS. BROWN-PARK: Okay. And that's good. As long as there is volunteer input to what's going on. I just have noticed a lot of, we seemed to be getting a lot of legal opinions in the past to me that were decisions that we probably could have made on our own. So I have concerns about that. So.

MS. TAYLOR: Yeah. Yeah. Cathi and I have worked back and forth. So we don't respond to any inquiry without consulting each other.

MS. JEFFORD: Very good question, Nancy, to help us understand how that works. And I, you were Constitution & Bylaws, Mary. You're fine? Do you want to add anything, or no? Okay.

MS. DAVIS: When I was Constitution & Bylaws I had the smaller committee and I found it worked beautifully. I was surprised when we enlarged it. I didn't think there was a need in it. So.

MS. JEFFORD: Okay. Thank you. Any other questions on any of those proposals? Anybody have a real desire to get up and say something? Because I know we're getting late. Yes?

VOICE: (Indiscernible).

MS. JEFFORD: Oh, I didn't count. Did you count?

VOICE: (Indiscernible).

MS. JEFFORD: I don't know. Why don't you count it while I'm talking and let us know the answer.

(Laughter.)

MS. JEFFORD: All right. Stephanie said -- that was a good question. But you know, sometimes when you ask a question, guess what happens? But we will, when we do send the draft out or the next draft to everybody, we'll include that information. Okay. So now --

VOICE: The answer is on page two. It's 31 committee positions will be eliminated.

MS. JEFFORD: Oh. Okay. How many?

VOICES: Thirty-one.

MS. JEFFORD: Thirty-one.

VOICE: Thank you.

MS. JEFFORD: That helps a lot. Oh, okay. Okay. So what are we asking you to do again? Please go back to your departments and talk about these changes. Ask for feedback from members. And let us know what the members in your department are thinking. You can send your suggestions or any comments to strategicplan@alaforveterans.org.

Your feedback after the National Convention this past year was very valuable in drafting this proposal. So I strongly encourage you to send suggestions again. These proposals are not written in stone. Once we get your feedback and we have further talks, we might edit this proposal based on that. And we want to do that so we can give these resolutions a good chance to pass at National Convention. Okay? All right. Yes? Sure.

VOICE: (Indiscernible).

MS. JEFFORD: Okay. Read it to us.

VOICE: (Indiscernible).

MS. JEFFORD: Okay.

VOICE: Under the Auxiliary Emergency Fund, it says the last sentence, “a three-member review and processing committee shall consist of the national,” and then it stops.

MS. JEFFORD: That’s what it was.

MS. ABISI: Can I answer it?

MS. JEFFORD: Mm-hmm.

MS. ABISI: Because that’s where it, the wording after that isn’t impacted by these changes. So it goes on, if you go to the Constitution & Bylaws, it goes on. We just didn’t, because nothing else after that was impacted.

MS. JEFFORD: Right. That all stays the same. We just looked, we’re just doing the first paragraph. But good, very good question. Okay. So strategic plan -- are we ready to move? Because I know it’s getting late.

Strategic planning, this current strategic plan is ending this year. It was a five-year plan that was adopted by the NEC at this meeting five years ago. During the Convention, Madam President Kathy is planning a big celebration to recognize all that we have done over the last five years. So in preparation for that, all the goal teams are working on finishing up those strategies which they think they can complete before Convention. They have also made recommendations to the implementation team on what should be or could be considered for next year’s strategic plan. So we’re not going to go through anything that we did, you know, what we’ve accomplished. We’re going to leave all that for National Convention.

Except one really quick thing, and I know only because this is a pet project of our National President, the Goodwill Ambassador Awards. It came out of the strategic planning goal two and Kathy, did you want to just say anything? I’m putting you on the spot. But I know you really are encouraging people to apply for this.

PRESIDENT DUNGAN: Yes, I am. The award is brand new this year. It’s the National Goodwill Ambassador Award and everyone can be involved in it. It starts at the unit level. You have that one member at that unit that goes above and beyond, that just goes everything, is Johnny on the spot, when you ask her to do something, she’s there. So you nominate her from your unit, to the department. The department selects the Goodwill Ambassador from the department. The department sends that recommendation to the division, in their division. There will be one division winner from each division. Five ladies will be my guests at National Convention as the National Goodwill Ambassadors. So I would love to see you all out there. Who knows? You might be the National Goodwill Ambassador.

MS. JEFFORD: Thank you, Kathy. Okay. So I’d like to take this opportunity to thank everyone who has been working so hard over the last five years on this plan. You know, it’s really important. Work will begin shortly -- oh. And I want to thank you, the NEC, for your support. Because you are the ones that gave us

the money to allow us to do this strategic planning. So thank you very much for your support at these meetings and for voting for that, but also for what you've been doing in your departments to promote strategic planning. Thank you.

Okay. Work will begin very shortly on putting together our next strategic plan. We'd like to hear from you. If you have any suggestions, or like don't think about goals, strategies, or initiatives. Think about what could the national organization and a strategic plan do to help your department, to help your members. Where are those, what are those things that we don't do very well that we should do better? You know? So you can again send those suggestions or comments to strategicplan@alaforveterans.org. Very good.

Okay. So things will probably look different in the next plan but know there's many ways to do strategic planning. Strategic planning is nothing more than saying where do we want to go, how are we going to get there? You know? And then taking a left or right turn if you need to. Because sometimes the path is not always straight. So we have to, don't be afraid to fail. This is for your own departments also. Don't be afraid to fail. Don't be afraid to try something new. If it doesn't work, take a left turn and try something else. Okay? Without planning, this organization, you don't know where you are going or what you want to do.

Thank you very much for your attention this afternoon.

(Applause.)

PRESIDENT DUNGAN: Thank you, Janet and Stephanie. That was a lot of good information and we hope that you do take it back to your departments and promote it and discuss it.

Now the Chair calls professional Parliamentarian Chris Dickey to the podium for a special report.

MS. DICKEY: Thank you, Madam President. A couple weeks after we left Minneapolis, I got a question and that was does the NEC have the authority to amend provisions in the Standing Rules? And more specifically, the motion or resolution that you adopted at the post NEC meeting to change the composition of the executive committee to the NEC, was that a valid vote? And at first when I got it I thought, well, that's a real easy question. But as Colette said earlier this afternoon, sometimes things with the ALA is not always that simple. And so I looked at this and I thought, oh, I know what the answer is. Actually it took me a couple of days and I had to keep coming back to it and rereading it and thinking about it and walking away from it, and all that. So let me explain kind of where this took me.

In the Bylaws, under the section of Authority for the NEC, it says that the NEC shall adopt policies and standing rules unless otherwise noted in the National Constitution and these Bylaws. So that's very simple. If you look at, I can give you an example. In the Constitution, there is a section in there about it provides the formula to determine department representation at the Convention. You are probably all familiar with that. You figure out how many delegates you are going to get for Convention. And so but in there, in the Constitution it says that that actual formula will be in the Standing Rules. And it also goes on to say in the Constitution that changes to this formula for delegate voting strength and the manner for casting votes

can only be determined by a two-thirds vote of the National Convention delegates. So to change that formula, even though the formula resides in the Standing Rules, to change that formula takes a two-thirds vote of the delegates at the National Convention. And so that's how this normally is within the governing documents, where you have like the amount of dues, the authority to change dues is in the, I believe it's in the Constitution. It could be in the Bylaws. But the amount is in the Standing Rules. And it says to change that it takes a vote at Convention.

Now for this question that I received, there is a section in the Bylaws that says that when the revision was done, I think that was done in '12? '14? Somewhere around there. There was a provision put in that the National Convention body could establish a subordinate body to the NEC and so that was put in there that it was a possibility. Well then a few years ago the National Convention voted to actually establish it. And they chose to establish it within the Standing Rules rather than within the Bylaws. And so there's nothing in the Bylaws that states that, where that has to, that to change that has to be done by the Convention body. And so I thought for sure, then, well then the NEC has the authority to change it.

However, this is where it gets interesting. Actually within your Bylaws the authority of the NEC, it does say that they have the authority to adopt policies and Standing Rules, and then it gives the caveat unless otherwise noted in the National Constitution, these Bylaws, or Standing Rules, strategic plans, and agreements, and memorandums of understanding. So it does allow that the authority of the NEC can be changed by something that's in the strategic plan, in the Standing Rules, strategic plans, agreements, which I'm not sure, that could be, that's really broad, agreements, and memorandums of understanding.

So as I looked further, in the preface of the Standing Rules it states that certain Standing Rules can only be amended or rescinded by action of the National Convention delegates if in the Standing Rules specifically states, and it gives this wording, and this is in quotation marks, that it has to say in the Standing Rule, "as provided in the National Bylaws." So this actual section in the Standing Rules that dealt with the composition of the executive committee to the NEC has those specific words that says, "as provided in the Bylaws." Even though it's not provided in the Bylaws, it has those words in it. And because it has those words, then it can only be amended by the National Convention delegates.

So it was my opinion back to the leadership that the action taken at the NEC to change the composition of the executive committee to the NEC was not a valid vote. It was also I provided an opinion that I think that, or a suggestion, that I think that the, that provision in the Standing Rules that states that caveat, which is in the preface of the Standing Rules, should be amended. And also that the Bylaws should be amended. I think it's very troublesome when you take a subordinate governing document can change the meaning of a higher ranking governing document. And especially something that is so broad as talking about agreements. I think in the future if this continues to figure out whether or not this body has the right to do something, we'd have to go back and research so many documents to understand whether or not you have the authority to do something. So I, it's my suggestion that

some amendments be made to clear that up. Because it's really cumbersome and it kind of goes around in circles. I started to drive me a little bit. crazy as I looked at this. So thank you.

PRESIDENT DUNGAN: Thank you, Chris. In light of this new information, as Chair I just rule the action taken to change composition of the executive committee to the National Executive Committee was invalid and the original committee composition, which included the National President, National Vice President, National Secretary, National Treasurer, and National Finance Committee Chairman stands. Any questions? It just goes back to the original.

MS. SEELEY: Glynis Seeley, Department of Nevada. So if we want to go back and revisit an amendment to the committee, do we have to go and change the Bylaws first to make an amendment to that board committee, executive -- you get what I'm -- right, which comes first? Which, is it the Constitution & Bylaws? Is it the Standing Rules? What is it that we actually have to change in order to be able to change the composition of said committee?

MS. DICKEY: If your only goal is to change the composition of that committee, it would take a vote of the convention body to do so.

MS. SEELEY: Without changing the Constitution and without changing the Standing Rules?

MS. DICKEY: Without changing anything else.

MS. SEELEY: Okay. But you're also saying that we should change those documents?

MS. DICKEY: Right. For future issues that, and it's something that you might want to think about. Should this body be in charge of some of those decisions? Or do you want it, the Convention body to be in charge of some of those decisions?

MS. SEELEY: That's kind of where I'm trying to get at is to decide, I mean, this body was the one who voted to make that change. Now you're saying that going back and looking at the old documents, or our current documents, that that vote has to be rescinded. Which is all well and good but now I'm trying to figure out, Marilyn just brought it up perfectly, which comes first, the chicken or the egg?

MS. DICKEY: You could do all of it at once. I mean, you could do all of it at one Convention, if you want to. But if you only want to achieve a change in the executive committee to the NEC, and nothing else, you have to go to the Convention body to do that. MS. SEELEY: And that would have to be a two-thirds --

MS. DICKEY: A two-thirds vote.

MS. SEELEY: Okay.

MS. DICKEY: Yes.

MS. SEELEY: Thank you.

MS. DICKEY: Now you could do it also where you change some of that by a Convention body vote in the Bylaws, make a Bylaws change to take out Standing Rules, Memorandum of Understanding, strategic plan, and agreements, and then if you change that then this committee could do it at a post meeting.

MS. SEELEY: Okay.

MS. DICKEY: So it could be done in a couple different ways.

MS. SEELEY: Thank you.

PRESIDENT DUNGAN: Any more questions? Okay. Well we will move on then. We will begin with the handling of resolutions previously distributed. They will not be read unless a request is made to do so. If a request is made, the maker will read the resolution. In order for a resolution to come before this body, the maker of the resolution needs to move its adoption. Does the maker of the resolution titled, "Member Transfers," wish to move its adoption?

MS. LACH: Madam President, Patti Lach, Department of Maryland. I move that we adopt this resolution.

PRESIDENT DUNGAN: The motion is on the adoption of the Member Transfer resolution. Is there a second?

MS. WILLIAMSON: Second.

PRESIDENT DUNGAN: Okay. Lisa Williamson, second. Is there any discussion?

Did you all find it? Any discussion? None?

All those in favor of adopting the Member Transfer resolution, please say aye.

VOICES: Aye.

PRESIDENT DUNGAN: Those opposed, please say no.

The ayes have it. The resolution is adopted. Before we move on to the new business, let's take a minute to praise some amazing people who have been serving our heroes by raising money and donating it to the Veterans Project Fund. As you all know, I've made it my focus to highlight women veterans and the specific challenges they face, specifically homelessness. I believe so strongly in this effort that it was an easy decision to name the Veterans Project Fund as this year's National President's Special Project. The slide behind me shows our top National President's Project donors. Everyone listed here has donated over \$1,000 to the Veterans Project Fund.

(Applause.)

(Cheering.)

PRESIDENT DUNGAN: And I am so appreciative of their efforts. So let's give a big thank you and a round of applause to the Department of Arizona, Department of California, Department of Colorado, Department of Connecticut, Department of Delaware, Department of Illinois, Department of Massachusetts, Department of Mississippi, yay, Department of New York. Thank you. Thank you all.

(Laughter.)

(Cheering.)

(Applause.)

PRESIDENT DUNGAN: Is there any other new business?

Is there any announcements? Nothing? Okay. I was just curious. Okay.

I would like to say that if you have not joined or liked the American Legion Auxiliary National President's Facebook page, please do so. I think we've got close to 4,000 now that are following. Yeah. So and also when your unit or your

department does something awesome, I want you to hashtag it #ALA99. That way we can find it and when we start doing our reports for the end of the year, we can pull up all those awesome events and pictures.

Okay. Thank you all to our presenters for your excellent presentations today and thank you to the executive board for your preparation prior to today and for your active participation in this meeting. If you would please stand with me as our National Chaplain offers the Benediction.

(Bell.)

DR. BLANCH: Ladies, at this time, like I always do, across the miles, I would like for you to join hands across the tables and across here as we take the Benediction and we go home. I want us to go in one mind, one body, and one spirit. Because we are #alaproud.

Let us bow our heads to accept this Benediction in agreement. Father God, send us away today in a spirit of harmony, peace, and goodwill. Let us be the ambassadors that we have spoken on today and let us take the reports and take them to heart and just work with it in our communities with our veterans, their families, the female veterans, the homeless female veterans, and all of the other things that are important to us. Allow us the ability to spread Your message with continuous service, and not self, as we go back to our departments, our units, and our communities. Let us leave together as we listen to this old Irish verse. May the road rise up to meet you. May the wind be always at your back. May the sun shine warm upon your face and the rains fall soft upon the fields. And until we meet again, let us say together as we hold You in the palm of our hands and touch in agreement, Amen.

ALL: Amen.

DR. BLANCH: Amen.

ALL: Amen.

DR. BLANCH: And Amen.

ALL: Amen.

PRESIDENT DUNGAN: We are adjourned.

(Whereupon, at 4:42 p.m. on Saturday, February 23, 2019, the above-entitled meeting was concluded.)

APPENDIX A



FINANCIAL STATEMENTS



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

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018 AND 2017



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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc. (collectively referred to as the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation, Inc. as of September 30, 2018 and 2017, 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.

Alending CPA Group

February 2, 2019

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 1,232,750	\$ 678,517
Investments	34,249,653	34,741,539
Investments - PUFL	4,138,316	4,039,759
Prepaid expenses	199,695	188,493
Property and equipment, net	2,229,897	105,763
Other assets	<u>140,048</u>	<u>246,190</u>
Total assets	<u>\$ 42,190,359</u>	<u>\$ 40,000,261</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 1,367,558	\$ 782,467
Accrued expenses	221,951	351,416
Accrued scholarships	79,000	55,500
Deferred revenue - dues	2,547,105	2,338,740
Deferred revenue - PUFL	4,051,453	3,883,473
Deferred revenue - other	45,875	30,816
Liability for pension benefits	<u>976,709</u>	<u>1,101,875</u>
Total liabilities	<u>9,289,651</u>	<u>8,544,287</u>
Net Assets:		
Unrestricted	31,266,581	30,117,576
Temporarily restricted	986,381	980,669
Permanently restricted	<u>1,784,854</u>	<u>1,595,813</u>
Total net assets before accumulated other comprehensive loss	34,037,816	32,694,058
Accumulated other comprehensive loss	<u>(1,137,108)</u>	<u>(1,238,084)</u>
Total net assets	<u>32,900,708</u>	<u>31,455,974</u>
Total liabilities and net assets	<u>\$ 42,190,359</u>	<u>\$ 40,000,261</u>

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2018

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total
Revenue, Gains & Other Support:				
Contributions	\$ 634,244	\$ 445,845	\$ 317,636	\$ 1,397,725
Membership dues	5,295,590	-0-	-0-	5,295,590
Advertising	383,780	-0-	-0-	383,780
Other	<u>637,571</u>	<u>-0-</u>	<u>-0-</u>	<u>637,571</u>
	6,951,185	445,845	317,636	7,714,666
Net Assets Released From Restrictions	<u>605,298</u>	<u>(605,298)</u>	<u>-0-</u>	<u>-0-</u>
Total revenue, gains, and other support	<u>7,556,483</u>	<u>(159,453)</u>	<u>317,636</u>	<u>7,714,666</u>
Expenses:				
Member and department support services	4,810,122	-0-	-0-	4,810,122
Youth and education services	960,873	-0-	-0-	960,873
Veterans and military families programs	<u>983,697</u>	<u>-0-</u>	<u>-0-</u>	<u>983,697</u>
Total program services	6,754,692	-0-	-0-	6,754,692
Management and general	1,199,848	-0-	-0-	1,199,848
Fundraising	<u>783,469</u>	<u>-0-</u>	<u>-0-</u>	<u>783,469</u>
Total expenses	<u>8,738,009</u>	<u>-0-</u>	<u>-0-</u>	<u>8,738,009</u>
Change in net assets from operations	(1,181,526)	(159,453)	317,636	(1,023,343)
Investment Income, Net of Expenses	<u>2,225,194</u>	<u>141,907</u>	<u>-0-</u>	<u>2,367,101</u>
Change in net assets	1,043,668	(17,546)	317,636	1,343,758
Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year	30,117,576	980,669	1,595,813	32,694,058
Interfund Transfers	<u>128,595</u>	<u>-0-</u>	<u>(128,595)</u>	<u>-0-</u>
Net Assets Before Accumulated Other Comprehensive Loss, End of Year	<u>\$ 31,289,839</u>	<u>\$ 963,123</u>	<u>\$ 1,784,854</u>	<u>\$ 34,037,816</u>

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2017

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total
Revenue, Gains & Other Support:				
Contributions	\$ 574,556	\$ 589,760	\$ 135,912	\$ 1,300,228
Federal grants and cost sharing	-0-	306,753	-0-	306,753
Membership dues	5,453,621	-0-	-0-	5,453,621
Advertising	495,084	-0-	-0-	495,084
Other	701,200	-0-	-0-	701,200
	7,224,461	896,513	135,912	8,256,886
Net Assets Released From Restrictions	927,730	(927,730)	-0-	-0-
Total revenue, gains, and other support	8,152,191	(31,217)	135,912	8,256,886
Expenses:				
Member and department support services	4,994,599	-0-	-0-	4,994,599
Youth and education services	963,654	-0-	-0-	963,654
Veterans and military families programs	1,496,212	-0-	-0-	1,496,212
Total program services	7,454,465	-0-	-0-	7,454,465
Management and general	815,742	-0-	-0-	815,742
Fundraising	310,643	-0-	-0-	310,643
Total expenses	8,580,850	-0-	-0-	8,580,850
Change in net assets from operations	(428,659)	(31,217)	135,912	(323,964)
Investment Income, Net of Expenses	3,638,246	203,466	-0-	3,841,712
Change in net assets	3,209,587	172,249	135,912	3,517,748
Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year	26,907,989	808,420	1,459,901	29,176,310
Net Assets Before Accumulated Other Comprehensive Loss, End of Year	\$ 30,117,576	\$ 980,669	\$ 1,595,813	\$ 32,694,058

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, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	Program Services	Management and General	Fundraising	2018 Totals	2017 Totals
Personnel and related benefits*	\$ 2,045,170	\$ 706,867	\$ 133,956	\$ 2,885,993	\$ 3,172,613
General operating expenses	424,051	135,829	29,013	588,893	467,333
Conventions and meetings	1,476,740	124,724	17,331	1,618,795	1,710,307
Occupancy	214,855	70,963	14,784	300,602	256,196
Professional services and fees	520,993	142,571	110,530	774,094	874,593
Printing and publications	819,227	2,289	348,825	1,170,341	825,937
Postage and freight	696,795	6,250	129,030	832,075	762,476
Grants and scholarships	515,018	-0-	-0-	515,018	466,936
Other	<u>41,843</u>	<u>10,355</u>	<u>-0-</u>	<u>52,198</u>	<u>44,459</u>
Total expenses	<u>\$ 6,754,692</u>	<u>\$ 1,199,848</u>	<u>\$ 783,469</u>	<u>\$ 8,738,009</u>	<u>\$ 8,580,850</u>

*Includes AmeriCorps National/VISTA member living allowances and related benefits of \$-0- in 2018 and \$268,541 in 2017 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, 2017

	Program Services	Management and General	Fundraising	2017 Totals
Personnel and related benefits*	\$ 2,574,267	\$ 496,129	\$ 102,217	\$ 3,172,613
General operating expenses	355,400	97,445	14,488	467,333
Conventions and meetings	1,613,757	75,848	20,702	1,710,307
Occupancy	205,941	40,204	10,051	256,196
Professional services and fees	699,033	90,164	85,396	874,593
Printing and publications	782,998	4,615	38,324	825,937
Postage and freight	716,235	6,776	39,465	762,476
Grants and scholarships	466,936	-	-	466,936
Other	<u>39,898</u>	<u>4,561</u>	<u>-0-</u>	<u>44,459</u>
Total expenses	<u>\$ 7,454,465</u>	<u>\$ 815,742</u>	<u>\$ 310,643</u>	<u>\$ 8,580,850</u>

*Includes AmeriCorps National/VISTA member living allowances and related benefits of \$268,541 in 2017 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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,343,758	\$ 3,517,748
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	47,054	47,555
Gain on disposal of assets	-	(350)
Net realized gains on investments	(1,210,422)	(846,819)
Net realized (gains) losses on investments - PUFL	4,899	(104,973)
Net unrealized gains on investments	(381,050)	(2,217,067)
Net unrealized gains on investments - PUFL	(184,960)	(287,272)
Net periodic pension expense	810	1,082
Changes in operating assets and liabilities:		
Prepaid expenses	(11,202)	(83,803)
Other assets	106,142	(74,492)
Accounts payable	585,091	(234,768)
Accrued expenses and scholarships	(105,965)	78,763
Deferred revenue - dues	208,365	(127,949)
Deferred revenue - PUFL	167,980	285,238
Deferred revenue - other	15,059	(28,739)
Liability for pension benefits	(25,000)	-
Net cash provided by (used in) operating activities	<u>560,559</u>	<u>(75,846)</u>
Cash Flows From Investing Activities:		
Capital expenditures	(2,171,188)	(39,692)
Proceeds from sale of assets	-	350
Purchase of investments	(1,050,030)	(2,900,356)
Proceeds from sale of investments	3,133,388	2,840,004
Purchase of investments - PUFL	(101,200)	(99,490)
Proceeds from sale of investments - PUFL	<u>182,704</u>	<u>180,945</u>
Net cash used in investing activities	<u>(6,326)</u>	<u>(18,239)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	554,233	(94,085)
Cash and Cash Equivalents, Beginning of Year	<u>678,517</u>	<u>772,602</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,232,750</u>	<u>\$ 678,517</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, 2018 AND 2017

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

The three fund accounts include the following:

Unrestricted Fund

The unrestricted net assets are net assets not subject to donor-imposed restrictions. The unrestricted fund is used to account for all contributions, revenues, and expenses used for the general operations of the Organization.

Temporarily Restricted Fund

The temporarily restricted fund is used to record contributions and revenues that are received or generated that have donor restrictions that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are classified as unrestricted net assets and are reported as net assets released from restrictions in the statement of activities and changes in net assets. 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 in violation 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, fees, and realized and unrealized gains and losses on investments carried at fair value.

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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.

Property and Equipment and Depreciation

Purchased property and equipment and expenditures which substantially increase the useful lives of existing assets are recorded at cost. Cost of repairs and maintenance are expensed as incurred. Property and equipment are depreciated over the estimated useful lives, which ranged from 5 to 10 years during 2018 and 2017, using the straight-line method of depreciation. The Organization's building and improvements and certain software costs were not in service as of September 30, 2018 and, accordingly, were not subject to depreciation during the year then ended.

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 net 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.

Prior to March 2018, contributions raised through direct mail campaigns by third-party vendors were reported net of the associated cost in the consolidated statements of activities and changes in net assets based on the contract with the direct mail vendor. Beginning in March 2018, the Organization began using a new direct mail vendor, and, based on the contract, contributions raised through direct mail campaigns are subsequently reported at the gross amount received.

Functional Expenses

Expenses are allocated among various Programs, Management and General, and Fundraising based on Management's estimates of time spent by employees, space utilization, or other rational bases.

Dues Income

Dues are recognized as income in the applicable membership period. Membership dues are paid annually based on a calendar year-end.

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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, 2018, 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, 2015.

Subsequent Events

Subsequent events have been evaluated through February 2, 2019, which is the date the consolidated financial statements were available for issuance.

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, 2018 and 2017.

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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, 2018 include the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,232,750	\$ -0-	\$ 1,232,750
Investments	33,941,905	307,748	34,249,653
Investments - PUFL	<u>4,138,316</u>	<u>-0-</u>	<u>4,138,316</u>
	<u>\$ 39,312,971</u>	<u>\$ 307,748</u>	<u>\$ 39,620,719</u>

Assets measured at fair value at September 30, 2017 include the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 678,517	\$ -0-	\$ 678,517
Investments	34,308,765	432,774	34,741,539
Investments - PUFL	<u>4,039,759</u>	<u>-0-</u>	<u>4,039,759</u>
	<u>\$ 39,027,041</u>	<u>\$ 432,774</u>	<u>\$ 39,459,815</u>

The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2018:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)		
	<u>Hedge Fund</u>	<u>Partnerships</u>	<u>Total</u>
Beginning Balance, 9/30/17	\$ 8,807	\$ 423,967	\$ 432,774
Deposits	-	130,000	130,000
Withdrawals	(2,569)	(264,070)	(266,639)
Realized gains (losses)	(483)	17,502	17,019
Unrealized gains (losses)	<u>53</u>	<u>(5,459)</u>	<u>(5,406)</u>
Ending Balance, 9/30/18	<u>\$ 5,808</u>	<u>\$ 301,940</u>	<u>\$ 307,748</u>

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The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2017:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)		
	Hedge Fund	Partnerships	Total
Beginning Balance, 9/30/16	\$ 238,567	\$ 516,201	\$ 754,768
Withdrawals	(233,040)	(105,651)	(338,691)
Realized gains (losses)	19,142	(23,295)	(4,153)
Unrealized gains (losses)	<u>(15,862)</u>	<u>36,712</u>	<u>20,850</u>
Ending Balance, 9/30/17	<u>\$ 8,807</u>	<u>\$ 423,967</u>	<u>\$ 432,774</u>

3. INVESTMENTS AND INVESTMENT RETURN

A summary of the Organization's investments and investment returns as of September 30, 2018 and 2017 and for the years then ended is as follows:

	2018		2017	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Investments:				
Money market funds	\$ 232,064	\$ 232,064	\$ 3,171,689	\$ 3,171,689
Exchange traded funds	6,831,297	11,774,948	6,999,501	11,161,951
Mutual funds	18,980,064	21,934,893	16,625,550	19,975,125
Partnerships and other	<u>348,811</u>	<u>307,748</u>	<u>340,314</u>	<u>432,774</u>
Total investments	<u>\$ 26,392,236</u>	<u>\$ 34,249,653</u>	<u>\$ 27,137,054</u>	<u>\$ 34,741,539</u>

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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, 2018 and 2017:

	<u>2018</u>						<u>Total</u>
	<u>General Fund</u>	<u>Other Unrestricted Funds</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted Funds</u>	<u>Auxiliary Total</u>	<u>Foundation Total</u>	
Dividends and interest (net of expenses of \$36,755)	\$ 659,537	\$ 68,794	\$ 728,331	\$ 21,399	\$ 749,730	\$ 25,899	\$ 775,629
Net realized gains (losses) on investments	1,187,994	122,869	1,310,863	7,327	1,318,190	20,347	1,338,537
Net unrealized gains (losses) on investments	<u>181,447</u>	<u>4,553</u>	<u>186,000</u>	<u>38,668</u>	<u>224,668</u>	<u>28,267</u>	<u>252,935</u>
Total investment income	<u>\$ 2,028,978</u>	<u>\$ 196,216</u>	<u>\$ 2,225,194</u>	<u>\$ 67,394</u>	<u>\$ 2,292,588</u>	<u>\$ 74,513</u>	<u>\$ 2,367,101</u>

	<u>2017</u>						<u>Total</u>
	<u>General Fund</u>	<u>Other Unrestricted Funds</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted Funds</u>	<u>Auxiliary Total</u>	<u>Foundation Total</u>	
Dividends and interest (net of expenses of \$34,289)	\$ 631,304	\$ 99,241	\$ 730,545	\$ 23,947	\$ 754,492	\$ 23,334	\$ 777,826
Net realized gains (losses) on investments	850,847	4,555	855,402	(5,693)	849,709	(2,890)	846,819
Net unrealized gains (losses) on investments	<u>1,808,800</u>	<u>243,499</u>	<u>2,052,299</u>	<u>87,188</u>	<u>2,139,487</u>	<u>77,580</u>	<u>2,217,067</u>
Total investment income	<u>\$ 3,290,951</u>	<u>\$ 347,295</u>	<u>\$ 3,638,246</u>	<u>\$ 105,442</u>	<u>\$ 3,743,688</u>	<u>\$ 98,024</u>	<u>\$ 3,841,712</u>

4. PROPERTY AND EQUIPMENT

The Organization's property and equipment for the years ended September 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 270,400	\$ -0-
Building and improvements	1,764,686	-
Furniture, office equipment and information technology	1,557,030	1,506,875
Leasehold improvements	38,039	38,039
Construction in progress	<u>105,632</u>	<u>19,685</u>
	3,735,787	1,564,599
Accumulated depreciation and amortization	<u>(1,505,890)</u>	<u>(1,458,836)</u>
	<u>\$ 2,229,897</u>	<u>\$ 105,763</u>

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5. UNRESTRICTED NET ASSETS

Unrestricted net assets are internally designated for the following purposes at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Auxiliary Unrestricted Net Assets:		
General operations	\$ 26,193,462	\$ 25,346,526
National President's Scholarship Fund Endowment (NEC designated)	2,022,830	1,889,708
NEC designated reserves	1,999,500	1,946,500
Auxiliary Emergency Fund	605,551	534,239
Spirit of Youth Fund	326,410	266,822
Other	<u>106,887</u>	<u>121,840</u>
	31,254,640	30,105,635
Foundation Unrestricted Net Assets:		
General operations	<u>11,941</u>	<u>11,941</u>
Total consolidated unrestricted net assets	<u>\$ 31,266,581</u>	<u>\$ 30,117,576</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Auxiliary Temporarily Restricted Net Assets:		
Undistributed endowment earnings	\$ 175,834	\$ 183,440
Spirit of Youth Fund	286,719	324,016
Emergency Fund grants	60,347	127,454
Other	<u>58,095</u>	<u>55,047</u>
	580,995	689,957
Foundation Temporarily Restricted Net Assets:		
Undistributed endowment earnings	165,316	116,706
Veteran Projects Fund	172,466	124,281
National and Local Veteran Creative Arts Festival(s)	<u>67,604</u>	<u>49,725</u>
	405,386	290,712
Total consolidated temporarily restricted net assets	<u>\$ 986,381</u>	<u>\$ 980,669</u>

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7. 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>2018</u>	<u>2017</u>
Purpose restrictions accomplished:		
Auxiliary:		
Emergency Fund grants and related expenses	\$ 306,278	\$ 275,620
National President's Scholarship Fund Endowment scholarships and related expenses, net of forfeitures	75,000	56,500
Spirit of Youth Fund scholarships and related expenses, net of forfeitures	54,773	56,099
Veteran services capacity building (CNCS)	-0-	306,753
ALA Girls Nation expenses	-0-	18,420
Other	30,211	65,116
Foundation:		
Endowment distributions in support of Auxiliary operations	23,868	23,058
Veteran Projects Fund Grants	28,494	6,558
National and Local Veteran Creative Arts Festival(s)	53,399	61,606
Auxiliary mission sub-grants to ALA National and ALA Departments, Districts, and Units	33,275	58,000
	<u>\$ 605,298</u>	<u>\$ 927,730</u>

8. 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.

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

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 140,174	\$ 125,150
Investments - PUFL	<u>4,138,316</u>	<u>4,039,759</u>
Total assets	<u>\$ 4,278,490</u>	<u>\$ 4,164,909</u>
Liabilities:		
Due to General Operating Fund	\$ 227,037	\$ 281,436
Deferred revenue - PUFL	<u>4,051,453</u>	<u>3,883,473</u>
	<u>\$ 4,278,490</u>	<u>\$ 4,164,909</u>

The cost and market value of investments in the PUFL Membership trust as of September 30, 2018 and 2017 are as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Investments:				
Money market funds	\$ 90,983	\$ 90,983	\$ 82,204	\$ 82,204
Exchange traded funds	1,113,302	1,991,640	1,207,588	1,834,985
Mutual funds and other	<u>2,019,509</u>	<u>2,055,693</u>	<u>2,020,405</u>	<u>2,122,570</u>
Total investments	<u>\$ 3,223,794</u>	<u>\$ 4,138,316</u>	<u>\$ 3,310,197</u>	<u>\$ 4,039,759</u>

The following schedule summarizes the PUFL Membership trust investment income for the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Dividends and interest (net of expenses)	\$ 78,496	\$ 80,565
Net realized gains (losses) on investments	(4,899)	104,973
Net unrealized gains on investments	184,960	287,272
Total investment income	<u>\$ 258,557</u>	<u>\$ 472,810</u>

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9. PENSION PLAN

Prior to 2008, the Auxiliary participated in a defined benefit pension plan covering substantially all of its employees. The plan was frozen on June 30, 2008. Participating employees will continue to vest in the plan; however, benefit payments will be based on the years of service and salary level as of June 30, 2008. The Auxiliary's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Auxiliary may determine to be appropriate from time to time.

Significant balances, costs, and assumptions are as follows:

	<u>2018</u>	<u>2017</u>
Projected benefit obligation	\$ (3,373,683)	\$ (3,502,753)
Fair value of plan assets	<u>2,396,974</u>	<u>2,400,878</u>
Funded status	<u>\$ (976,709)</u>	<u>\$ (1,101,875)</u>
Accumulated benefit obligation	<u>\$ (3,373,683)</u>	<u>\$ (3,502,753)</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>2018</u>	<u>2017</u>
Liability for pension benefits	\$ 976,709	\$ 1,101,875
Unrecognized losses (Note 16)	(1,001,279)	(1,205,501)
Unamortized prior service cost (Note 16)	(135,829)	(32,583)
Net periodic pension cost	810	1,082
Employer contributions	25,000	-0-
Benefits paid	162,299	182,156

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

	<u>2018</u>	<u>2017</u>
Weighted-average assumptions:		
Discount rate	4.02%	3.54%
Rate of compensation increase	N/A	N/A

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

	<u>2018</u>	<u>2017</u>
Weighted-average assumptions:		
Discount rate	4.02%	3.54%
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:

	2019	\$	221,736
	2020		217,646
	2021		213,098
	2022		227,162
	2023		222,428
	2024-2028		1,048,194
		<u>\$</u>	<u>2,150,264</u>

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

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns through a limited investment in equity securities. Plan assets are re-balanced quarterly. The most recent target asset allocation percentages and the actual plan assets by category at September 30, 2018 and 2017 were as follows:

	<u>Target</u>	<u>2018</u>	<u>2017</u>
Equity securities	40 - 60%	39%	32%
Debt securities	40 - 60%	59%	64%
Other	0 - 20%	2%	4%

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

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10. PROFIT SHARING PLAN

The Auxiliary established a 401(k) Profit Sharing Plan subsequent to the freezing of the pension plan in 2008 (Note 9). The plan covers all eligible employees meeting certain age and term-of-employment provisions. Contributions are made by the Auxiliary at the discretion of the National Finance and National Executive Committees. Participants become fully vested in employer contributions after five (5) years of service. The Auxiliary contributed \$125,625 and \$103,816 in 2018 and 2017, respectively.

11. OPERATING LEASES

The Auxiliary leased its National Headquarters' office under an operating lease agreement that expired in January 2019. Total lease expense for the National Headquarters' Office was \$252,341 and \$222,596 in 2018 and 2017, respectively.

12. RELATED PARTY TRANSACTIONS

The Auxiliary and The American Legion National Headquarters (the "Legion") are related parties that are not financially interrelated organizations. The Legion is a national veterans' organization created by an Act of Congress to provide various programs to support veterans, their families, and children and youth. Many of the Auxiliary's programs mirror and/or supplement the efforts of the Legion in supporting these groups. Accordingly, there are shared resources between the two organizations.

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Activities between the Auxiliary and the Legion for the years ended September 30, 2018 and 2017 are summarized below:

	<u>2018</u>	<u>2017</u>
Disbursements to Legion:		
Conferences and convention	\$ 53,922	\$ 78,654
Legal services	7,500	7,500
National emblem sales	16,422	10,865
Contributions to the Legion and its affiliates	2,500	2,500
Other	<u>10,906</u>	<u>9,180</u>
	<u>\$ 91,250</u>	<u>\$ 108,699</u>
Receipts:		
National emblem sales	<u>\$ 65,173</u>	<u>\$ 60,715</u>

13. NATIONAL PRESIDENT'S SCHOLARSHIP FUND ENDOWMENT

Composition of Endowment Net Assets

The Auxiliary created the National President's Scholarship Fund Endowment (the "Endowment") in 2008 to provide funding for scholarships awarded by the Auxiliary. The endowment consists of quasi endowment funds set aside by the National Executive Committee ("NEC") and donor-designated funds. Contributions to the NEC-designated and donor-designated portions of the endowment are classified as 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.

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Endowment net assets at September 30, 2018 include the following:

	NEC	Donor	
	<u>Designated</u>	<u>Designated</u>	<u>Total</u>
Historic gift value	\$ 1,593,290	\$ 699,584	\$ 2,292,874
Accumulated earnings	<u>296,418</u>	<u>183,440</u>	<u>479,858</u>
Endowment net assets, beginning of year	<u>1,889,708</u>	<u>883,024</u>	<u>2,772,732</u>
Additions to endowment	-	22,015	22,015
Scholarships paid, net of forfeitures	-	(75,000)	(75,000)
Interest and dividends, net of fees	47,195	21,399	68,594
Realized gains	14,436	7,327	21,763
Unrealized gains	<u>71,491</u>	<u>38,668</u>	<u>110,159</u>
Change in endowment net assets	<u>133,122</u>	<u>14,409</u>	<u>147,531</u>
Endowment net assets, end of year	<u>\$ 2,022,830</u>	<u>\$ 897,433</u>	<u>\$ 2,920,263</u>
Historic gift value	\$ 1,593,290	\$ 721,599	\$ 2,314,889
Accumulated earnings	<u>429,540</u>	<u>175,834</u>	<u>605,374</u>
Endowment net assets, end of year	<u>\$ 2,022,830</u>	<u>\$ 897,433</u>	<u>\$ 2,920,263</u>

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Endowment net assets at September 30, 2017 include the following:

	NEC	Donor	
	<u>Designated</u>	<u>Designated</u>	<u>Total</u>
Historic gift value	\$ 343,290	\$ 679,463	\$ 1,022,753
Accumulated earnings	<u>113,585</u>	<u>134,498</u>	<u>248,083</u>
Endowment net assets, beginning of year	<u>456,875</u>	<u>813,961</u>	<u>1,270,836</u>
Additions to endowment	1,250,000	20,121	1,270,121
Transfer from reserves	-	18,500	18,500
Scholarships paid, net of forfeitures	-	(75,000)	(75,000)
Interest and dividends, net of fees	41,034	23,947	64,981
Realized gains (losses)	12,425	(5,693)	6,732
Unrealized gains	<u>129,374</u>	<u>87,188</u>	<u>216,562</u>
Change in endowment net assets	<u>1,432,833</u>	<u>69,063</u>	<u>1,501,896</u>
Endowment net assets, end of year	<u>\$ 1,889,708</u>	<u>\$ 883,024</u>	<u>\$ 2,772,732</u>
Historic gift value	\$ 1,593,290	\$ 699,584	\$ 2,292,874
Accumulated earnings	<u>296,418</u>	<u>183,440</u>	<u>479,858</u>
Endowment net assets, end of year	<u>\$ 1,889,708</u>	<u>\$ 883,024</u>	<u>\$ 2,772,732</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, 2018 AND 2017

Endowment Draws

Endowment draws, net of forfeitures, of \$75,000 and \$75,000 were made during the years ended September 30, 2018 and 2017, 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, 2018 AND 2017

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.

14. 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 contributions are classified as permanently restricted in the consolidated statements of financial position.

Endowment net assets at September 30, 2018 and 2017 include the following:

	<u>2018</u>	<u>2017</u>
Historic gift value	\$ 896,229	\$ 780,438
Accumulated earnings	116,706	42,016
Endowment net assets, beginning of year	<u>1,012,935</u>	<u>822,454</u>
Additions to endowment, net	167,026	115,791
Endowment distributions	(23,868)	(23,058)
Interest and dividends, net of fees	23,864	23,058
Realized gains (losses)	20,347	(2,890)
Unrealized gains	<u>28,267</u>	<u>77,580</u>
Change in endowment net assets	<u>215,636</u>	<u>190,481</u>
Endowment net assets, end of year	<u>\$ 1,228,571</u>	<u>\$ 1,012,935</u>
Historic gift value	\$ 1,063,255	\$ 896,229
Accumulated earnings	165,316	116,706
Endowment net assets, end of year	<u>\$ 1,228,571</u>	<u>\$ 1,012,935</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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, 2018 and 2017 were \$23,868 and \$23,058, 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.

15. CONCENTRATIONS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

16. COMPREHENSIVE INCOME

Comprehensive income for the years ended September 30, 2018 and 2017 includes the following:

	<u>2018</u>	<u>2017</u>
Change in net assets	<u>\$ 1,343,758</u>	<u>\$ 3,517,748</u>
Other comprehensive income:		
Unrecognized losses, beginning of year	1,205,501	1,401,458
Unrecognized losses, end of year	<u>1,001,279</u>	<u>1,205,501</u>
Change in unrecognized losses	<u>204,222</u>	<u>195,957</u>
Unamortized prior service cost, beginning of year	32,583	37,877
Unamortized prior service cost, end of year	<u>135,829</u>	<u>32,583</u>
Change in unamortized prior service cost	<u>(103,246)</u>	<u>5,294</u>
	<u>100,976</u>	<u>201,251</u>
Comprehensive income	<u>\$ 1,444,734</u>	<u>\$ 3,718,999</u>

17. STRATEGIC PLAN

In 2014, the National Executive Committee adopted the vision and five goals of a 5-year strategic plan to help ensure that by the end of the Auxiliary's 100th anniversary in 2019-2020, the Auxiliary is effectively serving its mission in every community. The American Legion Auxiliary 5-Year Centennial Strategic Plan is the map with 19 strategies to achieve the five primary goals so the Auxiliary can meet the needs of its veterans and military families in the community for another 100 years. The national strategic plan was developed by over 100 members and depends on the organization at all levels achieving the five following strategic goals by 2020: a) Enhance Membership Strength; b) Create an Internal Culture of Good Will; c) Develop Leadership at All Levels; d) Strengthen Departments and Units; and e) With The American Legion Build Brand Loyalty.

Departments are at various stages of developing and implementing statewide plans customized to achieving the five goals. With overwhelming member support, the National Executive Committee budgeted \$385,000 in 2019 to resource the Centennial Strategic Plan, recognizing the critical need to invest in the future growth of the Auxiliary.

SUPPLEMENTARY INFORMATION

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

ANALYSIS OF DEFERRED REVENUE – PUFL
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Increases:		
Membership dues	\$ 264,775	\$ 163,232
Investment income	<u>259,117</u>	<u>472,810</u>
	<u>523,892</u>	<u>636,042</u>
Decreases:		
Distributions to departments	300,560	298,704
Administrative expense	<u>55,352</u>	<u>52,100</u>
	<u>355,912</u>	<u>350,804</u>
Net Increase	167,980	285,238
Deferred Revenue, Beginning of Year	<u>3,883,473</u>	<u>3,598,235</u>
Deferred Revenue, End of Year	<u>\$ 4,051,453</u>	<u>\$ 3,883,473</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, 2018

	<u>ASSETS</u>			
	<u>Auxiliary</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 714,241	\$ 518,509	\$ -0-	\$ 1,232,750
Investments	33,136,210	1,113,443	-0-	34,249,653
Investments - PUFL	4,138,316	-0-	-0-	4,138,316
Prepaid expenses	199,695	-0-	-0-	199,695
Property and equipment, net	2,229,897	-0-	-0-	2,229,897
Other assets	<u>200,906</u>	<u>2,000</u>	<u>(62,858)</u>	<u>140,048</u>
Total assets	<u>\$ 40,619,265</u>	<u>\$ 1,633,952</u>	<u>\$ (62,858)</u>	<u>\$ 42,190,359</u>
 LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 1,277,046	\$ 153,370	\$ (62,858)	\$ 1,367,558
Accrued expenses	221,951	-0-	-0-	221,951
Accrued scholarships	79,000	-0-	-0-	79,000
Deferred revenue - dues	2,547,105	-0-	-0-	2,547,105
Deferred revenue - PUFL	4,051,453	-0-	-0-	4,051,453
Deferred revenue - other	45,875	-0-	-0-	45,875
Liability for pension benefits	<u>976,709</u>	<u>-0-</u>	<u>-0-</u>	<u>976,709</u>
Total liabilities	<u>9,199,139</u>	<u>153,370</u>	<u>(62,858)</u>	<u>9,289,651</u>
Net Assets:				
Unrestricted	31,254,640	11,941	-0-	31,266,581
Temporarily restricted	580,995	405,386	-0-	986,381
Permanently restricted	<u>721,599</u>	<u>1,063,255</u>	<u>-0-</u>	<u>1,784,854</u>
Total net assets before accumulated other comprehensive loss	32,557,234	1,480,582	-0-	34,037,816
Accumulated other comprehensive loss	<u>(1,137,108)</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,137,108)</u>
Total net assets	<u>31,420,126</u>	<u>1,480,582</u>	<u>-0-</u>	<u>32,900,708</u>
Total liabilities and net assets	<u>\$ 40,619,265</u>	<u>\$ 1,633,952</u>	<u>\$ (62,858)</u>	<u>\$ 42,190,359</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, 2018

	Auxiliary			Foundation			Eliminations	Total	
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Auxiliary Total	Unrestricted Funds	Temporarily Restricted Funds			Permanently Restricted Funds
Revenue, Gains & Other Support:									
Contributions	\$ 673,844	\$ 289,906	\$ 22,015	\$ 985,765	\$ 227,631	\$ 179,197	\$ 702,449	\$ (290,489)	\$ 1,387,725
Membership dues	5,285,590	-	-	5,285,590	-	-	-	-	5,285,590
Interest	1,357,570	-	-	1,357,570	-	-	-	-	1,357,570
Rentals	637,571	-	-	637,571	-	-	-	-	637,571
Other	6,960,785	269,906	22,015	7,302,706	227,631	179,197	295,621	(290,489)	7,714,866
Net assets released from restrictions	469,262	(469,262)	-	-	139,036	(139,036)	-	-	-
	7,457,047	(176,356)	22,015	7,302,706	396,667	40,161	295,621	(290,489)	7,714,866
Expenses:									
Total revenue, gains, and other support				4,810,122					4,810,122
Member and department support services	4,810,122	-	-	4,810,122	-	-	-	-	4,810,122
Youth and education services	951,720	-	-	951,720	66,296	-	-	66,296	960,673
Veterans and military families programs	6,953,537	-	-	6,953,537	128,072	-	-	128,072	(57,443)
Programs and services	853,337	-	-	853,337	1,850,979	-	-	1,850,979	853,337
Administrative	1,363,681	-	-	1,363,681	133,819	-	-	133,819	(227,631)
Management and general	544,396	-	-	544,396	239,073	-	-	239,073	783,469
Fundraising	8,553,236	-	-	8,553,236	495,262	-	-	495,262	(290,489)
Total expenses	(1,076,189)	(176,356)	22,015	(1,230,530)	(128,956)	40,161	295,621	207,187	(1,023,943)
Change in net assets from operations	2,225,194	67,394	-	2,292,588	-	74,513	-	74,513	2,367,101
Investment Income, Net of Expenses	1,149,005	(103,962)	22,015	1,067,058	(128,956)	114,674	295,621	281,700	-
Change in net assets	30,105,635	609,957	699,384	31,485,176	11,941	290,712	896,229	1,198,882	32,694,056
Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year	-	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	128,956	-	-	-	-
Net Assets Before Accumulated Other Comprehensive Loss, End of Year	\$ 31,254,640	\$ 960,956	\$ 779,599	\$ 32,995,224	\$ 11,941	\$ 405,396	\$ 1,095,295	\$ 1,490,952	\$ 34,027,616

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, 2017**

	Auxiliary			Foundation			Eliminations	Total
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds		
Revenue, Gains & Other Support:								
Contributions	\$ 687,421	\$ 411,027	\$ 20,121	\$ 1,118,669	\$ 163,156	\$ 178,733	\$ 115,791	\$ 1,300,228
Federal grants and cost sharing	-	306,753	-	306,753	-	-	-	306,753
Membership dues	5,453,821	-	-	5,453,821	-	-	-	5,453,821
Fundraising	701,200	-	-	701,200	-	-	-	701,200
Other	7,337,326	711,780	20,121	8,075,227	163,156	178,733	115,791	8,256,886
Net assets released from restrictions	778,588	(778,529)	-	-	149,222	(149,222)	-	-
Total revenue, gains, and other support	8,115,834	(60,728)	20,121	8,075,227	312,377	29,511	115,791	8,256,886
Expenses:								
Member and department support services	4,986,703	-	-	4,986,703	7,896	-	7,896	4,994,599
Youth and education services	930,137	-	-	930,137	87,978	-	87,978	1,018,115
Administrative expenses	1,729,887	-	-	1,729,887	1,042	-	1,042	1,730,929
Volunteer services programs	7,379,897	-	-	7,379,897	178,744	-	178,744	7,558,641
Total program services	933,066	-	-	933,066	45,830	-	45,830	978,896
Management and general	220,839	-	-	220,839	89,804	-	89,804	310,643
Fundraising	8,533,782	-	-	8,533,782	312,378	-	312,378	8,846,160
Total expenses	(417,958)	(60,728)	20,121	(458,665)	(1)	29,511	115,791	(323,964)
Changes in net assets from operations	3,697,876	105,442	-	3,743,698	-	98,024	96,024	3,841,712
Investment Income, Net of Expenses	3,220,288	44,714	20,121	3,285,123	(1)	127,538	115,791	3,400,912
Changes in net assets	26,885,347	645,243	679,463	28,210,053	11,942	163,177	780,438	29,129,610
Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year	\$ 30,105,635	\$ 689,957	\$ 699,534	\$ 31,495,116	\$ 11,941	\$ 290,712	\$ 896,229	\$ 32,694,088
Net Assets Before Accumulated Other Comprehensive Loss, End of Year								

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

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY
NATIONAL HEADQUARTERS)**

FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017



**AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY
NATIONAL HEADQUARTERS)**

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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, 2018 and 2017, 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, 2018 and 2017, 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.

Blending C/A Group

February 2, 2019

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY
NATIONAL HEADQUARTERS)**

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 518,509	\$ 265,134
Investments	1,113,443	1,018,023
Other assets	<u>2,000</u>	<u>6,386</u>
Total assets	<u>\$ 1,633,952</u>	<u>\$ 1,289,543</u>

	<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:		
Accounts payable	\$ 89,512	\$ 13,495
Due to related party, net	<u>63,858</u>	<u>77,166</u>
Total liabilities	<u>153,370</u>	<u>90,661</u>
Net Assets:		
Unrestricted net assets	11,941	11,941
Temporarily restricted net assets	405,386	290,712
Permanently restricted net assets	<u>1,063,255</u>	<u>896,229</u>
Total net assets	<u>1,480,582</u>	<u>1,198,882</u>
Total liabilities and net assets	<u>\$ 1,633,952</u>	<u>\$ 1,289,543</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, 2018

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total
Revenue, Gains & Other Support:				
Contributions	\$ -0-	\$ 179,197	\$ 295,621	\$ 474,818
In-kind contributions	<u>227,631</u>	<u>-0-</u>	<u>-0-</u>	<u>227,631</u>
	227,631	179,197	295,621	702,449
Temporarily Restricted Net Assets Released From Restrictions	<u>139,036</u>	<u>(139,036)</u>	<u>-0-</u>	<u>-0-</u>
Total revenue, gains and other support	<u>366,667</u>	<u>40,161</u>	<u>295,621</u>	<u>702,449</u>
Expenses:				
Program services:				
Personnel and related benefits	28,822	-0-	-0-	28,822
General operating expenses	195	-0-	-0-	195
Grants	138,918	-0-	-0-	138,918
Conventions and meetings	1,163	-0-	-0-	1,163
Professional services and fees	<u>23,273</u>	<u>-0-</u>	<u>-0-</u>	<u>23,273</u>
Total program services	<u>192,371</u>	<u>-0-</u>	<u>-0-</u>	<u>192,371</u>
Management and general:				
Personnel and related benefits	39,274	-0-	-0-	39,274
General operating expenses	4,217	-0-	-0-	4,217
Conventions and meetings	9,093	-0-	-0-	9,093
Professional services and fees	<u>11,234</u>	<u>-0-</u>	<u>-0-</u>	<u>11,234</u>
Total management and general	<u>63,818</u>	<u>-0-</u>	<u>-0-</u>	<u>63,818</u>
Fundraising:				
Personnel and related benefits	51,710	-0-	-0-	51,710
General operating expenses	115,568	-0-	-0-	115,568
Conventions and meetings	15,784	-0-	-0-	15,784
Professional services and fees	<u>56,011</u>	<u>-0-</u>	<u>-0-</u>	<u>56,011</u>
Total fundraising	<u>239,073</u>	<u>-0-</u>	<u>-0-</u>	<u>239,073</u>
Total expenses	<u>495,262</u>	<u>-0-</u>	<u>-0-</u>	<u>495,262</u>
Change in net assets from operations	(128,595)	40,161	295,621	207,187
Investment Income, Net of Expenses	<u>-0-</u>	<u>74,513</u>	<u>-0-</u>	<u>74,513</u>
Change in net assets	(128,595)	114,674	295,621	281,700
Net Assets, Beginning of Year	11,941	290,712	896,229	1,198,882
Interfund Transfers	<u>128,595</u>	<u>-0-</u>	<u>(128,595)</u>	<u>-0-</u>
Net Assets, End of Year	<u>\$ 11,941</u>	<u>\$ 405,386</u>	<u>\$ 1,063,255</u>	<u>\$ 1,480,582</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, 2017

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total
Revenue, Gains & Other Support:				
Contributions	\$ -0-	\$ 178,733	\$ 115,791	\$ 294,524
In-kind contributions	<u>163,155</u>	<u>-0-</u>	<u>-0-</u>	<u>163,155</u>
	163,155	178,733	115,791	457,679
Temporarily Restricted Net Assets Released From Restrictions	<u>149,222</u>	<u>(149,222)</u>	<u>-0-</u>	<u>-0-</u>
Total revenue, gains and other support	<u>312,377</u>	<u>29,511</u>	<u>115,791</u>	<u>457,679</u>
Expenses:				
Program services:				
Personnel and related benefits	13,664	-0-	-0-	13,664
General operating expenses	203	-0-	-0-	203
Grants	148,971	-0-	-0-	148,971
Professional services and fees	<u>13,906</u>	<u>-0-</u>	<u>-0-</u>	<u>13,906</u>
Total program services	<u>176,744</u>	<u>-0-</u>	<u>-0-</u>	<u>176,744</u>
Management and general:				
Personnel and related benefits	19,863	-0-	-0-	19,863
General operating expenses	2,313	-0-	-0-	2,313
Conventions and meetings	9,935	-0-	-0-	9,935
Professional services and fees	<u>13,719</u>	<u>-0-</u>	<u>-0-</u>	<u>13,719</u>
Total management and general	<u>45,830</u>	<u>-0-</u>	<u>-0-</u>	<u>45,830</u>
Fundraising:				
Personnel and related benefits	34,137	-0-	-0-	34,137
General operating expenses	4,386	-0-	-0-	4,386
Conventions and meetings	17,949	-0-	-0-	17,949
Professional services and fees	<u>33,332</u>	<u>-0-</u>	<u>-0-</u>	<u>33,332</u>
Total fundraising	<u>89,804</u>	<u>-0-</u>	<u>-0-</u>	<u>89,804</u>
Total expenses	<u>312,378</u>	<u>-0-</u>	<u>-0-</u>	<u>312,378</u>
Change in net assets from operations	(1)	29,511	115,791	145,301
Investment Income, Net of Expenses	<u>-0-</u>	<u>98,024</u>	<u>-0-</u>	<u>98,024</u>
Change in net assets	(1)	127,535	115,791	243,325
Net Assets, Beginning of Year	<u>11,942</u>	<u>163,177</u>	<u>780,438</u>	<u>955,557</u>
Net Assets, End of Year	<u>\$ 11,941</u>	<u>\$ 290,712</u>	<u>\$ 896,229</u>	<u>\$ 1,198,882</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 281,700	\$ 243,325
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized (gain) loss on investments	(20,347)	2,890
Net unrealized gain on investments	(28,267)	(77,580)
Changes in operating assets and liabilities:		
Other assets	4,386	1,061
Accounts payable	76,017	10,078
Due to related party, net	<u>(13,308)</u>	<u>4,175</u>
Net cash provided by operating activities	<u>300,181</u>	<u>183,949</u>
Cash Flows From Investing Activities:		
Proceeds from sale of investments	23,058	-0-
Purchase of investments	<u>(69,864)</u>	<u>(126,212)</u>
Net cash used in investing activities	<u>(46,806)</u>	<u>(126,212)</u>
Net Increase in Cash	253,375	57,737
Cash, Beginning of Year	<u>265,134</u>	<u>207,397</u>
Cash, End of Year	<u>\$ 518,509</u>	<u>\$ 265,134</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, 2018 AND 2017

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 5.

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

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 net 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, 2018 AND 2017

Permanently Restricted Fund

Assets held inviolate and in perpetuity are held in the permanently restricted fund and are held for the donor-designated purposes of the endowment. The net income from these investments and all non-restricted contributions are available for release to the unrestricted fund.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

Support and Revenue Recognition

The Foundation records gifts as revenue at the date it receives either cash or an unconditional promise to give from a donor. Assets received from a donor are recorded at fair value and are recorded as unrestricted revenue unless the donor includes stipulations that limit the use of the assets, in which case the revenue is recorded as either Temporarily or Permanently Restricted revenue.

Prior to March 2018, contributions raised through direct mail campaigns by third-party vendors were reported net of the associated cost in the statements of activities and changes in net assets based on the contract with the direct mail vendor. Beginning March 2018, the Foundation began using a new direct mail vendor, and, based on the contract, contributions raised through direct mail campaigns are subsequently reported at the gross amount received.

Functional Expenses

Functional expenses are allocated among Program, Management and General, and Fundraising based on Management's estimates of time spent by employees, space utilization, or other rational bases and have been included in the accompanying statements of activities and changes in net assets for the years ended September 30, 2018 and 2017.

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.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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, 2018, 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, 2015.

Subsequent Events

Subsequent events have been evaluated through February 2, 2019, which is the date the financial statements were available for issuance.

2. INVESTMENTS AND INVESTMENT RETURN

A summary of the Foundation's investments as of September 30, 2018 and 2017 is as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Investments:				
Money market funds	\$ 64,526	\$ 64,526	\$ 152,476	\$ 152,476
Exchange traded funds	518,420	534,774	302,111	410,869
Mutual funds and other	<u>374,707</u>	<u>514,143</u>	<u>435,913</u>	<u>454,678</u>
Total investments	<u>\$ 957,653</u>	<u>\$ 1,113,443</u>	<u>\$ 890,500</u>	<u>\$ 1,018,023</u>

The fair market values of the Foundation's investments are measured by Level 1 inputs 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, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 26,825	\$ 24,052
Investment fees	(926)	(718)
Net realized gains (losses)	20,347	(2,890)
Net unrealized gains	<u>28,267</u>	<u>77,580</u>
Total investment income	<u>\$ 74,513</u>	<u>\$ 98,024</u>

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Undistributed endowment earnings	\$ 165,316	\$ 116,706
Veteran Projects Fund	172,466	124,281
National and Local Veteran Creative Arts Festival(s)	<u>67,604</u>	<u>49,725</u>
	<u>\$ 405,386</u>	<u>\$ 290,712</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions from the temporarily restricted fund to the unrestricted fund by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by the donors, are as follows:

	<u>2018</u>	<u>2017</u>
Endowment distributions in support of Auxiliary operations	\$ 23,868	\$ 23,058
Veteran Projects Fund Grants	28,494	6,558
National and Local Veteran Creative Arts Festival(s)	53,399	61,606
Auxiliary mission sub-grants to ALA National and ALA Departments, Districts, and Units	<u>33,275</u>	<u>58,000</u>
	<u>\$ 139,036</u>	<u>\$ 149,222</u>

5. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2018 and 2017, the Foundation received contributions of \$227,631 and \$163,155 from the Auxiliary to fund certain organizational and other costs incurred by the Foundation. In addition, the Foundation granted \$62,858 and \$102,166 to the Auxiliary in 2018 and 2017, respectively, for program support, and the Foundation granted \$76,179 and \$46,085 in 2018 and 2017, respectively, to affiliated Auxiliary departments and units.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

6. AMERICAN LEGION AUXILIARY FOUNDATION ALA MISSION
ENDOWMENT

Composition of Endowment Net Assets

The Foundation created the ALA Mission Endowment Fund (the "Mission Endowment") in 2007 to generate and maximize funds available to benefit and assist in carrying out the educational, charitable and similar programs of the Auxiliary over the long term. The Mission Endowment consists entirely of donor-designated funds and the historic gift value is classified as permanently restricted in the statements of financial position.

Endowment net assets at September 30, 2018 and 2017 include the following:

	<u>2018</u>	<u>2017</u>
Historic gift value	\$ 896,229	\$ 780,438
Accumulated earnings	<u>116,706</u>	<u>42,016</u>
Endowment net assets, beginning of year	<u>1,012,935</u>	<u>822,454</u>
Additions to endowment, net	167,026	115,791
Endowment distributions	(23,868)	(23,058)
Interest and dividends, net of fees	23,864	23,058
Realized gains (losses)	20,347	(2,890)
Unrealized gains	<u>28,267</u>	<u>77,580</u>
Change in endowment net assets	<u>215,636</u>	<u>190,481</u>
Endowment net assets, end of year	<u>\$ 1,228,571</u>	<u>\$ 1,012,935</u>
Historic gift value	\$ 1,063,255	\$ 896,229
Accumulated earnings	<u>165,316</u>	<u>116,706</u>
Endowment net assets, end of year	<u>\$ 1,228,571</u>	<u>\$ 1,012,935</u>

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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, 2018 and 2017 were \$23,868 and \$23,058, 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.

7. CONCENTRATIONS

The Foundation maintains cash in bank deposit accounts which, at times, may exceed Federally insured limits. The Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

APPENDIX B



**SUMMARY OF MOTIONS/RESOLUTIONS
ADOPTED**

February 23, 2019

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

2018-2019 NEC MEETING

**American Legion Auxiliary National Executive Committee 2018-2019
in Indianapolis, Indiana
February 23, 2019**

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 in NEC board packet emailed 2/14/19:

- to adopt the updated American Legion Auxiliary Endorsement Policy (as recommended by the National Finance Committee and included in the 2/14/19 NEC Agenda/Meeting Packet)
- to adopt the updated American Legion Auxiliary Pre-Paid Expenses Policy (as recommended by the National Finance Committee and included in the 2/14/19 NEC Agenda/Meeting Packet)
- to approve the Charter Cancellations as amended

M/S/C to adopt the external auditor's Fiscal Year 2018 audit reports of both the American Legion Auxiliary and the ALA Foundation, as orally presented by Mike Alerding, CPA; Mike Staton, CPA; and Chris Mennel, CPA.

M/S/C to add the following to Standing Rule X. Units, No. 3, becoming effective immediately: Transfer is final upon verification of eligibility, evidence of paid membership, and acceptance of the transferee by the new unit.