



**American Legion Auxiliary**

**Department  
Operations  
Guide**

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Summer 2024



## **Department Operations Guide** *A resource of practical advice and best practices*

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# AMERICAN LEGION AUXILIARY DEPARTMENT OPERATIONS GUIDE

## Introduction

The American Legion Auxiliary Department Operations Guide is intended to serve as the “go-to” first resource for American Legion Auxiliary department officers, management, and staff for answering questions on operational issues and understanding the roles of governance and management. Every ALA board member, officer, and staff member should have access to this Guide; every department has a hard copy, plus the Guide is posted online in the Members Section of the American Legion Auxiliary National Website [www.ALAforVeterans.org](http://www.ALAforVeterans.org).

While the Guide is written for departments, most of the information also applies to units and intermediate bodies – districts, counties, councils, etc.

The American Legion Auxiliary is a unique organization with nearly 9,000 entities operating independently, bound by a common mission, and permitted to use the name and trademarks of the organization at some five different organizational levels throughout the world – national, department, unit, plus intermediate bodies – levels created by and within departments such as districts, counties, and councils. Because of the Auxiliary’s unique structure, its various levels of separate operations face many issues that other nonprofits do not.

Today’s American Legion Auxiliary still embraces its founding purpose, but as the organization reaches its 100<sup>th</sup> anniversary, its entities operate in a dramatically different legal and regulatory environment than did those of previous generations. Many Department officers serve in both governance and management roles which creates unique problems.

It is simply more demanding today. Officers, board members, and management staff of the American Legion Auxiliary **must** operate professionally, must understand that the American Legion Auxiliary is a corporation, and must operate as a business according to laws and regulations governing not-for-profit corporations. Leaders – officers, board members, chairmen, committee members, and staff – are required to abide by legal, ethical, and fiduciary responsibilities. It is critical to understand the current laws and regulations affecting nonprofits today in order to minimize the organization’s exposure to risk and liability.

## What This Guide Is

Most of the content of this Guide is recommended guidance, written in the voice of “suggest, advises, or strongly recommends”; however, some areas of the Guide are mandatory as required by the American Legion Auxiliary National Constitution & Bylaws and federal law, and thus written in the voice of “shall, will, and must.” The national organization does not operate departments, is not liable for the operations of departments, and, therefore, cannot direct various operational matters. The national organization **must**, however, protect the name and trademarks of the American Legion Auxiliary, and **does require** compliance with certain operational directives that impact the laws governing the trademarked name and trademarks (e.g., emblem, logos, and all variations of identifiers for ALA Girls State). The American Legion owns the names and trademarks of the American Legion Auxiliary. The American Legion entrusts the use of the name and trademarks to the American Legion Auxiliary National organization and requires compliance with the laws governing allowable usage. The authority for safeguarding the ALA name and trademarks is vested with the ALA National Secretary, as mandated in the ALA National Constitution & Bylaws and by The American Legion.

## What This Guide Is Not

The ALA Department Operations Guide is **not** an authoritative manual of required protocols, nor is it meant to replace or contradict other guides such as the ALA Girls State Operations Guide. Information provided in this Department Operations Guide is **not** legal advice intended as a substitute to consulting with local attorneys or Certified Public Accountants in your state. It would be impossible for one guide to accurately reflect the legal realities and requirements for every jurisdiction in the United States and around the world. The entire content of this Guide should be understood in the context of what is recommended, and, where so stated, what is required for compliance with trademark and other relevant federal laws and regulations.

The ALA Department Operations Guide is intended to cover the core requirements of nonprofits in general, and provide guidance specific to the American Legion Auxiliary. The Guide provides guidance on corporate responsibility and risk assessment as well as legal, regulatory, and compliance advice. It also provides straightforward advice on how to organize and operate your department efficiently. Throughout this Guide are Frequently Asked Questions and Answers that get to the “nitty gritty” of common department concerns.

In addition to this Guide, many other resources are available on the ALA national website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org) to help departments operate effectively. A large number of general guides regarding nonprofit and corporate governance are also available online or in print and can provide more in-depth guidance to the information contained in this publication.

This Guide may be updated from time to time as needed to reflect changes in federal laws and regulations, or add additional content addressing timely organizational effectiveness topics. Every Department also needs to stay abreast of developments in federal, state, and local laws that impact its operations as a business in the state in which the ALA Department is incorporated.

The Department Operations Guide represents nearly five years of work by a host of contributors. National officers Mary “Dubbie” Buckler and Marta Hedding led the research and drafting of this Guide and express special thanks to all who assisted with its compilation. The Guide builds on the work accomplished by the many members of the Long Range Strategic Planning Standards Team who developed core standards that serve as the basis for much of the Guide. Much of the initial research and drafting was performed by two ALA Call to Service Corps NHQ VISTAs – attorney Andrew Talbot and graduate student Joshua Schreier. Additionally, a special ALA Department Secretary Task Force that included some dozen department secretaries/headquarter operations officers provided input, advice, materials, and guidance for the Guide’s content. Patty Waltz, former Director of Human Resources for The American Legion National Headquarters, provided expertise and assisted with editing the entire Guide along with ALA National Controller Tim Bresnahan, CPA; Headquarters Senior Editor Stephanie Holloway; Executive Assistant Julie Schafer; and Data Projects Specialist /Archivist Cathi Taylor.

The ALA Department Operations Guide has been comprehensively reviewed in its entirety by The National Judge Advocate/Counsel General Philip Onderdonk, and portions were reviewed by attorneys knowledgeable in corporate law and human resources, along with the ALA’s National Parliamentarian Chris Dickey. We greatly appreciate the many individuals who also assisted with writing, reviewing, and final preparation.

We hope you find the Department Operations Guide to be a useful resource of information, tools, and tips that will increase the effectiveness of your department and assist you in furthering the Auxiliary mission.



**American Legion Auxiliary**

**Department  
Operations  
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**Chapter 1:**

**Corporate, Legal, & Governance  
Structure**

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# CHAPTER 1

## AMERICAN LEGION AUXILIARY (ALA) CORPORATE, LEGAL AND GOVERNANCE STRUCTURE

### Executive Summary

Chapter one provides an overview of the nonprofit structure of the American Legion Auxiliary (ALA), the core requirements applicable to all nonprofits, and important information regarding the American Legion Auxiliary's unique structure. This chapter explains the relationship between the entities collectively known as The American Legion Family, and the impact that the American Legion Auxiliary's relationship with The American Legion has on ALA governance and operations. This chapter also describes relationships between units, intermediate bodies, subsidiaries, departments, and the national organization. This chapter also discusses the value of incorporation, corporate law and the rules that pertain to the subsidiaries, the use of the ALA emblem /trademarks, and how the ALA must remain non-political while engaging in our important advocacy and Americanism activities.

Throughout this ALA Department Operations Guide, the information is written with reference to "departments." Unless noted otherwise, the information in this guide regarding governance, management, and operations also pertains to units, to subsidiaries, and to intermediate bodies such as districts, counties, and councils.

This chapter contains the following:

#### **Section 1 Departments and Units Nonprofit Corporate Structure**

The Purpose and Necessity of a Constitution, Bylaws, and Standing Rules  
Governing Documents: Constitution, Bylaws, Standing Rules, and Policies  
and Procedures

What It Means to be an ALA Subordinate Organization

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**Section 12 Frequently Asked Questions (FAQs)**

## Section 1

### Departments and Units Nonprofit Corporate Structure

The American Legion Auxiliary (ALA) is a nonprofit organization classified by the Internal Revenue Service (IRS) as a 501 (c)(19) Veterans Service Organization (VSO) because our purpose as an organization is to serve veterans, servicemembers and their families.

All departments are incorporated as nonprofit corporations (also known as not-for-profit corporations, both mean the same thing). Also, most units; most intermediate bodies, known as districts/counties/councils; and all subsidiary corporations are incorporated as nonprofit corporations.

The fact that ALA entities are nonprofit corporations does not prohibit a department from raising money or generating investment returns, it simply means that money generated through dues, fund development, and investments must be used to fund our mission delivery which includes operating costs, programs, scholarships, and mission service. The distinction between being incorporated as a nonprofit versus a for-profit corporation is that the funds generated by nonprofits must be dedicated to its incorporated purpose which must be a purpose that benefits the public good. Income generated by a for-profit corporation can be used as profits for individuals – the corporation’s employees, corporate officers, and shareholders. Income generated by a not-for-profit (nonprofit) corporation must be used for its “public good” purpose – the reason the organization exists – which is the organization’s mission, its programs and services, along with its operations that support its mission.

#### The Purpose and Necessity of a Constitution, Bylaws, and Standing Rules

**Note:** Throughout this ALA Department Operations Guide, the information is written with reference to “departments.” Unless noted otherwise, the information in this guide regarding governance, management, and operations also pertains to units, to subsidiaries, and to intermediate bodies such as districts, counties, and councils.

To be properly organized, departments and units must have appropriate governing documents (legally referred to as “entity documents”). In the ALA, the key governing documents are its Articles of Incorporation – its Constitution; its Bylaws – its fundamental structure and fundamental rules; and its Standing Rules – its process and detailed rules that “stand” for all to follow, yet can be amended as frequently as needed to keep the organization functioning well.

A department’s Constitution and Bylaws should closely resemble and cannot be in conflict with those of the national organization. Departments and units determine how their Constitution and Bylaws will be written and adopted, including key provisions of its governance structure including offices, number of officers, terms, composition of the governing board, minimum required number of meetings, who can call meetings and how, how many/what percent of board members constitutes a quorum, roles and responsibilities, etc. However, nothing in a department’s or unit’s Constitution and Bylaws can conflict with or oppose anything in the ALA National Constitution and Bylaws. A department’s, unit’s, or intermediate body’s Constitution & Bylaws should align with the mission and general overall structure and function of the national organization.

Complying with your governing documents – your Constitution and Bylaws, Standing Rules – is critical. Constitution and Bylaws represent the fundamental governing documents applicable to all the members of your department. Having acceptable bylaws was a precondition for your department having been chartered by the national organization. When your department (and

units) was granted its charter, it was understood that the department agreed to follow its bylaws as a chartered entity.

Any decision that does not follow the provisions set forth in the Constitution and Bylaws is unconstitutional and therefore invalid. Decisions made by the department that do not follow its Constitution and Bylaws could be ruled invalid if challenged in a court of law. A department's decisions and actions that are contrary to its Constitution and Bylaws can have serious consequences. A pattern of decisions and actions contrary to a department's Constitution and Bylaws, or serious violations of its Constitution and Bylaws can be grounds for a lawsuit and/or suspension or revocation of the department's charter.

### Core Elements of the Constitution and of the Bylaws

Constitution includes:	Bylaws describe and detail:
<b>Name and location (city/state) of organization</b>	Board members and officers
<b>Purpose, mission statement</b>	Nomination/election procedures
<b>Stipulations, duties and restrictions of membership</b>	Amendment process
<b>Statement of binding authority (that the organization will be bound by its contracts)</b>	Succession procedure in case of death, illness, or resignation of member elected/appointed to a position.
<b>Process for disbanding group and procedure for ownership of assets in such case</b>	Frequency and general-level procedures for annual and board meetings
<b>Offices</b>	Quorum requirements
<b>Amendment authority</b>	Committees, including number of members, term lengths, liaison members, ex-officio members and voting powers of members (i.e., who can and cannot vote)
	Key activities and programs of the organization

### Governing Documents Constitution, Bylaws, Standing Rules, and Policies and Procedures

All organizations are organized and conduct their business and mission service according to the organization's governing documents. Governing documents, simply stated, are those documents that govern the organization. The ALA's "Articles of Incorporation" are preserved as its ALA Constitution. The Constitution is supported by ALA Bylaws, which are supported by ALA Standing Rules, which are supported by policies – the most detailed level of the organization's governing documents.

Governing documents provide a framework for maintaining civility and fostering good will by clearly defining the organization's structure and governance roles. In the ALA, its Constitution, Bylaws, and Standing Rules establish guidance for protecting the organization through sound



governance. Department leaders are encouraged to read the explanation of the purpose of the ALA department's governing documents and essential information to be included, which is provided in the 15-page document "American Legion Auxiliary Bylaws as a Framework for Civility", found in the Appendix.

Each type-governing document is explained as follows.

**Constitution:**

The Constitution is the organization's Articles of Incorporation. The Department Constitution is the foundational document of the corporation. It is a legal document that states the fundamental reason the organization was incorporated and its core structure. The organization's Constitution is the first document you file with your state when incorporating; it is the founding document of your organization. The Constitution is the core purpose and structure of the organization and should rarely be amended.

**Bylaws:**

Bylaws describe how your organization governs itself. Bylaws are also a legal document. Bylaws are fundamental rules on governance and should not be frequently amended. It is recommended that bylaws only be amended every five (5) to ten (10) years.

Both the Constitution and Bylaws would have been filed with your state's primary legal office when the organization was incorporated, generally a state's Secretary of State or State's Attorney. State laws vary regarding reporting and filing requirements for nonprofits, so it is critical that you know and follow your state and local jurisdictions' legal requirements. Some states require that corporations (both for-profit and nonprofit) notify the state when its Articles of Incorporation (for the ALA, its Constitution) are amended. Some states require annual reports of various kinds.

**Standing Rules:**

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

*Example 1):* Your Constitution states that the organization may establish committees for the purpose of effective governance and advancing the mission; your Bylaws would then state that there shall be the following standing administrative committees (such as Audit – stating its purpose, Finance – stating its purpose, and Membership – stating its purpose), appointed by the organization's president and confirmed by the department governing board (e.g. DEC or department board), the composition of which shall be as provided in the Standing Rules. Then your Standing Rules would specify the make-up of the Audit committee (number of members) and the terms of the committee members, and address staggered terms for multi-year term members. Neither of these latter details should be in the bylaws because they are too detailed and administrative in nature.

*Example 2):* Your Bylaws might state that the governing body shall meet at least semi-annually or at the call of the chair with proper notice or at the call of three (3) members ..., as provided in the Standing Rules. Your Standing Rules could then state that the department governing body (Department Executive Committee or department board) shall meet quarterly (or monthly – as a Standing Rule your department would have the flexibility to change this as needed) and describe in more detail how a special meeting may be called.

In this example, the Bylaws require the governing body to meet a minimum of twice a year – a minimum standard that should not change over a decade. Your Standing Rule, however, requires the board to meet more frequently, because that is “currently” more conducive to conducting the organization's business more effectively.

Note: If there is ever a conflict between your governing documents, the Constitution supersedes bylaws, and bylaws supersede standing rules, so it is important that your governing body and/or bylaws committee review the governing documents periodically to ensure that the Constitution, Bylaws, and Standing Rules are compatible and do not conflict with each other or with the National Constitution, Bylaws, and Standing Rules.

As noted previously, departments, intermediate bodies, subsidiaries, and units may not establish provisions in their Constitution, Bylaws, and Standing rules that conflict with the ALA National Constitution, Bylaws, and Standing rules.

### **Policies and Procedures:**

Policies are rules that relate to management and administration functions rather than governance issues. Policies include setting out how your department will manage money and protect itself against fraud. For example, a policy requiring that all checks over \$100 have two signatures is a great example of a financial control policy. Another example is having a conflict of interest policy which includes having all board members review the conflict of interest policy every year and sign a statement that they will abide by the policy.

Most policies have accompanying procedures that specify in detail how the policy is to be implemented. Procedures are not policies; they are instructions for implementing the policy, and therefore are not in and of themselves governing documents.

Policies help the department operate properly. With proper policies in place, members know the expectation for financial practices, risk aversion, program operations, and member conduct. Proper policies allow the energy of members to be better focused on achieving the mission instead of bickering about how something was or needs to be done.

### **What It Means to be an ALA Subordinate Organization**

A subordinate organization is an entity of a larger organization. In the American Legion Auxiliary, the national organization is the main organization because it has the authority over the use of the name and trademarks of the organization and all entities bearing the organization's name. All departments and units are autonomous, but they are also subordinates of the national organization by virtue of being permitted to use the name and trademarks of the national organization.

A department, as a subordinate and autonomous organization, has a structure, purposes, and activities similar to the national organization, including similar Constitution and Bylaws as mentioned earlier. The national organization exercises general guidance, but does not have the responsibility for day-to-day control. All departments and units are independently responsible for their own programs, operations, and decisions.

If there is ever a conflict between the Constitution & Bylaws of the national organization and those of a department or unit, the National Constitution & Bylaws supersede since the Constitution & Bylaws of the subordinate organizations, even though autonomous, cannot oppose or conflict with those of the central organization.

The national organization must exercise limited control over certain specific areas regarding trademark usage. The national organization does not dictate how departments and units run their operations or affairs.

While departments and units are subordinate yet autonomous to the national organization, units are subordinate yet autonomous parts of the departments. Departments, therefore, generally advise and support units, and the national organization assists departments in supporting their units.

One benefit of being an autonomous and subordinate part of the national organization is that the IRS has ruled subordinate groups (in the ALA, the departments, units, intermediate bodies) to the national organization (the ALA national organization) are eligible to receive tax-exemption from federal taxes through their affiliation with the national organization. The American Legion Auxiliary national organization has an IRS Group Exemption Number. Departments, along with units, intermediate bodies, and subsidiaries that do not have their own tax exempt status as evidenced by their own IRS Letter of Determination, benefit from the National ALA Group Exemption and are tax-exempt as part of the national group exemption number. The national group exemption spares ALA entities “in the group” from having to invest considerable time and expense to acquire their own federal tax-exemption.

Note: All ALA entities are subordinate to the national organization; some entities are separately incorporated and are, therefore, also subsidiaries of the parent corporation. Subsidiaries have specific legal reporting and accountability requirements to the parent corporation. See the following subsequent sections in this Guide regarding subsidiaries.

### **The Structure of the American Legion Auxiliary: National Organization, Department, Intermediate Bodies, Subsidiaries, and Units**

The American Legion Auxiliary is comprised of some 9,000 separate legal entities bound together by a common mission, each permitted to use the trademarked names, emblem, logos, and marks which are owned by The American Legion and entrusted to the American Legion Auxiliary to use with strict requirements for trademark protection.

The American Legion Auxiliary was founded in 1919 to support The American Legion, which Congress established as a federally chartered organization. The American Legion Auxiliary is incorporated in and headquartered in the state of Indiana.

The American Legion Auxiliary National Constitution and Bylaws (C&B/SRs) address the purpose, role, and fundamental governance responsibilities of departments, units, subsidiaries and intermediate bodies. For example, The National C&B/SRs describe that a member may appeal a unit’s determination of her eligibility to belong to the ALA to the department, and that the department is the final authority on such matters; an individual’s membership eligibility determination is not appealable to the national organization. The fundamental provision, then, is that the decision/judgment of the unit regarding a person’s eligibility to become a member of the American Legion Auxiliary – whose ALA membership criteria is universal to all members – is appealable to the department which is the final authority. Another example is that the department has the responsibility to suspend or revoke a unit’s charter. The unit may appeal the suspension or revocation to the National Executive Committee. The fundamental provision, then, is that the judgment of the department on the fundamental matter of a unit’s existence is appealable to the national governing body.

The department's and unit's Constitutions and Bylaws cannot conflict with the national Constitution and Bylaws. A copy of the ALA National Constitution & Bylaws and Standing Rules is included in this guide's Appendix, and can be accessed online at [www.ALAforVeterans.org](http://www.ALAforVeterans.org). It is important that departments, units, intermediate bodies and subsidiaries read the National Constitution & Bylaws and Standing Rules to understand the governance expectations as it relates to being an organization worthy of being permitted to use the name and trademarks of the national organization and to ensure there are no conflicts in the department (et al) governing documents.

The American Legion Auxiliary has 52 chartered **departments** comprised of the 50 states, District of Columbia, and Puerto Rico. Departments are separate legal entities that operate independently with each being wholly responsible for its operations and conduct. A department is allowed to use the name and trademarks of the American Legion Auxiliary provided it operates in a manner worthy of the honor of the trademarked name, emblem, and logos. A department is chartered by virtue of its association with a Legion department; however, the Legion department does not control the Auxiliary department and vice versa.

The American Legion Auxiliary has nearly 9,000 chartered units and department intermediate bodies – districts/counties/councils.

**Units** are separate legal entities at the community level that operate independently, with each being wholly responsible for its operations and conduct. A unit is allowed to use the name and trademarks of the American Legion Auxiliary provided it operates in a manner worthy of the honor of the trademarked name, emblem, and logos. A unit must be chartered by virtue of its attachment to a Legion post; however, the post does not control the unit or vice versa. Units control their operations. They do not report their management operations to the department, but they do report their membership numbers and mission outreach activities to the department.

The American Legion Auxiliary also has many units in foreign countries that are attached to Legion posts in those countries. The Auxiliary currently has foreign units in Europe, Australia, the Philippines; members in other countries may establish a unit under the same requirements as a new unit would form within the U.S.A. Foreign units report to the ALA national headquarters.

Departments have the authority to establish **intermediate bodies** for the purpose of benefiting the department to advance the mission of the organization more effectively. Intermediate bodies include districts, counties, and councils. Unlike units, intermediate bodies are created by and wholly accountable to the department. Intermediate bodies are groups of units, generally created geographically to increase interaction and synergy among those units in the respective district, county, or council.

Except for those incorporated units and intermediate bodies that have been granted their own tax exempt status by the IRS, as evidenced by an IRS Letter of Determination, departments and incorporated units and intermediate bodies are tax exempt under the National organization's federal Group Exemption granted by the IRS to the National organization. (*See chapter on finance and tax matters*)

A **subsidiary organization** is a specific corporate organization that is formed by and under the control of its parent corporate organization. In the American Legion Auxiliary, many departments established subsidiary organizations to operate their ALA Girls State program for fundraising purposes. Departments are incorporated as 501 (c)(19) corporations, the IRS federal category for Veterans Service Organizations. Departments that established separately incorporated ALA Girls State programs did so to enable the programs to be incorporated as 501 (c)(3) organizations, a broad IRS classification of charitable organizations. The separate incorporation of ALA Girls State

programs was done because many foundations and corporations will only donate to 501 (c)(3) corporations.

All separately incorporated ALA Girls State programs are subsidiaries of the department, and as such are wholly accountable to and controlled by the department. It is critical to understand that a subsidiary corporation of the department is merely a separate corporation created to support the department for tax purposes; being a subsidiary corporation does **not** mean it is separated from or independent of the department. A subsidiary corporation is established by, accountable to, and reports to the department. The department governing board (DEC) must approve the subsidiary's board officers and directors, governing documents, and financial reports, and the department Secretary and/or Treasurer must be a signatory on all the subsidiary's financial/bank accounts. *(See the 5 rules of corporate law below)*

Likewise, intermediate bodies established by the department are subordinate to the department. And intermediate bodies (districts, counties, and councils) that are separately incorporated are also subsidiaries of the department and are wholly accountable to and controlled by the department.

Because the American Legion Auxiliary is a 501(c)(19) Veterans Service Organization and because many foundations, companies and corporate donors have policies that restrict grants and other gifts to only 501(c)(3) public charities, the national organization established the American Legion Auxiliary Foundation (ALAF) in 2007 as a subsidiary 501(c)(3) organization to serve as a fundraising mechanism for the American Legion Auxiliary.

The ALA Foundation has the authority to receive grants designated for a department's ALA Girls State program, and to in turn sub-grant the funds to the department according to the donor's (foundation, corporation, individual) intent. With the existence of the ALA Foundation, departments may wish to re-consider the need to have a separately incorporated ALA Girls State program in its state. Just as the department has the authority to establish separately incorporated subsidiaries, the department has the authority to dissolve them by action of the department governing board.

There may be instances where units have established subsidiaries. The following rules apply to the parent corporation whether that be the department or a unit. If a unit has a subsidiary, the word "department" can be replaced with "unit" in the following:

**All subsidiary organizations MUST follow these five (5) rules of corporate law in keeping with required uniformity under U.S. trademark law.**

1. All officers, directors, trustees, etc. **must** be named by the department, usually nominated by the department (or unit) president and confirmed by the governing board.
2. All vacancies in the subsidiary corporation **must** be filled by the department in the same manner.
3. The subsidiary corporation **must** report to the department (the parent organization) no less frequently than monthly. The reporting **must** include the subsidiary's financial reports. If the subsidiary did not meet in a particular month it must still report to the department in writing that it did not meet, and still must report the month's financial statements.
4. The department treasurer or financial officer **must** be a signatory on all accounts of the subsidiary.
5. The articles of incorporation, bylaws, and all amendments of a subsidiary organization **must** be approved by the department. If a subsidiary organization is currently operating

and its articles of incorporation or bylaws have not been approved by the governing body (commonly known as the Department Executive Committee, department board, or Department Board of Directors) then the department should take action immediately to ensure that the subsidiary's governing documents are received for the department governing board's review and approval. Likewise, the department governing board must approve all officers and directors of the subsidiary, and any members serving on a subsidiary's committee(s).

If your department (or a unit) wishes to establish a subsidiary organization, you must follow all applicable laws and procedures under your state to incorporate it. You are strongly advised to contact your state authorities, such as your secretary of state's office, and consult a licensed legal professional familiar with nonprofit law in your state.

## Section 2

### Roles of Nonprofit Leadership

Departments and units, (whether the units are incorporated or not), are separate entities with bylaws and boards that govern them. No one member dictates how the department/unit acts; the department's or unit's bylaws describe how the entity will function, how leaders are selected, how long they will serve, how votes will be taken, and the purpose of the organization. Even for those units that are not incorporated, the American Legion Auxiliary expects entities entrusted to use the name and trademarks of the organization to constitute itself and conduct itself in a parliamentary-style governance structure where formal rules and democratic decision-making processes prescribe the character of the entity.

This structure is familiar across the business and nonprofit world, as all incorporated organizations must follow a format along these general lines. In this well-established structure, there are common titles such as "president," "board member," and "committee chairman," with particular roles and powers in the organization. Below is a list of some of the most common positions in nonprofit organizations with a corporate structure, along with a general description of their typical roles and how they operate generally in the ALA. These general descriptions apply broadly to all organizations with boards. However, departments and units have the authority to decide leadership positions (e.g., president, department executive committee, department board, treasurer, etc.) as long as these decisions do not oppose or conflict with the ALA National Constitution and Bylaws.

#### Governance and Leadership Roles in Nonprofit Corporations

All nonprofit corporations are comprised of officers and directors. In the American Legion Auxiliary, the directors of the corporation are the members of the entity's governing board. While the titles of many of the offices in the Auxiliary are consistent with those of most other nonprofit organizations, the roles of some of the ALA offices are unique to the ALA. The core governing positions are as follows:

**Board of Directors:** All corporations, including nonprofits, must have a board of directors, or "board" for short. Each ALA department, unit, and district/county is an independent entity. Separately incorporated entities must have a governing board of directors. A board is the primary decision-making body of a department, although boards often delegate certain responsibilities and decision-making powers to employees and volunteers.

In the ALA, the board is frequently called the "executive committee", such as the National Executive Committee (NEC) or Department Executive Committee (DEC). In structure,

function and responsibility, these governing bodies are indeed the ALA's boards of directors and its members are corporate directors that bear fiduciary responsibility for the organization.

The board of directors is a body of elected or appointed members who jointly make up the governing body of a for-profit or nonprofit corporation. The board has specific legal, fiduciary, and ethical responsibilities to the organization. The board's roles and responsibilities are typically detailed in the organization's bylaws. The bylaws also commonly specify the number of members of the board, how they are chosen, and the minimum number of times they meet. The main role of a board is to provide oversight of an organization's activities and account for its performance.

Boards also develop organizational policies and are expected to financially support the organization and raise funds for the organization. ALA department governing boards must comply with all applicable federal and corporate laws and regulations, your state laws, and the requirements of the American Legion Auxiliary to be allowed to use the trademarked name, emblem, and logos of the ALA.

A governing board of any organization is comprised of members elected by the organization or the organization's governing board. At the national level, the governing board is identified in the ALA National Constitution as the National Executive Committee. The voting members of the National Executive Committee (NEC) are those national officers as specified and one ALA member elected by each department. Historically, the practice has been that most departments selected their outgoing department president as their department representative to the NEC. Even when there has customarily been a foregone conclusion who the NEC member will be, there still is a department election. Because the members of the NEC serve a one-year term on the national board, it has long been assumed that a department's NEC representative could serve only one term. However, an NEC representative elected by department may serve multiple one-year terms or a multiple-year term as and if provided in the department's bylaws. *(See benefits of board members serving multiple-year terms, in the next segment Benefits of National Executive Committee Member Serving Longer Than a Single One-Year Term)*

At the department level, the governing board is comprised of members who serve the department and, therefore, must be elected by the department. A department's bylaws can provide that the department president has the authority to appoint a nominating committee whose duties shall be to present a slate of board candidates to the department/department board for election. The department governing board can be empowered to elect its directors.

The practical effect is that by the president appointing the nominating committee, she could be a member or ex-officio member of the nominating committee (depending on how the bylaws state the nominating committee shall be comprised) and would have significant influence in selecting the slate. The slate is then elected either by the current governing board or the bylaws could specify that directors are elected at an annual meeting of the board or the members. If the department membership is small, it's practical for the members to elect its board members. If the department is large, it's an option for the board to elect its board members, and it's an additional subsequent option for an annual meeting of the department to confirm the directors elected by the board. The key is that a governing board is elected, whether by the board or the membership at large. Either is an acceptable approach.

The bylaws can also provide that a small group of leaders shall comprise the executive committee to the governing board. The executive committee of the governing board would not need to be elected since they would serve by virtue of their positions, and the persons holding those positions are already elected and/or confirmed by the governing board. An executive committee to a governing board is accountable to the governing board and its role and duties should be specified in the governing documents.

A governing board is not a committee. A committee can be appointed by the organization's president, and, like the officers, a committee is ultimately accountable to the board. An established organization's president/chairman of the board does not have the authority to appoint members to a governing board.

The important premise is that a governing board is entrusted to safeguard the organization's best interests and reputation through its fiduciary oversight and governance. It represents the organization, and, therefore, should be elected.

**Board Member:** A board member is a corporate director who shares responsibility for governing the organization along with the rest of the board members and has specific legal, fiduciary, and ethical responsibilities to the organization.

In the ALA, board members of the national governing board – the National Executive Committee (NEC) – are chosen by the departments according to the department's election or selection process as specified in the department's governing documents. The National organization's governing documents do not specify criteria or terms of the NEC members, other than there be one NEC from each department who must be a member in good standing.

The term of the NEC is one (1) year; however, the number of terms a NEC member can serve is determined by the department. It is similar to the U.S. Congress: the term of a session of Congress is two years, i.e. the 115<sup>th</sup> Congress is seated for a two-year term. A representative elected to Congress can, however, be elected to an unlimited number of two-year terms. Also, the Legion's NEC as a governing body serves in one-year terms; its NEC members can serve multiple years, serving in multiple one-year seatings of the NEC.

**President, Chief Elected Officer, Chairman of the Board:** In most nonprofits, the organization's president is the chief elected officer. The ALA's chief elected officer serves one year as president and chairman of the corporation's board of directors.

In the ALA, at the national level, the national president serves a one-year term as a) president of the national organization, b) Chairman of the National Executive Committee, and c) she serves as the organization's international spokesperson to the public, its chief ambassador, and the public face of the organization.

At the ALA department level, the department president serves as chairman of the department's governing board, commonly known as the Department Board or Department Executive Committee (DEC), and the department president serves as the department's spokesperson to the public, its ambassador, and the public face of the organization.

**Committees:** Governing boards often have various committees that provide oversight, guidance, and/or create organizational policies in support of the board. The type and size of these committees depend on the needs of the organization. Some typical examples are



governance, audit, finance, and development committees. Committee members are not corporate directors of the national organization or department unless they are also members of the national's or department's governing board.

**Committee Chairman:** Governing boards that form committees to provide enhanced oversight and guidance for the organization typically select a chairman for each committee. The committee chairman presides over meetings of the assembled group and conducts its business in an orderly fashion. The committee chairman is often appointed or selected, as specified in the governing documents. The ALA customarily observes the practice of a committee chairman who is not a member of the governing board to make a motion on behalf of her committee; however, because she is not board member may not vote on the motion.

**Vice President:** The vice president is a corporate officer that supports the president. In the corporate world, the role of the vice president often includes overseeing finances, planning and enforcing organization policies, public engagement, and preparing reports to the board or chief executive. In the ALA, the vice president often serves in the role of an ambassador or spokesperson for the department and fulfills the president's duties in her absence.

**Treasurer:** The treasurer is a corporate officer typically assigned the primary responsibility of overseeing the management and reporting of an organization's finances. The treasurer has significant responsibility for the proper financial and risk management of the organization, and therefore greatly affects the public's perception of and trust in the organization's management. Along with the board, the treasurer has fiduciary responsibility to the organization and its financial well-being. *(See additional guidance below regarding the title of the department treasurer).*

**Secretary:** The secretary of a nonprofit organization is a corporate officer who plays a critical role in fostering communication and diligence through proper management and utilization of important records, such as meeting minutes and the organization's bylaws. The secretary is the custodian of the organization's records and is responsible for organizing and announcing board meetings. In many nonprofits, board secretaries are volunteer positions.

Historically, the ALA selected the title "Secretary" to mirror the federal government's use of the title "Secretary" to denote the head of an Executive Branch governmental entity. Today, the role of an ALA Department Secretary is more similar to the role of an executive director, chief executive officer of a large organization, or chief operating officer in other small nonprofit organizations. The Department Secretary, as both an officer of the organization and the department headquarters executive should be an active participant in department meetings that pertain to the manner in which the corporation – the department – operates, including the organizational support committees, such as finance, audit, governing documents, and membership. *(See additional guidance below on the title of the Department Secretary).*

**Executive Director:** In most nonprofits the chief executive officer or executive director is a corporate officer. Smaller nonprofits occasionally use the term "executive director" instead of "chief executive officer" to differentiate themselves from for-profit companies or the chief executive officer of the organization's upper-most national/international tier, though the roles are similar.

Note: In nonprofit organizations there can often be confusion with the titles of the positions “Chief Elected Officer” (the president) and “Chief Executive Officer” (the headquarters executive) because they both have the same acronym “CEO”. Counsel General advises the president, as the chief elected officer, use the title ALA “National President” or ALA “Department President” and “Chairman of the Board” since the title “president” and “chairman of the governing body” (NEC, DEC, Department Board) are the only titles for the chief elected officer stated in the ALA Constitution at both the national and department levels. Counsel General advises against using the title “Chief Elected Officer” to avoid confusion with “Chief Executive Officer”, since both have the same acronym “CEO”.

In the ALA, the roles of both the national secretary and Department Secretary are the equivalent of that of a chief executive officer or executive director in other corporations. The national secretary is an officer of the national corporation. The Department Secretary, in most Department Constitution/Articles of Incorporation, is an officer of the department corporation. The ALA is unique in that the corporation’s secretary of the board usually serves a dual role: both a corporate officer and executive director. In most nonprofit corporations, a chief executive officer/executive director is also a member of the board, with or without vote as determined by the nonprofit’s governing documents. If the executive director is not a member of the board, she usually regularly reports to it.

**Other Officers:** In addition to these offices common to most nonprofits, at the national level, the American Legion Auxiliary also annually elects five National Division Vice Presidents who serve one-year terms. A National Chaplain and National Historian are also elected to one-year terms. Likewise, many departments governing documents provide for the election of vice presidents, historians, and chaplains.

Note: the American Legion Auxiliary National Bylaws, Article VII, requires that each department shall have the following department officers: Department President, Department Vice-President, Department Secretary, Department Treasurer (or Department Secretary/Treasurer), National Executive Committeewoman, Alternate National Executive Committeewoman, and may have a chaplain, historian, and other such officers as the governing documents of the department may prescribe.

### **Benefits of National Executive Committee Member Serving Longer than a Single One-Year Term**

The National Executive Committee (NEC), the national governing board of the American Legion Auxiliary, includes representatives from 52 departments. Historically, the practice has been that most voting departments elected their representative to the NEC to a single one-year term. The external audit firm for the American Legion Auxiliary National organizational has long recommended that departments consider allowing their NEC members to serve longer than a single one-year term in order to improve board proficiency. The primary benefits of an NEC member serving longer than a single one-year term are:

1. “Continuity” of board expertise is the most important justification for members of the NEC serving more than a single one-year term. Serving for only one year does not allow adequate time for most NEC members to become familiar with their fiduciary, policy, and strategic responsibilities to the organization, or to become fully knowledgeable of ongoing programs and issues.

2. As a corporate director of the organization, a member of the NEC has a personal duty of care for the ALA's financial health and reputation. The personal liability for this corporate duty may be intimidating to those lacking a thorough understanding of the role of the NEC as a governing body and of each NEC member's responsibility. Specifically, an NEC member is responsible for ensuring that the NEC fulfills its two major responsibilities: 1) that the organization has adequate resources to fulfill its mission, and 2) that the organization adheres to legal standards and ethical norms.
  - a. The NEC is responsible for adopting the annual budget for the National Organization, adopting policies and standing rules, reviewing financial statements and memorandums of understanding, accepting the national annual audit, ratifying committees, confirming committee and national appointments, levying assessments as needed, ratifying the cancellation of unit charters, providing appropriate oversight of the executive committee to the NEC (an intermediate body that assists the NEC and is accountable to the NEC), as well as other duties and responsibilities that are normal functions of a corporate board of directors. Members of the NEC must be familiar with and be willing to accept these responsibilities.
  - b. NEC members must address and take action as needed on questions affecting the election, conduct, and capacity of national leaders. When circumstances so warrant, the NEC is responsible for establishing and implementing the process for making a determination that a national officer or a national committee member is unable to discharge the duties of that national position.
3. Board expertise is enhanced by motivated members willing to learn and able to participate to gain experience. Members of the NEC need to be motivated to serve and willing to acquire the knowledge needed. An NEC member is required to participate in NEC meetings as scheduled (minimum of three times per administrative year), typically requiring travel; persons unable or unwilling to travel are not able to fulfill their responsibility to the board.
4. Given that most NEC members are former Department presidents, and given that a historical ALA practice is to select national leaders from among those who have served as a Department president, most NEC members are hesitant to ask questions or voice an opinion on an issue for fear they will not be considered for a national appointment. To be effective as a member of the governing board, NEC members must be knowledgeable and willing to ask questions and offer suggestions. Longer terms would counter the hesitation of an NEC member to engage in board discussions.
5. Skills and knowledge are important for the position of NEC member. The practice of affording a Department president an automatic one-year appointment to the NEC does not necessarily equate to the person having the skills and knowledge needed to serve on a board of a multi-million dollar corporation. Candidates who actually run for the positions of elected NEC members would likely be those who are sincerely interested in serving and fulfilling the responsibilities of fiduciary stewardship and strategic direction, and who are willing to accept the personal liability for board service.

A Department can amend its C&B a number of different ways to provide that its NEC representative serve longer than a single 1-year term, ranging from possible options such

as allowing a member of the NEC to be elected by the department for two (2) or more one-year terms, 2-year or 3-year terms or multiple thereof, e.g.:

- The Department C&B could provide that the NEC member be elected to a 1-year term, with the option to be a candidate for two (2) or more years (during which she would serve in at least two (2) different one (1)-year terms of the NEC body if she is re-elected).
- The Department C&B could provide that the NEC member be elected to a two-year term during which she would serve two one-year terms.
- The Department C&B could provide that the NEC member be elected to a two-year term, during which she would serve two one-year terms, with the option of running for a specific number of additional two-year terms. If re-elected, the NEC member would serve additional two-year terms up to the number specified in the Department C&B.
- The Department C&B could provide that the NEC member be elected to a three-year term during which she would serve three one-year terms.
- The Department C&B could provide that the NEC member be elected to a three-year term during which she would serve three (3) one-year terms, with the option of running for a specific number of additional three year terms. If re-elected, the NEC member would serve additional three year terms up to the number specified in the Department C&B.
- Term limits may be considered.

### **Roles and Titles of Department Secretary and Department Treasurer - Unique Considerations**

#### **Risk of Department Secretary and Department Treasurer being held by the same person**

While it is a common practice in some departments of the American Legion Auxiliary for the Department Secretary and Treasurer to be one and the same person, the practice poses a huge liability threat to the department. The person who receipts money for the department should not be the same person who disburses money for the department, especially when one of the regular disbursements is the paycheck to herself. Unfortunately, there have been costly instances where a Department Secretary/Treasurer has behaved unethically and illegally, easily able to steal funds from the department because of the lack of sound financial practices that include proper accounting checks and balances.

While the lack of resources has made it expedient to combine these two officer positions, departments are strongly advised to have the positions held by two individuals, with the department treasurer being a volunteer with the responsibility to visit the office at least twice monthly to sign checks. If transitioning to having the two positions be separate is not immediately feasible, then the department is strongly advised to have sound accounting checks and balances in place for cash/financial management including requiring more than one signature on a check. *(More information about financial management is in the chapters on management and finance.)*

#### **Department Secretary – Additions to Title for Public/Business Clarity**

Some department secretaries have shared that the general public does not understand that the title “Department Secretary” is the department’s top operating executive rather than simply an assistant to the department president. Some department secretaries have asked if they can

change their title on stationary, business cards or electronic documents (i.e. department website) to titles such as “Executive Director”, “Chief Executive Officer”, “Chief Operating Officer,” or “Department Office Director”, depending on the size of the department, to more clearly convey to the general public the actual executive responsibilities of the position. A department may add a clarifying title to this position.

Because, in nearly all department Articles of Incorporation/Constitution, the Department Secretary is indeed an officer of the corporation, and because in most departments the Department Secretary “wears two hats” – that of governing officer and that of the executive director of the Department Headquarters – the title of Department Secretary should not be replaced, but may instead be augmented with a second title that best reflects the executive responsibilities of the position. When deemed appropriate as authorized by the department governing board, suggested examples of additions to the Department Secretary title include:

- Department Secretary/Executive Director
- Department Secretary/Chief Operating Officer
- Department Secretary/Operations Executive
- Department Secretary/Office Director or Headquarters Director

Such titles more accurately reflect the Department Secretary’s dual role within the American Legion Auxiliary’s governance/management structure. The use of two (2) titles does not change a Department Secretary’s duties or responsibilities within the ALA, but can help make her role clearer when doing business with other organizations, businesses, the public and individuals who have no concept of the title “Department Secretary”.

### **Department Treasurers – Additions to Title**

In most corporations, the “Treasurer” is a paid position responsible for managing the organization’s finances. In the nonprofit sector, the title “Treasurer” often refers to a volunteer board position. If the Department Treasurer is a separate staff position from the Department Secretary, it may make sense to use a title that reflects her professional business role such as “Chief Financial Officer” or “Finance Director”, titles that more closely reflect the management role of a compensated department treasurer, when and as authorized by the department board.

Note: Under no circumstances should the Department Secretary, if she also serves as Department Treasurer, use additional titles of both Department Headquarters Executive and Chief Financial Officer or Finance Director. The chief executive and chief financial officer must be separate individuals in keeping with proper accounting standards.

## **Section 3**

### **Legal Obligations and Responsibilities of the Governing Board – Officers and Directors**

As addressed in Section 2, all nonprofit corporations and all ALA departments and units have a board of directors. While the board is the main decision-making body of a department/unit, for efficiency, boards often delegate certain responsibilities and decision-making powers to employees and volunteers. In the ALA, the board is frequently called the “executive committee,” such as the National Executive Committee (NEC) or Department Executive Committee (DEC), but in structure, function and responsibility, these “committees” are indeed boards of directors.

Board members are directors of the corporation and have serious legal, ethical and fiduciary responsibilities including making decisions regarding the organization’s vision, strategic direction,

financial resources, fundraising, and compliance with all regulations and laws. No single member is solely responsible for any of these things alone; a board governance structure is based on democratic principles and, therefore, depends upon the collective decision-making of a group of people serving together. As a group of corporate governing body directors, the board is collectively responsible for acting in the best interests of the organization to further the mission. Members of the governing board are individually and collectively liable for the board's actions.

Each board member has a responsibility to meet specific legal standards of care and action. Any board member who neglects these duties could be held personally accountable, particularly if something were to go wrong and there were a lawsuit. For departments and subsidiaries and those units and intermediate bodies that are incorporated, each board member is afforded limited liability which shields a board member from personal debts and damages only as long as she is meeting the standards of care listed below. Limited liability may not protect a board member who fails to meet these basic responsibilities or who is grossly negligent.

### **Board Members Must Meet the Standards of Care and Responsibility**

Board members serve in a position of trust. They have been selected to lead an organization that is performing a service for the public good. In the ALA, board members are entrusted to set the strategic direction of the organization and to ensure that the organization has sufficient resources to carry out its purpose and fulfill its mission. Board members are not expected to be perfect or know everything; however, it is very important that board members fully understand their responsibilities, take them seriously, and take reasonable care and effort individually and as a group to meet their obligations. The following standards are well established principles and obligations expected of board members, particularly of nonprofit leaders generally.

If there is ever a lawsuit or dispute that questions board conduct, courts will look for board members to have met the following standards.

- 1. Test of Reasonableness and Prudence:** Board members should treat the money and other resources of the department (unit, subsidiary, intermediate body) with the same degree of care and caution they would use for their own money and resources.
- 2. Fiduciary Responsibility:** Fiduciary responsibility means that board members are responsible for the effective oversight of the financial resources of the department (unit, subsidiary, intermediate body). Board members are entrusted to ensure that the organization is in a healthy financial position, its funds are properly managed, and responsible decisions are made regarding spending, fundraising, and budgeting. Fulfilling fiduciary responsibility requires board members to be knowledgeable, present, and actively engaged.

#### ***Fulfilling your fiduciary responsibility as a board member includes:***

**Attending board and committee meetings.** Being present for board and committee meetings is a key responsibility of board members. When occasional absences are unavoidable, it is a professional courtesy and best practice to let other board/committee members know in advance (or as soon as possible) when you will be absent.

**Asking questions when necessary.** It is a core responsibility for board members to be well-informed. Request more information if you don't understand something about the organization's finances or policies, particularly if you are in the position of making a decision regarding a matter before the board.

**Read financial statements in a timely manner.** It is a key board member responsibility to read and understand financial statements. If you don't know how to read a financial statement, seek assistance from professionals or knowledgeable board members, volunteers, or employees.

**Review and adopt a budget every year.** Be prepared for budget meetings by having reviewed past and current budgets, and prepared to raise any pertinent questions you may have.

**Fulfill your financial oversight function** as a board member. If your department (unit, subsidiary, intermediate body) delegates the management of the organization's finances to employees and/or volunteers, the board should act in an oversight capacity. Review financial policies and risks at appropriate intervals (such as yearly or every few years), be sure that appropriate policies are in place to address financial risks, and communicate with volunteers and employees about these issues. If your department's or unit's board members perform financial management tasks, be sure that appropriate checks and balances exist such as always having two people count cash and check bank statements.

**Engage in fundraising.** Board members have a responsibility to ensure the financial health of the organization and should be the leaders in personally donating and raising funds necessary to achieve the mission. Board members should be active in planning and executing fundraising activities to include making contributions and asking others to do so as well. Board members need to be familiar with the legal requirements and restrictions on fundraising in their states. Charitable gaming, charitable games of chance are specifically regulated in most states. It is a violation of federal postal regulations to use the US Mail for charitable gaming (e.g. raffles, bingo, and drawings).

- 3. Duty of Care:** The duty of care is every officer's and every board member's moral and legal obligation to ensure the well-being of the organization. The duty of care stands for the principle that directors and officers of a corporation, when making all decisions in their capacities as corporate fiduciaries, must act with the same level of care and good faith that would be exercised by an ordinarily prudent person in similar circumstances.

***Activities associated with fulfilling a duty of care include:***

**Attending board and committee meetings on a regular basis,** listening to other board members and speaking up when you can make a contribution.

**Preparing in advance for board meetings,** including reviewing the agenda, minutes from the last meeting, financial statements, and all other pertinent board meeting materials.

**Exercising independent judgment when voting.** Every board member has an obligation to be informed about a matter requiring a vote and to vote her conscious. Board members should only vote for something she personally believes is right; and should never be pressured to vote for something against her better judgment.

**Ensuring compliance with all laws and regulations.** Board members have the collective responsibility to ensure the organization is compliant with applicable laws and regulations. The board may delegate certain responsibilities to employees and/or committees. For example, the board may delegate the completion and/or review or filing of the IRS Form 990 to an audit or finance committee.

**Ensuring employees and key volunteers are performing acceptably.** It is strongly encouraged that board members seek a cooperative and collaborative relationship with volunteers and employees. Respect, good communication, and teamwork should

characterize the relationship. The board's responsibility is to address any serious concerns about the organization's key volunteer leaders and the office's executive director appropriately and timely. It is not the board's role to oversee employees; that is the legal responsibility of the executive director.

- 4. Duty of Loyalty:** The duty of loyalty requires board members to make decisions that put the best interests of the organization first, above any personal, family or professional interests. Loyalty means avoiding conflicts and adhering to the organization's conflict of interest policy by identifying and disclosing any potential conflict(s) of interest that you may have and then proceeding in a proper manner. *(Also see chapters on finance and risk management).* For example, if you or a family member has a product or service the department or unit is considering, you would recuse yourself from the debate and decision, and leave the meeting when the matter is considered and have the record (minutes) reflect that you left the meeting since you or your family could personally gain from the purchase or decision. Or, if a family member is competing for an ALA scholarship, you should not serve on the selection committee because your interests in helping your family member and your interest in serving the best interests of the ALA would be in conflict. Failure to disclose a conflict of interest and appropriately recuse yourself renders you liable and exposes the organization to harm.

***Some of the activities associated with fulfilling the duty of loyalty include:***

**Adhering to your unit/department's conflict of interest policy.** This must include an annual disclosure of any known conflicts of interest, as well as an annual signature by all board members and leaders that they understand and will abide by the policy. The IRS requires a disclosure, which must be kept as part of the tax records.

**Promptly disclosing any conflicts of interest that come up** that could impact your ability to serve as a board member or other leadership position such as committee chair.

**Avoiding the use of your authority as a board member or other leader for personal gain.** If a board member uses her position in a way to obtain personal benefit, such as personally profiting from a department purchase, the IRS could levy fines on both the department and the board member. Furthermore, such behavior can result in the IRS revoking tax-exempt status. Such behavior can also result in personal criminal prosecution.

**Maintain the confidentiality of information about the organization.** Know what information is confidential and how and when it is appropriate to share non-confidential information.

- 5. Duty of Obedience:** The duty of obedience requires board members to act with the highest standards of integrity and faithfulness, abide by the ALA's governing documents, achieve the mission, and ensure that their organization complies with all laws and regulations.

***Some of the activities associated with fulfilling the duty of obedience include:***

**Ensuring compliance with all federal and state regulations** that impact your unit/department, including IRS form 990 reporting requirements.

**Examining and understanding all the documents that govern your unit/department,** including Constitution and Bylaws, and following them faithfully.

**Utilizing the time and resources of your department and its members for purposes that are in line with the ALA's mission and governing documents.** Activities outside the scope of the ALA mission conflict with the duty of obedience.



- 6. Board's and Chairman's Authority for Special (Ad Hoc) Committees:** An ad hoc committee is a colloquial term for a special committee. A special committee may be established from time to time as needed to address a special need that does not fall under the purview of a department's standing committee or longstanding program committee as provided in the department's governing documents. A Department President may establish a special committee which in turn must be approved by the department's governing board along with the appointees to the special committee. A special committee may be created with the expectation that it will complete its task within one ALA administrative year or within several ALA administrative years. When a special committee's purpose extends beyond one administrative year, the department governing board must approve the committee and its appointed members each year, and any or all of a special committee's members may serve multiple years if each current department president re-appoints them. Because the committee is a "special committee" (aka "ad hoc committee") and not a standing or program committee as provided in the department's governing documents, special committee members cannot be appointed to multiple year terms.

For example, a strategic plan planning committee is a special committee in the ALA governing documents. An ALA department president serves as chair of the department governing board. An ALA department president may appoint special committees, and those appointments would serve for the length of the department president's term and are subject to confirmation by the governing board. Conversely, an ALA department president may choose not to appoint a special committee.

If the governing board deems that a special committee is needed for more than one (1) administrative year, and the department president has not re-appointed the special committee members, then the governing board may do so on its own accord. A member of the governing board can move that the special (ad hoc) committee be continued for a purpose stated and for a time period specified in the motion and be comprised of the following persons, each named in the motion, and that the committee report periodically at times stated in the motion to the governing board. If the motion is seconded, it is debated like any other motion and can be adopted with a majority vote, unless your governing documents state a 2/3 or other ration is required. If the governing board chair (department president) votes no, but the motion carries, the majority vote prevails and special committee is again in effect and performs it purpose on behalf of the governing board. The board can, for the record, state that the periodic reports will be made to a special board committee or to the board as a whole, however the board so desires. The board can state a time period for the special committee that is longer than one administrative year, in which case it will require board action to dissolve the committee sooner or extend the committee longer. The department president, as chair of the board, cannot override the action(s) of the board.

- 7. Limitations of Authority – Handling Problems with Leaders and Abuses of Power:** A department president cannot remove a committee member serving a multi-year term. The term of a department president is one (1) year. The department president can, at will, make changes to appointments that serve for corresponding one-year terms. The department president can name or remove members serving in one-year appointed positions subject to the governing board's confirmation or ratification.

A one-year term official cannot exceed her appointment authority by replacing members serving in multiple year appointments at will. Persons serving in multiple-year term appointments have been confirmed by the governing board, and they can be replaced only by action of the governing board. The department president is within her right to recommend a person serving a multiple-term appointment be replaced, but unless the person serving the multiple-year appointment has agreed in advance to vacate the position (i.e. to resign and be

replaced), then the governing board, in its oversight role, has the responsibility to require the department president to show cause as to why the person serving a multiple-year term should be replaced.

If the governing board disagrees with any appointment(s) presented to the board for confirmation, or ratification, the board has the authority to simply vote not to approve the appointment(s). If a majority of the board votes not to confirm an appointee, that person is not appointed. The department president can offer another name to the board for consideration to be appointed to the position. Unless there is some provision in your governing documents or state laws governing corporations to the contrary, if a person is holding an elected position or appointed position that must be approved by the organization's governing board, the person currently holding the position or appointed position that must be approved by the organization's governing board, the person currently holding the position remains in the position until his-her successor is elected or appointed and confirmed. If the person has vacated (resigned or otherwise left) an appointed position that requires board confirmation, then that position remains unfilled until her successor is confirmed. The board can vote up or down on confirming that person. Or, a board member can move to confirm another person eligible for appointment to the position in question.

There are two (2) key points to understand: the responsibility and authority of the officers and the governing board, and the responsibility of the governing board to exercise its duty to protect the organization.

The ultimate authority for approving duly qualified persons to serve in appointed department leadership positions rests with the department's governing board. The department president recommends her appointments to the board, but it is the governing board that has the final say and must approve all appointed leadership positions. A department president's appointments, until confirmed (approved, ratified) by the department governing board (i.e. DEC) are appointment nominations. If a majority of the board does not approve of the department president's recommended appointments (new or changes), then the board so votes their disapproval, the appointments are then not approved, and the person(s) nominated for appointment(s) cannot serve in those positions.

The ALA National Constitution, Bylaws, and Standing Rules specify that the department governing board (Department Executive Committee) has the responsibility to determine all questions concerning the conduct of its officers. (See National Standing Rules Section IX). If a department president or any elected officer is acting outside of her authority, the governing board has the authority and fiduciary obligation to address the matter in a regular meeting or special meeting called by the board according to the department's bylaws provision for calling a special meeting.

The department governing board has responsibilities under corporate law to protect the organization. To do so, a governing board is empowered to disapprove inappropriate appointments and has the authority to approve suitable appointments. The governing board also has the authority to discipline officers and directors of the corporation – i.e. the department. Discipline can include a) issuing reprimands, which become a matter of record in the minutes, b) suspending an officer for just cause according to due process; and c) removing an officer for just cause according to due process (which includes notice and a proper hearing under the law).

The department president and the other department officers are officers of the corporation. The members of the governing board are the corporate directors of the ALA department.

Corporate officers have limited authority that is spelled out in the organization's governing documents (the ALA's Constitution & Bylaws, Standing Rules and policies). The department president serves as chairman of the board, with only one (1) vote, and her vote carries no more weight than any other board member's vote, and her vote does not usurp the vote of the other board members.

If members of the governing board believe the department president has exceeded her authority, the board can initially remedy the excesses of power by not approving the replacement of committee members serving multiple-year terms. If members of the governing board believe the department president should be disciplined for disregard of a) policy, b) directives as voted by the board, or 3) provisions of the department's governing documents, then those governing members are advised to consult their department parliamentarian and the department's attorney to proceed with meting out discipline according to due process in keeping with applicable state laws.

A corporate officer's failure to comply with the corporation's governing documents may very well be grounds for discipline up to and including removal from office or from the organization, but can also be the basis for personal liability.

If a governing board (DEC) believes the actions of a department officer or director violate the law, the department is advised to consult a corporate lawyer regarding the actions of the department officer and the option for an injunction.

As corporate directors, the members of the governing board have a duty to the organization to fulfill their responsibility to protect the organization, which includes protecting the organization from abuses of power or officers or confirmed leaders being unable to fulfill their responsibilities.

### **Promoting Board Member Engagement, Awareness and Diligence**

While these legal obligations and responsibilities may seem overwhelming, thousands of individuals who serve on nonprofit boards in the United States are held to these same standards each year. Being a board member does not require perfection or an advanced degree. Rather, meeting these standards requires that each board member makes a good-faith effort to understand, follow and execute her legal, ethical and fiduciary responsibilities and obligations. Learning, developing skills, and working together is all part of the board governance process. In addition, there are certain practices that your department (subsidiary, unit, or intermediate body) can adopt to support the board to better meet their responsibilities.

- a) **Educate the Board:** Include education and training as a part of board service and activities. The board can set aside specific times during meetings to have educational presentations about different topics and then discuss how the information applies to the organization. Attending workshops or seminars helps board members to increase their knowledge and the costs associated with such training are legitimate nonprofit expenses. Providing a board orientation for new members is important to help them become knowledgeable about their duties.
- b) **Set Expectations of Board Members:** Expectations of board members are most effectively communicated in writing. Ethical, legal, fiduciary, financial support, and other performance-related expectations should be clearly stated and reviewed with board members at regular intervals. Ideally, expectations should be presented to prospective board members before they are elected/selected for board service so they understand the commitment and accountability for board membership. Board members should be

informed about their obligations under the law, and the president/chairman of the board should discuss with board members her goals and expectations for the board as a whole and individually.

### **Board Minutes**

A corporation should maintain written minutes of the actions of its governing body. The department's governing board (Department Executive Committee or department board) should maintain written copies of minutes of its meetings. If the board goes into executive session, a confidential set of written minutes should also be prepared and circulated solely to the board members who met in executive session. Those minutes are not posted or otherwise circulated.

The board's minutes-taker should prepare written minutes to circulate for approval at the next meeting. The minutes should include a Summary of Motions as an appendix to the minutes. Then, at the end of a 12-month period (calendar year or fiscal year or administrative year), the organization can compile the annual summary of motions that passed. An external auditor or accountant doing an external financial review will require a summary of motions adopted in the past year. The Summary of Motions is the synopsis of actions the governing board took in a given period of time. They should be available for external review upon request. The national organization's board, the NEC, confirms the members of an annual three-member "Minutes Approval Committee" comprised of three NEC members whose job is to review the minutes of each NEC meeting as drafted and make any corrections before the minutes are presented for adoption at the next meeting.

Preparing written minutes for department conventions and conferences is necessary when a department conducts substantive business at its conventions and conferences. If, at a convention, your department acts on a substantive resolution or motion that impacts the governance or direction of the organization, then minutes of those actions (proceedings) should be retained in writing. The minutes of the business conducted must be prepared and made available to members (the organization's stakeholders) upon request. Such substantive motions include elections, bylaws changes, or adoption of policies and strategic directions. Since a convention is comprised of attendees and not board members, the department president should ensure that someone(s) is assigned the responsibility for preparing the written minutes as warranted by the business conducted.

If you have recordings of the meetings, you need to create a written summary of the business portions. You need not prepare a written verbatim transcription of all that took place, but it is beneficial to have in certain situations. The organization should have a summary of the proceedings. For example, you need not record all the information about workshops, informative sessions, speakers and courtesy resolutions. The minutes should state what the convention covered, and include a summary of the motions adopted and business transacted.

### **Executive Session**

Sometimes, matters of a sensitive nature must be addressed by the board. State laws allow for the governing body to go into an executive session or closed meeting, which means everything said or done during the session is confidential. If anyone within the organization breaks that confidentiality they can be disciplined internally and possibly face legal action. To go into executive session, a member must make a motion that needs a second with the ability to debate, and it takes a majority vote to adopt. If the members vote to go into executive session, all non-members must leave the room until the board votes to end executive session unless the board specifically asks some non-members, such as an attorney, to stay. Minutes should state that the

members voted to go into executive session and the general reason for doing so (e.g. to discuss a compensation of the executive or a sensitive matter involving an officer of board member).

Generally, executive sessions should be used for discussion and not decision making, though the limits of what is allowable vary by state law. Generally, if the board wishes to act on what is discussed in the executive session, the members should vote to end the executive session and then vote on the outcome of the discussion record its regular session. The actual discussions held during closed session should remain confidential and not made part of the board minutes. Executive sessions should be used sparingly; holding frequent executive sessions may give the impression of undue corporate secrecy. Executive sessions should be reserved for discussions on such matters as litigation, executive compensation, disciplinary actions, or medical issues of a leader impacting performance. For example, if a Department Secretary wishes to inform the board she has an ongoing medical issue that she does not wish to reveal on a public record, she can ask the board to go into executive session so she can make her announcement confidentially. Federal and state privacy laws and Health Insurance Portability and Accountability Act (HIPAA) further mandate such matters be handled in confidential, closed meetings.

### **Board Members and Convention Delegates – Very Different Roles**

There is a distinct difference between the actions of strategic direction provided by a department convention and the actions of governance provided by a governing board (e.g. DEC). The key difference is that stakeholders (e.g. convention delegates) are not liable for the organization and its actions. The officers and members of the governing board are the organization's corporate officers and bear the responsibility and liability for the organization and its actions.

The organization's financial matters and budgets are acted on by the governing board (e.g. NEC or DEC) and should **never** be acted on by a convention body. The convention body has no responsibility or accountability for a convention's actions/decisions. Only the corporate officers and directors – the officers (department president, Department Secretary & Department Treasurer) and governing board (Department Executive Committee or department board) – carry out the actions encompassed in a budget and bear responsibility and liability for the organization.

The proceedings of a convention or conference are just that, a summary of the proceedings; therefore, they are not voted on because the actions (proceedings) were conducted by delegates at a gathering of stakeholders and not by the organization's governing body.

A convention is a gathering of stakeholders. They have a stake in the general direction and structure of the organization, but bear no responsibility for executing the direction or serving in the leadership roles within the structure. A convention body of delegates can change the core governance structure (i.e., amend bylaws) but bears no responsibility for the actual governance of the organization. The governing board determines the strategic direction and acts on plans, budgets, and funding to enact the strategic direction. For example, when enacting a change to the bylaws – the core purpose and structure of the organization – the stakeholders (convention delegates) are saying “this is what we want the purpose and overall organizational structure to look like.” The governing body enacts “how the organization will be funded and what the detailed structure and policies will be.” The purpose and structure should be lasting.

## **Section 4**

### **Relationship between American Legion Auxiliary and The American Legion**

The American Legion Auxiliary was founded to support The American Legion. The relationship between the American Legion Auxiliary (ALA) and The American Legion (TAL) is one of close support and collaboration. The American Legion authorized and supervised the creation of the

ALA in the early 1920s, then allowed it to become incorporated under the laws of the State of Indiana as its own separate nonprofit in 1932. The ALA's mission to promote Americanism, support veterans and their families, promote a strong national security, and to support The American Legion were founding requirements of the ALA by The American Legion when the ALA was founded. The founding purpose has continued to define our identity and purpose ever since. Our ALA Mission Statement includes the statement that the ALA's mission is to support The American Legion. For certain matters, the ALA must be deferential to the judgments and decisions of The American Legion. For example, our ALA National Constitution and Bylaws can never conflict with those of the Legion, and the ALA must support the legislative agenda of The American Legion.

However, as a separate 501(c)(19) corporation, the ALA governs itself independently from The American Legion and elects its own leaders, generates and manages its own money, employs its own staff and charters its own ALA departments and units. The ALA is linked to, but independent from, The American Legion and, in a legal sense, is not subordinate to it the way ALA units are subordinate to departments and departments are subordinate to the national organization. The ALA has the authority – and the duty – to pursue programs and service uniquely suited to take advantage of our members' energies, talents, and insights in order to better serve, honor, and support veterans, servicemembers and their families. At all times and in all places, the relationship between the ALA and TAL should be one of mutual support, respect, and teamwork.

The American Legion department has no authority or control over an Auxiliary department's operations or finances and vice versa. A Legion post has no authority or control over an Auxiliary unit and vice versa. A Legion entity (department or post) cannot demand money or financial reporting from its counterpart Auxiliary entity and vice versa. A Legion entity cannot revoke an ALA member's membership. A Legion Post's social club may restrict an ALA member from the social club's premises, but cannot restrict an ALA member from participating in an ALA meeting in the post except by a court order. A Legion department or post has no authority over an ALA member's membership status once she has been accepted by the ALA as a member. Only a unit or department can discipline, suspend, or remove an ALA member from the American Legion Auxiliary.

If a Legion post dissolves or otherwise goes out of business, then, according to the Legion's National Constitution & Bylaws the post's assets are automatically distributed to that post's Legion Department. A post's assets cannot be distributed or granted to an Auxiliary entity except by consent of the Legion Department governing board (in most departments, known as the Legion Department Executive Committee).

If an Auxiliary unit dissolves or otherwise goes out of business, ceases to function, or its charter has been revoked or cancelled, then, the charter and all unit records and funds must be forwarded immediately to that unit's Auxiliary department headquarters. The department has no obligation to assume any of the unit's debt or other obligations.

Note: not all nonprofits are tax exempt; but all ALA chartered units were tax exempt under the American Legion Auxiliary National Group Exemption (GEN). Therefore, even though a unit's exempt status may have been revoked by the IRS, that unit still acquired its assets for a charitable purpose recognized by the federal government. Those proceeds, in turn, must still be used for a

charitable purpose or else distributed to another nonprofit entity to fulfill a similar tax exempt charitable purpose.

Because Legion and Auxiliary entities are generally tax exempt under the National organization's IRS group exemption and came into existence as nonprofit entities fulfilling a charitable purpose, neither a Legion nor Auxiliary entity can use Legion or ALA assets for personal gain. The funds/assets of a Legion or Auxiliary entity are obtained for a charity purpose and they must continue to be used for a charitable purpose even when the entity ceases to operate.

	<b>American Legion Auxiliary</b>	<b>The American Legion</b>
<b>Federal Charter</b>	The American Legion, not Congress, authorized the creation of a women's Auxiliary to The American Legion in 1919. The Legion supported the creation of and recognized departments, beginning in 1921 with Minnesota. The American Legion Auxiliary was Incorporated under the laws of the State of Indiana in 1932.	Chartered by the Congress of the United States in 1919.
<b>Recognition of National organization as tax-exempt by the IRS</b>	Recognized by the IRS as a nonprofit and tax-exempt 501(c)(19) veterans <i>auxiliary</i> organization with subordinate departments and units across the country. The ALA cannot exist without The American Legion, the Veterans Service Organization to which it is an auxiliary.	Recognized by the IRS as a nonprofit and tax-exempt 501(c)(19) veterans organization with subordinate posts and departments across the country. The American Legion Auxiliary is the 501(c)(19) <i>auxiliary</i> of The American Legion.
<b>Group Exemption</b>	Issued a group exemption number by the IRS by which departments, units, and intermediate bodies, through their affiliation with the ALA national organization, may also be granted federal tax-exempt status.	Issued a group exemption number by the IRS, by which posts and departments, through their affiliation with TAL national organization, may also be granted federal tax-exempt status.
<b>Trademark Ownership and Rights</b>	The American Legion owns the trademark rights to the name "American Legion Auxiliary", "Girls State", "Girls Nation", and all related emblems and insignia. The ALA has been granted the rights to use the ALA, GS and GN trademarks and ALA emblem. ALANHQ has been given the responsibility of protecting the ALA trademarks and emblem and therefore the power to authorize or deny privileges for their use.	Owns trademark rights for The American Legion, related programs, like Boys State, and related emblems and insignia. Owns trademark rights for American Legion Auxiliary and the Sons of the American Legion and its related emblems and trademarks.

	<b>American Legion Auxiliary</b>	<b>The American Legion</b>
<b>Interaction of ALA Departments and Units with Legion Departments and Posts</b>	<p>ALA departments and units, (except for “widow units” (described elsewhere), are tied to, but operate independently from Legion departments and posts. Departments and units can only exist where there is a corresponding Legion post and department; for example, each new unit must have a post to which it is tied.</p> <p>ALA departments and units should collaborate and work closely with Legion departments and posts, but Auxiliary departments and units are independent of Legion departments’ and posts’ governance. ALA departments and units have their own boards, generate and manage their own funds, have their own Constitution and Bylaws and hold their own meetings. ALA departments and units are free to pursue their own priorities and programming, as long as it is consistent with their ALA governing documents.</p>	<p>Legion departments and posts exist independently from their corresponding ALA departments and units. ALA departments and units must be linked to Legion departments and posts, but are otherwise independent, autonomous entities.</p> <p>ALA members normally are not counted as guests at Legion posts and normally may use the facilities without being counted as a non-member or bona fide guests for tax purposes.</p> <p>ALA members, however, are NOT members of the Legion and vice versa unless they are dual members.</p> <p>ALA members have no authority over the operations or governance of any Legion department or post and vice versa. Ideally ALA departments and units cooperate closely with Legion departments and posts, but this is up to ALA and Legion members at those levels. Both Legion and ALA members have missions that overlap and call for collaboration.</p>
<b>Internal Legal Authority</b>	Defers to The American Legion’s National Judge Advocate who serves as Counsel General to the ALA for advice, guidance, direction, and representation on legal matters.	Has a Judge Advocate to advise its leaders on legal matters and who also serves as Counsel General for the American Legion Auxiliary.
<b>Membership Certification</b>	The post adjutant or his designee verifies membership eligibility.	Post officers verify eligibility. It is recommended that each unit and post maintain copies of the documents that verify the eligibility of members. Since those documents contain personal information, they must be maintained in a secured place (e.g. a safe or locked filing cabinet).

## Section 5

### American Legion Auxiliary Governance Structure

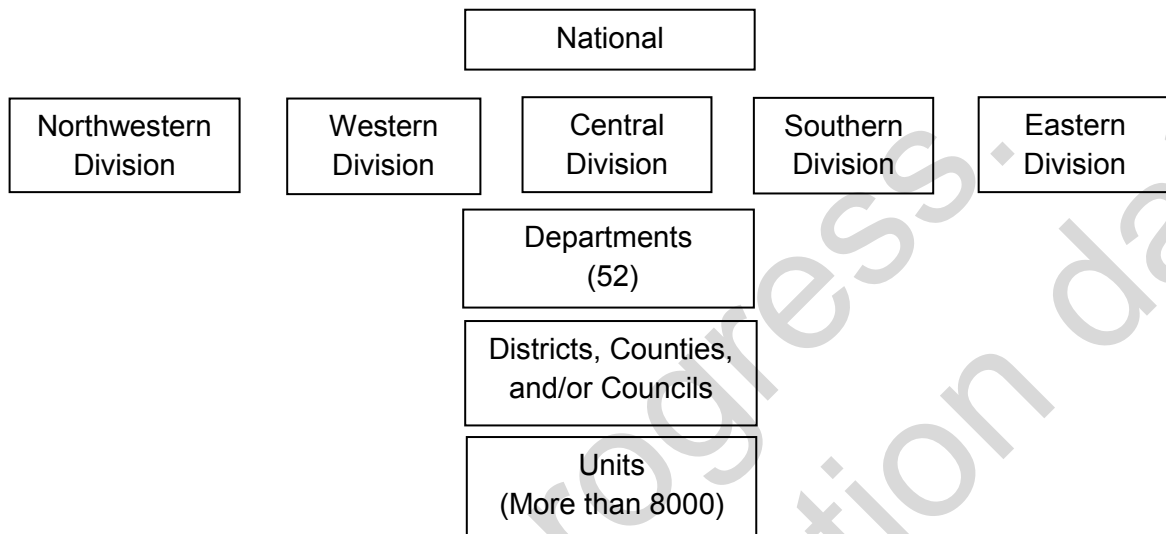
#### American Legion Auxiliary International Organizational Structure

The American Legion Auxiliary is a grassroots membership organization of females – grandmothers, mothers, sisters, wives, and direct descendants thereof – who are directly related to a U.S. veteran who served our country during a time of war or declared conflict.

The American Legion Auxiliary was established in November 1919 by The American Legion to support the mission of The American Legion, which owns the name and all trademarks of the Auxiliary.



The American Legion Auxiliary serves our mission in the United States and around the world.



The organization is comprised of more than 8,000 separate legal entities operating independently throughout the world to collectively support one national organization and mission.

**National** – The American Legion Auxiliary national organization has its national headquarters in Indianapolis, Indiana. National Headquarters is entrusted to protect and control the Auxiliary’s name, emblem and trademarks, and the organization’s brand. The national organization also enables its affiliated entities at the levels listed above to operate with the benefit of being exempt from federal income taxes as part of the national organization’s IRS group tax exemption.

**Divisions** – there are five (5) divisions comprised of departments within five (5) broad geographic regional areas of the US.

**Departments** – there are 52 departments: one in each state, one in Washington D.C., and one in Puerto Rico.

**Districts/Counties/Councils** – Departments have the authority to establish intermediate bodies, i.e. groups of units that work together in a geographic area known as a district, county, or council. Many ALA departments have districts that mirror the geographic areas of their state’s Congressional districts. Some departments with large districts also have groupings of units within the districts known as counties or councils.

**Units** in the US & US Territories – there are more than 8000 units in communities throughout the United States, foreign countries, and US Territories. A unit can be established when a minimum of ten (10) Senior (adult) members come together. These are the grassroots entities where members join the ALA, promote patriotism in their communities, and do the mission outreach work of the American Legion Auxiliary that serves our veterans, US military, and their families.

Members typically join the American Legion Auxiliary at the community level – the unit level. Every member belongs to a unit, a department, and the national organization. Members are required to pay membership dues that support their membership in all levels of the organization. Every member belongs to a unit, a department, and the national organization. If the department’s

structure includes department intermediate bodies known as districts, counties, and/or councils, the member also belongs to the department's intermediate bodies as well.

Every American Legion Auxiliary unit is established and attached to an American Legion post, the Legion's community-level entity. Unit members often refer to belonging to their "post" or "post home." The American Legion post is the official home to the "Legion Family" of Legionnaires, Sons of The American Legion, and Auxiliary members.

Every member belongs to every level and her annual membership dues support each level of the organization – unit, department and national. Each level independently establishes its dues amounts; a member must pay annual dues that total the collective amount for all the levels.

There are two (2) categories of membership – adult members, those over the age of 18, are referred to as "Senior members" in the ALA National Constitution and Bylaws, and those under the age of 18, are referred to as "Junior members"; Junior members may join the organization at birth.

Each level of the American Legion Auxiliary has a similar governance structure comprised of officers and a board, known at the national level as the National Executive Committee (NEC), and in most departments as the Department Executive Committee (DEC) or the Department Board. The rules for serving in an office vary from unit to unit and state to state.

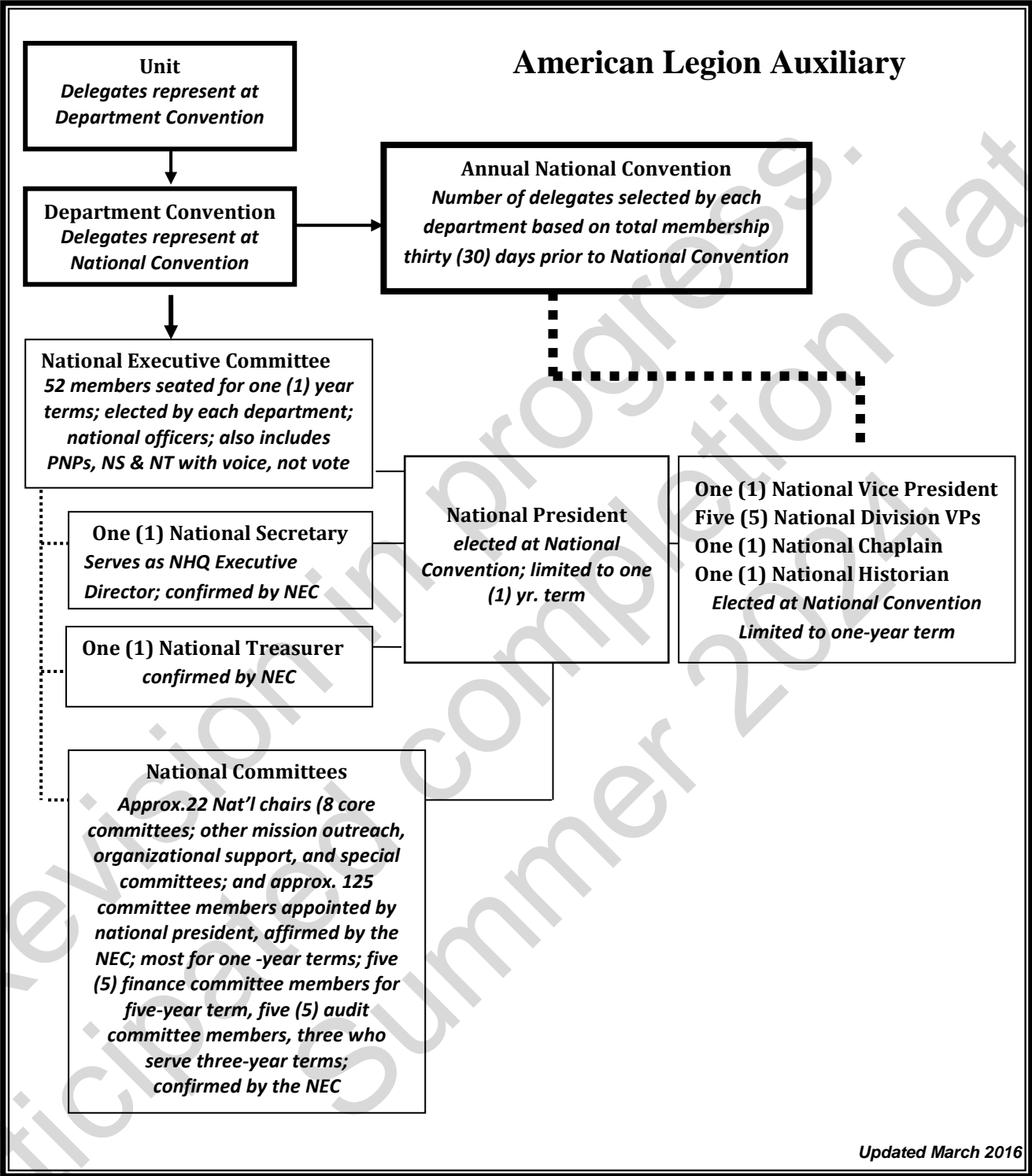
### **Explanation of the National Governance Structure**

The national governance structure chart shows how units, the democratic grassroots of the ALA, democratically elect representatives at the department and national levels. The American Legion Auxiliary is a mission-driven member organization, meaning we come together for the purpose of serving, honoring and supporting veterans, servicemembers and their families. The power to shape and organize the achievement of this mission is held by our members. The ALA's organizational and governance structure was created by our members and exists to support and organize our members to deliver our very worthy mission.

### **Governance Charts are Tools for Organization and Common Understanding**

The national governance structure chart is a tool that helps explain the configuration and lines of representation in the ALA, and is helpful for understanding relationships in our large and sometimes complex organization. The national organization's leadership directory, the *American Legion Auxiliary Red Book*, updated each year, is the companion to the chart, as it contains the names and contact information of national leaders who fill the roles mentioned on the chart. It is suggested that your department and unit consider creating a governance structure chart and a leadership roster (similar to the *Red Book*).

Since the IRS carefully looks at the governance documents and information describing relationships among an organization's leaders, these items could be essential if your department or unit were to be audited by the IRS.



## **Units and Departments and the Rights of Members within the National Governance Structure**

The organizational structure chart aptly depicts that the strength of the organization ultimately rests with the community or “grassroots” level – our members who make up this great organization. Because the ALA is so large, however, we have a representative form of governance, not a direct democracy. It is up to departments and units to determine how delegates to the department convention and national convention, and members of the national executive committee (the national organization’s board of directors) will be chosen. Units have the authority to decide for themselves how their own leaders will be chosen. For district/county and department conventions, the department has the ultimate say in how these will be conducted, how many representatives will attend and vote, and other like matters. This information should be contained in department bylaws and, for those districts that are their own separate legal entities, their bylaws should also have the procedures for their own conventions and elections. We are a democratic organization and operate within a parliamentary framework; all elections and rules of representation should reflect this.

Departments, intermediate bodies, subsidiaries, and units may not establish provisions in their constitutions, bylaws, and standing rules that conflict with the ALA National Constitution, Bylaws, and Standing Rules. The ALA national governing documents place no limitation on the rights of members, including the right to aspire to hold office and become a candidate for office in the organization. The only national criteria that apply to members seeking office in the ALA are those regarding membership in general; officers of the ALA should be members in good standing. Departments, intermediate bodies, subsidiaries, and units are advised against placing conditions in their governing documents that infringe on members’ rights to seek elective office in the organization.

### **Secretary and Treasurer within the Leadership Structure**

The national governance structure chart includes the National Secretary and National Treasurer due to their dual roles in governance and management. As national officers who report to the board of directors, they serve as members of the national executive committee (the national board of directors), having voice but no vote. As management, the National Secretary serves as Executive Director of the national organization and the National Treasurer serves as Deputy Executive Director.

Other staff members of the national organization do not appear on the governance chart because they are not part of governance and are supervised by the National Secretary and National Treasurer. As officers, the National Secretary and National Treasurer are accountable to the National Executive Committee and, as members of the national governing board (NEC), carry out the duties of care and fiduciary stewardship in the best interests of the ALA membership. The National President has the authority to nominate/re-nominate the National Secretary and National Treasurer each year, and the National Executive Committee must confirm the nomination annually. In the national governing documents, the corporate offices of National Secretary and National Treasurer are not term-limited; therefore, it is only required that those positions be confirmed by the NEC when there is a change. Conversely, the National President does not have the authority to hire or fire the executive director of National Headquarters. That position is accountable to the NEC. The executive director, in accordance with the law, has sole authority for hiring and managing headquarters staff; National Headquarters staff report to the executive director.

Likewise, a department president does not have the authority to hire or fire the person who serves as the operations executive (by whatever title) at department headquarters. Remember, the office of Department Secretary is a governance position, and her role as department executive is a management position. In both roles she is accountable to the department governing board.

Should your department have officers that also fill top management positions, such should be noted on your governance chart. Other management/office staff and volunteers who do not have governance roles should not be listed on the governance chart. It is strongly recommended that the department governing board clearly outline the relationship between the board and top management, including the relationship between the Department Secretary and Department Treasurer, and approve position descriptions describing major responsibilities and board expectations. The board has no role in the management or job assignments of all other staff; that is the corporate responsibility of management, i.e., the Department Secretary.

## **Section 6**

### **Departments and Units and the National Organization**

The ALA is a complex organization, with a long and proud history, many levels of organization, numerous committees, thousands of units, hundreds of thousands of members. All levels of the organization operate with an equally complex landscape of laws and regulations that have grown more demanding with time and many of which vary by state. While it is important to understand the particulars – especially if you are a unit or department leader – it is also important not to lose sight of the big picture. We are the largest women’s patriotic service organization in the world, made up of more than 8,000 separate entities, unified by a common mission – to honor and support veterans, servicemembers and their families, pride in our American values and heritage, and a spirit of service.

Though we are thousands of separate entities, we also join together in a spirit of cooperation, collaboration, and mutual support.

#### **Understanding What Binds Us Together and What Separates Us as Individual Entities**

As a 501(c)(19) organization, the American Legion Auxiliary is a veterans *auxiliary*, forever linked to The American Legion, our founding veterans organization. Organizationally, the national organization is the central organization, with autonomous/subordinate departments and units; units are autonomous/subordinates to departments. Although subordinate to the national organization, each department and unit is a separate legal entity. The subordinate status of departments and units means that they comply with the corporate law and the trademark requirements of the national organization, but they are not individually governed or managed by the national organization. Departments and units are their own organizations with their own boards, elections, money, and programs, and solely liable for their own actions.

The information below describes those areas in which departments and units are autonomous as individual and separate entities, and those areas where there is a responsibility to or reliance on the national organization.

## Areas in Which Departments and Units Have Autonomy:

**Constitution & Bylaws:** Departments and units have their own governing documents; however, a department's constitution, bylaws, and standing rules cannot conflict with the national constitution, bylaws, and standing rules. A unit's constitution, bylaws and standing rules cannot conflict with the constitution, bylaws and standing rules of the department or national organization.

**Boards:** Departments and units govern themselves, elect their own board members, and decide rules and procedures for elections and governance.

**Assets:** Departments and units raise and manage their own funds and assets. However, in the case of charter revocation or cancellation, after any outstanding debts are paid a unit's assets revert to the ownership of the department and a department's assets would go to the national organization. If the national ALA goes out of existence, all ALA national assets go to The American Legion national organization.

**Liability:** Department and unit board members are responsible for governing and meeting legal standards of care. Departments and units have the freedom to make their own decisions regarding governance and operations and are liable for their own actions.

**Separate Entities:** Departments and units are separate individual legal entities accountable for their own governance, responsible for their own management, and liable for their own actions.

**Determination of Individual Membership Eligibility:** Units determine who they accept as members based on the organization's membership eligibility guidelines. The American Legion Auxiliary does not discriminate on the basis of race, creed, color, age, or national origin.

**Programs and Activities:** Departments and units determine the events and programs in which they want to participate and how they will be conducted. The national organization provides information and resource materials on the national website and in national publications, but units and departments are in charge of their own activities.

## Areas of Commonality, Dependence on or Supervision from the National Organization:

**Mission:** Every entity within the American Legion Auxiliary – every department, subsidiary, unit, and intermediate body, is bound to the same mission, values, and purpose: to serve, honor and support our veterans, servicemembers and their families.

**Bylaws:** Departments and units approve their own Constitution and Bylaws, but the governing documents of a department or unit cannot conflict with those of the National organization; they do not have to be identical, but they cannot conflict with the national governing documents

**Assets:** Department funds belong to the department and unit funds belong to the unit. However, in the case of charter revocation or cancellation, after any outstanding debts are paid, a unit's assets revert to the department and a department's assets revert to the national organization.

**Chartered Entities:** Departments are their own separate entities, but each was chartered by the National organization. Units are granted charters from the National organization, but only with the approval of departments. To benefit from the National organization's IRS Group

Exemption, intermediate bodies must be chartered by the National organization with the approval of the department.

**Membership eligibility:** Departments and units must follow the National organization's membership eligibility guidelines. Only females who meet the eligibility requirements may be accepted by units as members.

**Group Exemption:** All departments and units are eligible for federal tax-exemption through the National organization's IRS Group Exemption Number unless they have subsequently lost tax-exemption due to lack of filing a Form 990 for three years in a row and/or have been independently granted a federal tax-exemption from the IRS.

**Trademark:** Departments and units must respect trademark laws and abide by the national organization's rules for use of the ALA name, emblem, and trademarks.

### **Intermediate Bodies: Districts/Counties/Councils**

Intermediate bodies between departments and units, often known as districts, counties, or councils, are established by departments and are subsidiaries of the department and wholly accountable to the department. Departments can determine whether they wish to establish intermediate bodies, how they will be organized and constructed, what authority the intermediate bodies will have, and whether they will be constructed similar to internal committees or as separately incorporated subsidiaries of the department. If departments choose to have districts/counties function as committees, they may not need to be incorporated, and if not, would not have their own tax identification (ID) numbers nor be separate from the department. Regardless, districts/counties/councils report to the department governing board.

If departments choose to create districts/counties as separately incorporated entities, they will have their own charters, bylaws, boards, tax ID number, and requirement to file a Form 990. Separately incorporated intermediate bodies are subsidiaries of the department and wholly accountable to the department. If districts/counties/councils are separate legal entities and handling their own funds, their leaders should be bonded. It is up to the departments to determine if districts/counties must be bonded and who pays for the surety bond/crime bond/crime insurance.

## **Section 7**

### **The Process and Benefits of Incorporation**

Incorporation is the process of a business or nonprofit group becoming a corporation. A corporation is a legal, non-living entity – a business or nonprofit organization – that has rights and powers similar to those of people, such as the power to buy, sell and own property, engage in business transactions, and to sue and be sued. When a unit or department becomes incorporated, it does so under the laws of the state where it is located because state and local corporations are defined and regulated by state, not federal, laws. Each state has the authority to establish its own laws regarding corporations; therefore, corporate laws can vary to a degree from state to state. However, all fifty (50) states require corporations to have articles of incorporation, bylaws, and a board of directors, and throughout the country subsidiary corporations must follow the same basic rules as entities accountable to the parent corporation.

### **Benefits of Incorporation**

The most important benefit of incorporation is limited liability, which protects members and employees of corporations from lawsuits against the corporation or a particular member or

employee of that corporation. If an incorporated organization or one of its members or employees takes an action that results in a lawsuit, the members and employees of the corporation are generally protected from being sued themselves for damages, unless the person is the primary reason the lawsuit was filed. Organizations are commonly sued when they owe a debt that they cannot or do not pay, one of its members or employees acts in a negligent way that harms someone or something, or the corporation or one of its members or employees does something improper or illegal. In most cases, innocent members and employees of an incorporated organization cannot be personally sued to cover debts and damages of the corporation.

Organizations that are not incorporated (unincorporated entities) might not have the protective benefits of limited liability. If your unit is not incorporated and one of its members incurs a debt or causes damages in her capacity as a unit member, every member of your unit could be held personally responsible. This is true even for members of the unit who had nothing to do with the action generating the lawsuit. There may be other state laws that protect members of **un**incorporated units, but this varies by state and may not provide as much protection as the limited liability for corporations.

Other benefits of incorporation include the increased confidence that donors, government agencies, and members of the public typically have in the capability of incorporated organizations to achieve their mission and therefore may be more willing to donate. In addition, many foundations and government agencies will only give grants to organizations that are incorporated.

### **Limits of Legal Protection Provided by Incorporation**

Although being incorporated affords some protection for members and employees from lawsuits, it does not protect the unit or department from being sued. It is important to remember that departments and units are responsible for their actions and operations, a primary reason why board members should take their legal, ethical and fiduciary responsibilities seriously. In the event that a unit or department acts negligently, owes a debt it cannot pay, or by some other action triggers a lawsuit, the national organization is not liable. In addition, improper, illegal, or unwise actions by a department or unit can result in the loss of its charter.

### **Costs of Incorporation**

The costs to incorporate are generally surprisingly reasonable. Every ALA department is already incorporated. Units or intermediate bodies wishing to incorporate must obtain and complete the proper forms from their state government, including filing articles of incorporation, paying fees (generally these are relatively nominal), and usually filing paperwork with the state government on a yearly basis to remain incorporated. You can lose corporate status if you fail to file necessary state reports and forms after becoming incorporated. Corporate laws and regulations vary by state, so check with your state government for the exact requirements that apply in your state.

### **Incorporation and Tax-exemption**

**Incorporation is not the same as tax-exemption.** Incorporation describes an organization that is a legal corporate entity. Tax-exemption is a privilege granted by both the federal government (through the IRS) and state governments because each has its own authority to tax individuals and organizations. Tax-exemption is granted to nonprofit organizations that exist to do mission-driven work that benefits the public good – the public at large or a specific group, like veterans.



### Is There an Alternative for a Unit that does not want to Incorporate?

There is no alternative to incorporation that affords any protection from liability to the Unit. An organization is either incorporated, or it is not. While there is no requirement for ALA entities to incorporate, the national organization strongly recommends that units and intermediate bodies handling funds do so to protect members from lawsuits. Unfortunately, even individuals and organizations who are responsible and well-intentioned may find themselves being sued. Without the limited liability protection that incorporation affords, all the members of a unit could be put at risk by the actions of one member.

**Insurance:** Both incorporated and non-incorporated units should purchase as much insurance as needed, based on the recommendation of an attorney or insurance advisor knowledgeable in insurance matters so that you have enough to cover any judgments based on the history of judgments in your state. It is critical to have director's and officer's liability insurance, fidelity insurance, and as much liability insurance as necessary. Please consult an insurance representative for details.

### My Unit Has Decided to Incorporate. What Do We Do Now?

Steps to Take in General	EXAMPLE: Steps to Take in Indiana
1. Contact your department headquarters to see if it has assisted other units in becoming incorporated, and/or has helpful information.	1. Contact the Indiana Auxiliary Department Headquarters to see if it can help or has any information to provide.
2. Contact authorities in your state's government for information and obtain the necessary paperwork. States vary, but likely sources of assistance include the secretary of state, attorney general, and/or department of revenue.	2. The State of Indiana requires that organizations desiring to incorporate to: <ul style="list-style-type: none"> <li>A. File articles of incorporation with the Secretary of State; filing fee is \$30</li> <li>B. File form NP-20A with the Department of Revenue to obtain a tax ID number and exemption from state sales tax. No charge</li> </ul> Forms can be downloaded from their websites or contact them by phone to request paper copies. Employees in these offices should be able to answer questions.
3. Consider consulting a licensed legal professional with experience in nonprofit law in your state. You may be able to obtain these services for free on a <i>pro bono</i> basis, or pool your funds with other units to share the cost of professional legal advice. An online search typing in the words: "incorporating nonprofit in _____ (enter the name of your state)" may provide helpful information.	3. You can find lawyers in the public directories; be sure to ask if they specialize or at least have experience with nonprofit law in your state. You can also do a web search for lawyers in your state; <a href="http://www.martindale.com">www.martindale.com</a> is one example of a website that can help you locate lawyers in your state experienced in particular types of law.
4. Read the directions and complete the required paperwork thoroughly. Pay the necessary fees.	4. In Indiana, the only thing an organization has to do to become incorporated is complete two (2) forms and pay \$30 (step 2). The forms are relatively short and easy to complete.

**My Unit Has Decided to Incorporate. What Do We Do Now?...continued**

Steps to Take in General	<b>EXAMPLE: Steps to Take in Indiana</b>
<p>5. Once you become incorporated, most states will require you to file additional paperwork every year to stay incorporated; otherwise, you may lose your incorporation and other privileges, such as state tax-exemption. Know these requirements and be sure your department/unit files any upkeep paperwork on time.</p>	<p>5. In Indiana, the following forms are required each year:</p> <ul style="list-style-type: none"> <li>A. "Business Entity Report" must be filed with the Secretary of State, cost: \$10 in the mail or \$6 for online submission.</li> <li>B. NP-20 must be filed with the State of Indiana Department of Revenue. There is no fee, but a department/unit that fails to file this form annually will lose state sales tax-exemption.</li> </ul>

**Section 8**

**Comparing ALA Incorporated Entities to Unincorporated Entities**

	<b>Incorporated Entities: Units, Districts (possibly) and Departments</b>	<b>Unincorporated Associations (UAs): <u>Not Recommended</u> for any ALA entity.</b>
<b>Liability</b>	<p>Generally, members are not responsible for debts or damages incurred by the incorporated unit/department or any of its members. While an incorporated unit/department may be sued to recover debts and damages, if they were incurred through legal action and with proper board oversight in accordance with bylaws, members generally cannot be held liable to pay these debts and damages. Example: A corporation is sued by naming the corporation as the defendant. The corporation officers and governing board (DEC) may also be named because as fiduciary officers they have a high duty to the corporation and must avoid perceived conflicts of interest and bear liability of the corporation.</p>	<p>Members of UAs may be held personally liable—meaning their personal funds may be seized—to pay for debts or damages incurred by the unit or any of its members acting in a capacity as a member of the unit. State laws MAY or MAY NOT provide certain protections to members of <u>unincorporated</u> entities, such as good Samaritan laws and certain levels of limited liability. Check your state laws. An unincorporated association is sued by naming every member as a defendant.</p>

**Comparing Incorporated Entities to Unincorporated Entities in the ALA ...continued**

	<b>Incorporated Entities: Units, Districts (possibly) and Departments</b>	<b>Unincorporated Associations (UAs): <u>Not Recommended</u> for any ALA entity.</b>
<b>Governance</b>	Corporate law requires corporations to have bylaws, follow generally accepted parliamentary procedure, and have a board of directors. The national organization also requires all chartered units, regardless of incorporation, to have and faithfully follow Constitution and Bylaws similar to its own. Disregarding Constitution and Bylaws can be grounds for charter revocation and possible legal action.	Though not incorporated, chartered units that are UAs are required to have and faithfully follow Constitution and Bylaws similar to those of the national organization. Disregarding Constitution and Bylaws can be grounds for charter revocation.
<b><u>Separate Legal Entity?</u></b>	Incorporated units/departments are separate legal entities from their members. Incorporated units/departments have the power as legal entities to independently own, buy and sell property, sue and be sued, and have bank accounts. If an incorporated unit, district, or department is sued, the members of that group generally are NOT liable for debts and damages.	State laws vary, but typically, UAs are not separate legal entities from their members like corporations. Typically they cannot own, buy or sell property, sue or be sued, or have a bank account. Usually members of UAs do not have the protection of limited liability. Additional protections for members of UAs may be available but may require additional paperwork. In terms of the ALA, each chartered unit/department <u>IS</u> a separate, autonomous legal organization, an independent, but subordinate, entity, regardless of incorporation.
<b><u>Tax-Exempt Status</u></b>	All chartered groups are eligible for exemption from federal taxes under the national organization's group exemption number, regardless of incorporation. Maintaining federal tax-exemption is conditional on filing some version of the IRS Form 990 annually (e.g. 990-990N, 990T). State tax laws vary. Many states grant exemption from state taxes to nonprofits that are also exempt from federal taxes. Check your state laws.	All chartered groups are eligible for exemption from federal taxes under the national organization's group exemption number, regardless of incorporation. Maintaining federal tax-exemption is conditional on filing some version of the IRS Form 990 annually (e.g. 990, 990N, 990T). State tax laws vary. Many states grant exemption from state taxes to those nonprofits that are also exempt from federal taxes. Check your state laws.

**Comparing Incorporated Entities to Unincorporated Entities in the ALA ...continued**

	<b>Incorporated Entities: Units, Districts (possibly) and Departments</b>	<b>Unincorporated Associations (UAs): <u>Not Recommended</u> for any ALA entity.</b>
<b><u>Why Choose</u></b>	Significant assets, members are active in the community, actively engaging in planning or holding events, conducting significant business, all have the potential to generate debts and damages—even if unintended—and therefore incorporation is strongly recommended for the protection of members and employees. All departments are strongly encouraged to incorporate, regardless of other factors.	Though being a UA may require less paperwork, UA status is not recommended. The paperwork required for incorporation is generally not overly demanding and the danger of personal liability of members in the case of a lawsuit is too great of a risk to take. The national organization strongly recommends that all separate legal entities in the ALA – units, districts/counties where they are separate entities, and departments -- incorporate.

**Section 9**

**American Legion Auxiliary (ALA) Trademark and Emblem Usage**

The trademarks “American Legion Auxiliary,” “ALA Girls State,” and “ALA Girls Nation,” plus any variations of these names (e.g. “the Auxiliary”) and the ALA emblem are all owned by The American Legion, but licensed to the American Legion Auxiliary for its sole and exclusive use. As part of the condition for the privilege of using these trademarks, the American Legion National Headquarters (ALANHQ) has been charged with monitoring their use and resisting unauthorized use. By law, owners who do not actively protect and control the use of their trademarks can lose the right to use their trademarks if they fall into common usage. This has happened to several other brands before, like Kleenex. Because of common use, people use the word “Kleenex” as a noun to refer to any tissue and it is hard for Kleenex to distinguish their brand of tissues from other companies. We certainly don’t want our ALA brand to be used as a common term for any women’s organization. We have a proud history, wonderful mission and quality programs and events. We want our brand name to stand out as unique, which is why we have rules to protect our brand.

**The Value of the ALA Brand**

Beyond the trademark law concern, emblems and trademarks are really the symbolic representations of a brand. The trademark is not just the name of an organization; it stands for all the values, good works, and reputation of all ALA members collectively and individually. When people see or hear the ALA name, they think of the personal experiences they have had with our members and the stories they have heard about us. This makes the trademark powerful and precious.

**Protecting the ALA Brand**

Because our brand name represents our mission, our people, our values and our good works, and because the ALA uses these trademarks with the permission of The American Legion, the ALA must protect and control the use of ALA trademarks according to the guidelines below.

Unauthorized use of any of the trademarks or emblem in a worst-case scenario could result in the revocation of your charter or even legal action.

Remember, we want you to use the ALA trademarks properly and proudly! Please wear and display your ALA merchandise. Tell other people that you are a member, what we do and who we are – tell the ALA story. Just be sure to conform faithfully to the following trademark and emblem usage rules.

### **Trademark and Emblem Usage Rules**

1. Follow the rules for displaying and reproducing the ALA emblem and trademarks described in the emblem usage guidelines contained in the ALA Branding Guide – a forty-plus page guide, available on the national website, [www.ALAforVeterans.org](http://www.ALAforVeterans.org).
2. These usage rules focus on the American Legion Auxiliary trademarks and emblems, but equally apply to trademarks and emblems of The American Legion, the Sons of The American Legion and The American Legion Riders. The only difference is that requests for permission to use of the Legion, Sons, or Riders trademarks and emblems should be sent by your Department Secretary to The American Legion national organization. Refer to the emblem usage statement located on the website.
3. Any reference to a specific Legion post or department, Sons squadron or detachment, or Riders chapter in any published material (such as a promotional flyer, press release, etc.) should have the national organization's permission to use the appropriate emblem.
4. Several uses and reproductions of ALA trademarks/emblem require a hard copy letter of permission signed by the national secretary. It is against the law for an individual or company to reproduce or create any manufactured items containing an ALA trademark/emblem without a signed letter of permission from the national secretary, including:
  - Any article of clothing
  - Mugs, plates, or any item of dishware
  - Jewelry
  - Printed/manufactured posters, banners, and signs
  - Any new graphic or logotype that includes the ALA emblem or trademarks, such as an ALA Girls State design
  - Unit or department website designed or maintained by a non-member third party (such as someone paid to design a website for the unit/department).
5. ALA trademarks/emblem may be used without the written permission of the National Secretary in routine, ordinary and official unit/department correspondence and publications where there is no alteration to the official emblem and all trademark rules are followed. Such materials must be either authored or approved by unit/department leadership (including Department Secretary) and include:
  - Unit/department publications (e.g. pamphlets, handbooks)
  - Notices and flyers
  - Press releases
  - Place cards
  - Letterhead for unit/department written correspondence
  - Business cards
  - Unit/department emails (or emails of unit/department leaders or employees)
  - Electronic newsletters

6. Use of ALA trademarks/emblem on unit/department websites and social media sites (like a Face Book group page) *where ALA members or employees maintain the site* may receive permission through an email from the national secretary in place of a printed permission letter.
7. For those flyers, letters, emails or press releases produced by the ALA at any level and which include American Legion Auxiliary trademark(s) and other organizations emblems, such as in those cases when your unit/department is co-sponsoring an event, no permission letter is required from the national secretary. You may need permission to use the other organizations emblem, **IF**:

- The event promotes and is consistent with ALA mission and values, AND
- Unit/department leadership have seen and approved the materials.

For those flyers, letters, emails or press releases produced by another vendor which include ALA name ALA trademarks, and/or emblem, written permission is required from the national secretary.

8. Products purchased from National Emblem Sales do not require a letter of permission from the national secretary, as these items are already manufactured with official approval of TAL. All other third party vendors must first obtain permission from the national secretary for production or manufacture of items containing ALA trademarks or emblem.
9. Products carrying the ALA trademarks and emblem should be American-made if possible. Given today's complex economy where different parts of manufactured items are made in different places and where obtaining 100% American-made can be impossible or unreasonable, the national organization seeks to purchase American-made merchandise where at all possible and its units, districts/counties, and departments are encouraged to do so also.
10. Directions for submitting requests for a permission letter:
  - Please send your request for permission to your Department Secretary. Requests sent directly to the national organization from members will be returned.
  - Include the following information:
    - Description of item and how many will be produced;
    - Producer/manufacturer name and contact information including phone;
    - Intended use for the item (e.g. sale at a department convention).
  - Any requests approved by the department must then be sent to and approved by the national secretary.
  - If approved, a letter authorizing usage of trademarks will be sent directly from national headquarters to the producer/manufacturer.
    - Copies of permission letter will be sent to department headquarters and the member making the request, if she requests one.
11. Specific directions for department secretaries when submitting requests for permission to use ALA trademarks/emblem:
  - Remember to communicate your approval when you forward the request to the national secretary.
  - Please note the request in the subject line with a format like this: "Emblem Use Request—Dept. of \_\_\_\_\_."
  - Please copy the national secretary's assistant on all permission request correspondence.
  - A list of vendors in your department using the ALA emblem must be sent to the national secretary each year. At the start of your fiscal year, please email an updated list of all producers your department is using/has recently used.

- Any time you want to use a new vendor not already on the list, please email an updated vendor list including the new vendor's name and contact.
12. Any new productions require a new letter of permission, even if the production has been approved before. For example, if you have a vendor make 100 T-shirts that sell out and then want to make 100 more, you will need a separate letter of permission for both orders, even if the T-shirts are made by the same vendor.
  13. Individual use of ALA trademarks and emblem by members is restricted to the possession and use of clothing, jewelry and other items bearing the ALA trademark and emblems that were produced either by National Emblem Sales or another manufacturer approved by the national secretary.
  14. In those cases where a permission letter is required for use, whether or not the items will be sold does not matter and whether or not the producer will be paid or is a volunteer does not matter. Permission must be sought for the uses described above even if no money changes hands.
  15. "American Legion Auxiliary" or "ALA" must precede all uses of "Girls State" or "Girls Nation." That is, any item bearing the name of either of these programs should read "American Legion Auxiliary Girls Nation," for example, or "American Legion Auxiliary Magnolia Girls State." The ALA name should always precede these programs in writing.
  16. The availability of ALA trademarks and emblem in electronic format, such as on the national organization's website or in electronic correspondence you may see or receive, does not constitute permission to reproduce them, such as by using a "copy and paste" function. For any electronic publishing of material, please follow the above usage guidelines.
  17. For emblem use on grave markers, please see the ALA Emblem Usage Guide for details.
  18. For questions about proper usage or submitting request letters, please consult your Department Secretary who will pass them on to the National Secretary if she is unable to provide an answer.

## **Section 10**

### **Quorums**

#### **What is a Quorum?**

A quorum is the minimum number of members of a board or committee required to be present at a meeting in order to conduct business. What constitutes a quorum can be defined in an organization's governing documents as either a percentage or a specific minimum number of members that must be present to take action on behalf of the board or committee.

#### **What if Our Governing Documents do not Define what Constitutes a Quorum?**

The number or percentage that constitutes a quorum for your department or unit should be specified in your governing documents. If your bylaws or standing rules are silent on what constitutes a quorum, then the department/unit may create a standing rule to define a quorum.

#### **What is the Best Number or Percentage of People to Constitute a Quorum?**

*Robert's Rules of Order Newly Revised* defines what a quorum is, but purposefully does not provide a specific number or percentage because the minimum number or percentage needed can vary based on what is practical for an organization. An organization's membership or governing body must determine what constitutes a quorum for that organization, board, or committee. Many

groups, particularly legislative bodies, define quorums as a majority plus one, but that may not be practical for your department or unit. Whatever quorum the governing body establishes should reflect the level of attendance that you can reasonably expect during most meetings.

For example, if a majority of members is unlikely to attend a board or committee meeting based upon past attendance, then defining a quorum as a lower percentage, e.g. 33% or 25%, is acceptable. It is also acceptable to establish the criteria for a quorum as a certain minimum number of members that must be present, or a percentage of the members of the executive or governing board, or a majority of the top officer positions.

## Section 11

### Non-Partisan Nature of the American Legion Auxiliary

Article II, Section 2 of the National Constitution states that the “Auxiliary shall be absolutely non-political and shall not be used for the dissemination of partisan principles nor for any promotion of the candidacy of any person seeking public office or preferment.” This means that ALA members, in their role as members, should not support or endorse in any way a candidate for political office. This does not mean that an ALA member cannot participate in the political process, but she cannot do so while identifying herself as a member of the ALA, while wearing ALA merchandise, or while at an ALA event. ALA members may participate in political and campaign activities in their own time as individuals. The ALA as an organization should in no way be associated with endorsing, supporting, opposing, or otherwise commenting on any particular candidate.

That being said, there are some very legitimate activities in the political and civic process in which ALA members, units, and departments are encouraged to engage, as long as they are non-partisan and do not support, oppose, or otherwise comment on a particular candidate. These kinds of activities fall under our mandate to advocate for veterans and their families, promote Americanism, and foster good citizenship and patriotism.

#### Examples of Political, Civic and Americanism Activities That Are Acceptable and Encouraged:

1. **Hosting a voter registration drive, such as at a high school, town hall, or senior center:** Voting is a right and privilege for which our veterans have sacrificed much to protect. Educating Americans about voting and encouraging them to register is consistent with our mission. Comments regarding particular candidates or parties and discrimination toward citizens who declare allegiance to a certain party are not.
2. **Celebrating patriotism, teaching flag etiquette, educating about American history and civics:** All of this is acceptable and encouraged, as long as there are no partisan remarks or actions relating to a particular candidate. Historical statements of facts, such as “President Lincoln was a member of the Republican Party” are completely acceptable.
3. **Hosting a debate or speech for candidates running for office:** Helping members of The Legion family or general public learn more about candidates for a particular race is an important part of voter education and engagement but must be carefully executed. If candidates are hosted to speak regarding their views, each candidate should be given a fair and equal opportunity to speak. In a debate, all candidates should be invited to attend, asked the same or similar questions given their backgrounds, experiences, and policy positions, and be given the same amount of time to answer questions. If candidates are invited to speak alone before ALA members, all candidates for that office must be given this opportunity on the same basis and with the same advanced notice in order to be fair



and unbiased. Remember, the ALA cannot support, favor, oppose, or otherwise comment or take a stance on the candidacy of any person or party.

4. **Inviting an elected official to speak at your meeting or convention:** If the elected official is not currently running for office and the subject of their speech does not focus on why they should be re-elected or is partisan in nature, it is perfectly fine to invite elected officials to speak before your members at a convention, meeting, event for veterans, or other occasion.
5. **Advocating for veterans:** Issue advocacy is different than partisan campaigning. Issue advocacy is raising your voice to support a particular law or idea, not a candidate or party. The ALA is committed to supporting the legislative positions of The American Legion, which can be found on their website or by contacting the Legion's department headquarters in your state. You are encouraged to call your elected leaders, write a letter to the editor, pass a unit/department resolution, or to speak up in public to voice your support of Legion legislative positions. If you disagree with a position the Legion takes, of course you may voice your opinion to the contrary as a private citizen but not as a representative of the ALA. In such case it is recommended that you do not wear ALA clothing or jewelry so you are not mistakenly identified as an ALA spokesperson.

## Unusual Situations

### Running for One Office While Holding Another, Staff as Delegates

Prospective officers for departments and units should first remember the hierarchy of the organization. The national organization of the ALA is the central organization with the units and departments being autonomous and subordinate to the national organization. The National organization invokes certain requirements to protect the name and trademarks of the organization, but does not exercise day-to-day control. Units and departments, as subordinate, autonomous groups, are responsible for their own programs, operations and decisions.

With that said, an individual who currently holds a department or unit office and wishes to run for another office must, in most cases, resign one office before she can run for the second office. A huge conflict of interest exists if an individual attempts to run for an office that would result in the individual reporting to one's self.

Example 1: A department historian recording the history of the current ALA administrative year reports on the activities of the department, which often include special projects of the department president and vice president. If she runs for department president against the vice president, she compromises her ability to perform her current duty to impartially record the history that centers around the very person she is running against. A conflict is created that is best resolved by resigning as historian.

Example 2: If a department historian runs for a national office, no conflict exists because the offices have two different origins and non-conflicting functions. The positions of historian and chaplain are not policy-making or policy-enforcing positions. Conversely, a department president, vice-president, secretary, or treasurer would have several potential conflicts were she to seek office to serve simultaneously in an elected national leadership position with policy-making or policy-enforcing authority.

Example 3: A department's governance bylaws or rules should not require that a Department Secretary who serves as the department's compensated administrative executive seek that position by competitive election. For example, the National Secretary and National Treasurer are employees of the national organization **and** are officers of the corporation. Their positions

as officers of the corporation are confirmed by the National Executive Committee, but they do not **run** for their officer positions that serve as top executive management positions from year to year.

Example 4: There is no prohibition stated in the national governing documents that a compensated officer of a higher level entity cannot serve as an officer of a subordinate entity; however, as a matter of internal procedure, no one at National Headquarters may serve as officers, nor may NHQ employees serve as delegates to department or national conventions because of potential conflicts of interest in policy making, policy enforcement, and decision making. Likewise, it can become a conflict of interest for a compensated department officer or employee to serve as a district or unit officer because of potential conflicts in policy making, policy enforcement, and decision making.

A department compensated officer or employee serving in the district/unit positions of historian and chaplain are less concerning than serving in the positions of president, vice president(s), secretary and treasurer. Generally, the positions of historian and chaplain are administrative positions and not policy generating or policy enforcement positions, so there would be fewer opportunities for a conflict of interest than could arise while serving in the positions of district/unit president, vice president(s), secretary and treasurer.

Legally, there is no restriction prohibiting a department compensated officer or employee from serving as a district or unit officer, but the compensated department officer/employee is advised to take into consideration the appearance of conflict and potential problems therefrom. A Department compensated officer or employee, (department-paid honorariums constitute compensation) who does serve as a district or unit officer would indeed have to disclose the potential conflict by signing and submitting a Conflict of Interest Disclosure Statement, and presenting and making same a matter of record at a unit meeting. The compensated officer or department employee serving as a unit officer would be required under general corporate rules of conduct and/or a Code of Ethics to recuse herself from any discussion and/or vote on a matter involving or affecting the unit's relationship to the department.

Example 5: ALA National employees may not be delegates at any ALA level since these employees serve the entire organization. ALA National employees may not run for a department level office. To run for an ALA office as an ALA employee may constitute a conflict of interest because employees are part of the management of the organization that implements the rules and budget adopted by the governance of the organization. That violates the core governmental principle of separation of powers – executive vs governance.

Before attempting to run for a second office while holding a current elected office, individuals are advised to double check the reporting hierarchy and, if in doubt, contact the Department Secretary who can refer the question to the National Secretary if necessary. In all instances and at all levels, officers and appointees whose positions are confirmed by the governing board should sign Confidentiality and Conflict of Interest Compliance forms.

### **Nonpartisan Behavior**

The ALA was established in 1919 as an Auxiliary to The American Legion, a Congressionally Chartered organization. As part of The American Legion's charter, Legionnaires are inherently required to be neutral in the area of politics; therefore, so too is the ALA and all its members. While our many programs and civic and patriotic activities may lead us toward one personal opinion or another regarding a particular issue or candidate, we must never lend support to any candidate while representing the ALA. To do so not only jeopardizes the tax-exempt status of the ALA but also of The American Legion.

For example, during a political campaign, an ALA member/unit, who believes Candidate A can advance the organization's programs, invites Candidate A to speak at the next unit meeting. This can only be done if all candidates running for the position are also invited to speak at the same time and in the same manner to share their viewpoints. To only invite one political candidate running for an office shows favoritism and is in direct conflict with The American Legion's Congressional Charter and the Auxiliary's Constitution. To invite one candidate with sufficient advanced time to properly schedule her talk while not giving the other candidates the same opportunity also shows favoritism. All candidates should receive the same advanced notice to properly schedule her/his invited attendance. If attending a political event, rally or parade, an ALA member should **NOT** wear her pin, cap or other attire or regalia that identifies her as a member of the ALA and, therefore, leaves the false impression that she is attending as a representative of the American Legion Auxiliary.

Note: American Legion members are to remove their caps, pins, and other regalia that identify them as representatives of The American Legion. Remember, the public and media have a tendency to assume that members wearing Legion and Auxiliary regalia are doing so as official representatives of the organization even if the individuals clearly state that they are not attending in an official capacity.

Members are advised to separate their personal political ideas/agendas from the ALA unit/department. For instance, if a member is working at the polls for a political candidate, that member is advised not to wear their ALA/Legion cap, pin or other such recognizable emblems so that no one can conclude that the ALA/Legion is actually supporting that particular candidate. Members, units and departments are expected to remain nonpartisan in all situations while representing the ALA/Legion.

If attending a political rally or parade, the ALA member should NOT wear her pin, cap or other regalia that identifies her as a representative of the Auxiliary.

## Section 12

### Frequently Asked Questions (FAQs)

#### **FAQ 1: The Need for a Unit to Incorporate**

Should we seek incorporation at the state level or are we protected by the federal exemption status that the ALA has as 'national' organization? We were discussing this because the question of legal liability was brought up and we would like to know if we are protected as a unit.

**RESPONSE:** The American Legion Auxiliary's Counsel General, the National Judge Advocate, advises units that handle money be incorporated in order to mitigate potential risk exposure of the unit's members.

Incorporation provides legal protection for an organization by limiting the liability of the individual members of the organization. The American Legion Auxiliary's Counsel General strongly recommends incorporation. It should be noted that the act of incorporating as a not-for-profit corporation does not automatically confer tax-exempt status. A not-for-profit corporation may exist and operate according to the purpose of its articles of incorporation without being tax exempt. Also, if a not-for-profit corporation loses its tax-exempt status, it may still otherwise continue its operations; however, it must pay appropriate federal, state and local taxes, and donations it receives are not tax-deductible to the donor.

Information referenced in the Appendix can assist your unit in understanding its obligations for a) Operating as a tax exempt not-for-profit corporation permitted to use the name and trademarks of the American Legion Auxiliary, and b) Filing an annual IRS Form 990. American Legion Auxiliary (ALA) departments and units are separate entities that operate independently as affiliates of the ALA national organization.

All ALA entities – units, departments and districts/counties/councils – are permitted by the national organization to use the name and trademarks of the American Legion Auxiliary and must comply with the national legal requirements for use of same. As independently operating not-for-profit corporations, departments and units must duly report to their respective state governments and to the federal government via the IRS Form 990. Departments, districts/counties/councils and units that have maintained their exempt status by complying with IRS requirements and that are in good standing are tax-exempt under the ALA National Organization Group Exemption Number (GEN).

Therefore, by virtue of the American Legion Auxiliary National Organization Group Exemption, ALA Departments and Units that have not had their tax exempt status revoked by the IRS or that have not obtained a separate tax exempt number via a Letter of Determination from the IRS fall within the Group and are tax exempt under Section 501 (c) (19) of the Internal Revenue Service Code.

The purpose of the IRS federal group exemption is to exempt the American Legion Auxiliary National Organization and those falling under the ALA's National Group Exemption (GEN 0964) from federal income tax. The Auxiliary at all levels is otherwise subject to other federal taxes such as payroll taxes and tax on unrelated business income. Units, departments, and districts/counties/councils may also be subject to certain state and local taxes, including hotel, hospitality, service, and sales taxes. All states are different; be sure to consult with a tax adviser knowledgeable about your state's not-for-profit tax requirements to determine if not-for-profit organizations in your state are afforded any state tax exemptions.

The federal TIN/EIN does NOT indicate tax-exempt status. An organization can be incorporated as a not-for-profit and have the required TIN/EIN but still NOT be tax exempt. The IRS's discretion to grant not-for-profit exemption from paying federal income taxes is an entirely separate federal filing and determination process. For units, departments and districts/counties/councils, the ALA National Organization Group Exemption provides tax-exempt status unless the IRS has specifically revoked a Unit's or D/C/C's exempt status.

Both the federal TIN and the federal EIN are unique 9-digit identification numbers. If units, departments or districts/counties/councils have or will have employees, an EIN is required; otherwise, a TIN is sufficient. While units, departments, and districts/counties/councils are strongly advised to incorporate, the units, departments, and districts/counties/councils should apply for and obtain a TIN/EIN whether or not incorporated. Each TIN/EIN is on file with the IRS and should be used on all tax returns and correspondence, and should be retained permanently for ready reference.

*Please see related documents in the appendix for additional guidance.*

**FAQ 2: Allowance for intermediate bodies**

Has there been a change in how the ALA National organization accounts for the ALA Districts/Counties/Councils (D/C/C)?

**RESPONSE:** Yes, the American Legion Auxiliary National Constitution & Bylaws AMENDMENT adopted 8/28/2012 amended the National Bylaws, Article 1, Organization, Sections 3 and 4 to grant discretionary authority to departments to create intermediate bodies between the units and department (commonly known as districts/counties/councils).

*Section 4. Departments shall have authority to create intermediate bodies between the Units and Department to act as a liaison between such organizations and for the purpose of promoting the programs of the American Legion Auxiliary.*

\*Note: Revisit your ALA Department Constitution and Bylaws regarding the department's recognition of districts, counties, councils. Make sure the department's bylaws grant the department governing body the authority to establish ALA D/C/Cs.

**FAQ 3:** I don't completely understand what subsidiaries to the department are. I have been told that our Girls State program IF it is incorporated – and IF a district is chartered, they also become subsidiaries. Are there any other occasions when a department would have a subsidiary?

**RESPONSE:** Subsidiaries are incorporated entities created by a department. Subsidiaries are permitted to use the name, emblem, and/or trademarks of the ALA provided they comply with the five (5) rules of a subsidiary as explained previously. Examples of a department subsidiary organization include districts, counties, councils; ALA Girls State programs; ALA fundraising arms such as ALA thrift stores, ALA income-generating enterprises, and ALA foundations.

**FAQ 4:** Our ALA District/County/Council (D/C/C) has an EIN. Does that mean our ALA D/C/C is incorporated?

**RESPONSE:** No, obtaining a Tax Identification Number/Employer Identification Number (TIN/EIN) does not incorporate, nor legalize your ALA District/County/Council to conduct business as a separate entity with the related benefits and protections of incorporation. The state in which your department exists is where you would initiate the incorporation of your ALA District/County/Council to legalize the organizational structure. Visit your state government website for guidance, as each state varies regarding nonprofit incorporation and registration.

**FAQ 5:** What does incorporated mean?

**RESPONSE:** An incorporated organization has filed the required federal, state and local government paperwork to create and register the organization as a separate legal entity for conducting business and is recognized by the federal, state and local government.

**FAQ 6:** How do we become incorporated?

**RESPONSE:** The proper steps to lawfully organize your ALA District/County/Council vary from state to state as to the incorporation and registration process. The first step is to determine your state requirements. *Seek professional advice regarding the lawful establishment of your organization's structure. "Incorporation" is a term for classification purposes. The answers to these FAQs do not constitute professional advice by the ALA National Organization. See Section 7 for details*

**FAQ 7:** Is the national Girls Nation incorporated?

**RESPONSE:** American Legion Auxiliary Girls Nation is not a separately incorporated entity. ALA Girls Nation is a program of the national organization, operated by the National organization, and therefore wholly accountable to the national organization as a program. There is no need for ALA Girls Nation to be separately incorporated. The ALA Girls Nation program is nationally trademarked by The American Legion who owns the names and all trademarks of American Legion Auxiliary Girls State. The program functions as a national committee comprised of nine (9) committee members serving one-year terms, whose chairman serves as the director of ALA Girls Nation.

With the establishment of the American Legion Auxiliary Foundation, there is no longer a need for any department's ALA Girls State program to be separately incorporated. Funders limited to donating only to a 501(c)(3) corporation and who wish to award grants or donate funds to a department's ALA Girls State program may donate the funds or award the grant to the American Legion Auxiliary Foundation – a 501(c)(3) corporation – and the Foundation will in turn sub-grant the funds to the department in keeping with the donor's intent. The national ALA Foundation eliminates the need for departments to assume the burden of managing a separate subsidiary whose reason for existence can solely be to raise funds for the program, since a department's ALA Girls State program is wholly accountable to the department, whether separately incorporated or not.

A separately incorporated ALA Girls State program must comply with the five (5) rules of a subsidiary as provided in the *National Standing Rules, Section VIII, Department Subsidiary Corporations*.

**FAQ 8:** Do all of the other Girls State programs fall under the blanket of the incorporation for National?

**RESPONSE:** A department's ALA Girls State program that is not separately incorporated is a program of the department and operated by the department. An ALA Girls State program that is not incorporated therefore is tax-exempt the same as the department which falls under the National ALA's IRS Group Exemption Number (GEN).

As stated above, a separately incorporated ALA Girls State program is a subsidiary of the department and is wholly accountable to the department. An ALA Girls State program does not need to be incorporated; indeed, with the advent of new IRS regulations and corporate trademark protection, Counsel General does not advise a department's ALA Girls State program be separately incorporated.

A department does have the authority and the discretion to create – or not create – subsidiary organizations. They are wholly accountable to the department. The department's governing body may establish in its bylaws or rules any other designations, requirements, or restrictions on a subsidiary organization. The department must establish its rules (bylaws, standing rules, and/or policies) by action of its governing board or department convention, in keeping with the department's own governing documents (Constitution, bylaws, standing rules). Keep in mind, that

American Legion Auxiliary Girls State is a trademarked program and must operate within the federal rules established by patent and trademark laws.

For further information on ALA Girls State, please refer to the *ALA Girls State Program and Operations Guide (May 2012)*, which states “some ALA Girls State programs are incorporated as a separate legal entity from their Auxiliary department, and other ALA Girls State programs are run by the Auxiliary department. Regardless of whether an ALA Girls State program is separately incorporated or not, the ALA Girls State program is subordinate to and accountable to the department, and the relationship between the ALA Girls State program and the Auxiliary department should be clearly defined. A separately incorporated ALA Girl State program is a subsidiary of and subordinate to the Auxiliary department. While a separately incorporated ALA Girls State program may have a separate board of directors and Articles of Incorporation, the Auxiliary department must maintain certain controls over the ALA Girls State program in order to preserve the American Legion Auxiliary’s trademarks and comply with corporate law.”

“Each program’s operations fall under the purview and oversight of the department and the department’s governing body. The department executive committee or governing board must approve or confirm the department’s ALA Girls State board and/or directors, its budget and financial reports and statements, and ensure that the program has appropriate policies in place that avert risk and exposure to liability. Every ALA Girls State program should inform the department about major dates and events connected with its ALA Girls State program.”

“While some ALA Girls State programs operate within their departments as separate 501(c)(19) or 501(c)(3) corporations, these programs are still trademarked extensions of the American Legion Auxiliary organization and of the department which is the authorized entity within the organization. As such, “American Legion Auxiliary Girls State” is a trademarked program and must operate within the ... federal rules established by patent and trademark laws.”

**FAQ 9:** We want to establish an ALA Girls State alumnae association. Does this have to be approved by the DEC and then voted on by the membership?

**RESPONSE:** An ALA Girls State alumnae association needs to be authorized by the department’s governing board (DEC) to incorporate as a subsidiary organization of the department. Because the association intends to bear the trademarked names “American Legion Auxiliary” and “Girls State”, it cannot organize as a corporation on its own; the DEC must vote to approve establishing it.

Establishing a subsidiary is not a matter that goes before a convention body. Convention delegates are not directors of the corporation, and, therefore, bear no liability for the legal conduct and comport of the organization. DEC members are directors of the corporation, and, as such, they do bear liability for the actions of the corporation. Therefore, the DEC, as the governing board, are the ones with the authority to do the corporation’s important business such as to approve and amend budgets, confirm appointments, and establish subsidiary corporations. If a department wants to seek a vote of support from the convention body, it could, but the resolution would not be a vote for the Convention to authorize establishing the subsidiary. It would only be a vote of support that the DEC do so; or conversely could be a vote of disapproval, requesting the DEC to not authorize the subsidiary.

**FAQ 10:** Are the DEC meetings closed meetings where the membership cannot attend?

**RESPONSE:** You would need to check with your state’s laws governing nonprofit businesses to determine if DEC meetings can be closed. Most states have “open door” or “sunshine” laws that require meetings be open to the public unless such meetings are addressing a subject matter that requires the meeting to be closed for legal reasons, usually referred to as meeting in “executive

session” or “closed session”, to discuss such things as compensation of officers or conduct of officers, directors, or confirmed appointed leaders.

**FAQ 11:** What does “TIN / EIN” mean?

**RESPONSE:** The TIN / EIN is the numeric identifier assigned by IRS and used for reporting business activities at both the federal and state levels. TIN stands for tax identification number. EIN stands for employer identification number. They essentially are the same thing.

**FAQ 12:** Are districts/parishes, etc. in a state required to be chartered? I know that our 8 districts have their own EIN numbers for their bank accounts.

**RESPONSE:** The American Legion Auxiliary National Bylaws Article I, Organization, Section 4 grants departments the “*authority to create and charter intermediate bodies between the units and department...*” Counsel General recommends all intermediate bodies be incorporated to protect the officers of the intermediate body. Intermediate bodies must be chartered to be eligible to use the national Auxiliary’s IRS Group Exemption for federal taxes.

For further information on chartering intermediate bodies, please see the attached Tax, Bond, Districts/Counties/Councils information in the Appendix and that is provided to every department at the annual Department Leadership National Conference.

Other than an ALA unit, any organization that uses the name and emblem of the ALA and which is incorporated in the same state as the department (or DC or Puerto Rico) is a subsidiary organization to the department, whether incorporated as a for-profit or not-for-profit organization. A department’s subsidiary organizations may include districts, counties, councils; ALA Girls State programs; ALA fundraising arms such as ALA thrift stores, ALA income-generating enterprises, and ALA foundations. All subsidiaries are accountable to and subordinate to the department and must follow the rules as provided in the ALA National C&B.

An intermediate body – i.e. a district/county/council/parish etc. – can be incorporated as a 501(c)(19). There are many ALA subsidiary organizations, including a few districts, counties, councils etc., that incorporated as 501(c)(3) corporations for the purpose of raising funds, since many foundations and corporations restrict donations to only 501(c)(3) corporations.

Please note that an incorporated intermediate body is indeed a subsidiary corporation to the department and is, therefore, fully accountable to the department and must comply with the five (5) rules of a subsidiary as provided in the National Standing Rules, Section VIII, Department Subsidiary Corporations.

**FAQ 13:** How does an ALA District/County/Council apply for an ALA charter?

**RESPONSE:** A separate application and instructions for ALA districts/counties/councils has been published by the ALA national organization and made available to each ALA department or via the ALA national website ([www.ALAforVeterans.org](http://www.ALAforVeterans.org)). Submission of your application for an ALA District/County/Council (D/C/C) charter initiates the process by the ALA department. The ALA department submits the application to ALA National Headquarters, Membership Division, for processing.

The ALA National Headquarters may impose a nominal processing fee for the ALA D/C/C charter applications, similar to what is charged for processing unit charters.

**FAQ 14:** When does an ALA D/C/C need to submit its Charter Application?

**RESPONSE:** The ALA National Organization requires all NEW charter applications be completed by April 30<sup>th</sup> of each year for the listing and inclusion of ALA chartered organizations in the June 30<sup>th</sup> annual report submitted to the IRS for the ALA National Group Exemption.



Please note that the process is ongoing and the ALA National organization will submit a Group Exemption inclusion letter after each charter application is processed and an ALA National Charter has been issued.

**FAQ 15:** Why does our ALA D/C/C need to be concerned about trademark protections?

**RESPONSE:** The American Legion (TAL) owns the name, emblem and trademarks of the American Legion Auxiliary (ALA). The ALA is required to authorize and control the use of the ALA's name, emblem and trademark. Permission for affiliated chartered organizations to use the name and marks of the ALA must be granted by the national secretary in keeping with corporate law and federal regulations.

**FAQ 16:** I have been asked by an Auxiliary unit if The American Legion of their post has the authority to prevent an Auxiliary member from attending the Auxiliary meeting. The American Legion Constitution and Bylaws indicate that The American Legion will not interfere with the Auxiliary.

**RESPONSE:** You are correct that according to the national bylaws of both The American Legion and the ALA, the two organizations are separate and neither has authority over the other. A Legion post does not have the authority to determine who may attend an ALA meeting. A post's private social club, as a separate business enterprise, may control who is allowed to patronize the social club, but the post has no authority over who may attend an ALA meeting that is not held on Legion property.

**FAQ 17:** One of our Units would like to know what their liability is to the post when it comes to funds. The Unit has \$30,000 in CDs that is money they have saved from fund raisers for scholarships, poppies, Girls State and other designated programs. The post is having financial difficulties and wants them to give them this money. Some of their members think it would be okay to do this and others think they would be defrauding the people that had gotten the money for the above programs. The members of the post are telling them they are to support all the post activities no matter what and need the money to save the post (the bar has drained the Legion funds) and they are demanding this money. They have asked for the official opinion from the National Judge Advocate and asked me to contact him for them. Can you please forward this or advise me as to whether you feel this would be fraud or not and what their responsibility is when it comes to this kind of project. They really want to know if it would be "fraud" to give up this money. I told them they were under no obligation to give up their savings to the post, but I did not know it could be considered defrauding the public for taking this money for one thing and spending it on another. Please advise.

**RESPONSE:** This issue is addressed in the ALA National Constitution & Bylaws and Standing Rules. Units and posts are separate entities. Neither has authority or control over the other.

Via a prearranged agreement between both parties, a unit may agree to pay a post for specific stated purposes such as meeting expenses or use of space, but otherwise a post has no authority to demand money from a unit. An ALA department/unit is not responsible for a Legion department/post's debts and has no liability for same and vice versa.

Donations received by any nonprofit are to be used in keeping with the donor's intent and may not be used for any other purpose. If donors contributed to the ALA at any level for a specified purpose, such as scholarships or a service program, the ALA entity cannot use that money for any other purpose.

If an ALA unit is not going to use the collected funds for the purpose for which they were collected, the unit must return the funds to the donors or may only use them for a like purpose (e.g., another scholarship or a similar service project). It is fraudulent for any ALA entity – national, department,

intermediate bodies, subsidiaries, units, et al – to use funds that were collected for a specific charitable mission purpose for any other purpose.

**FAQ 18:** A member told me that she thought there was an IRS ruling that nonprofits can only give their funds to other nonprofits if they cease operating. Do you know if that is true?

**RESPONSE:** If a nonprofit organization has been granted tax exempt status by the IRS, either singularly or as part of a group exemption (GEN), and that nonprofit organization dissolves (as a corporation) or ceases its operations and ceases to exist (an unincorporated organization), then the organization must distribute its remaining assets (after the settlement of all the organization's outstanding debts) to fulfill another tax exempt purpose. That is to say, yes, a tax exempt nonprofit that dissolves or ceases to exist must distribute its assets (money, financial holdings, and real and business personal property) to another tax exempt organization.

The answer to how a nonprofit that is ceasing operations must distribute its remaining assets/funds/ is rooted in the reason why the organization was granted exempt status in the first place. The IRS grants to organizations that exist for the betterment of the public good an exemption from paying federal taxes, i.e. to those organizations whose purpose is to benefit the good of society (e.g. charitably, educationally, spiritually). Every tax exempt organization must annually report to the IRS (via the IRS Form 990) that it is serving the public good and has continued to fulfill its charitable purpose, and, therefore, has continued to earn the privilege granted by the federal government to waive the payment of federal taxes in exchange for the public good performed by the organization.

Inherent in the whole government philosophy of granting a reprieve from paying federal taxes to those organizations that contribute to the public good is the expectation that funds raised by the tax exempt organization are used for the organization's charitable purpose, and not to pay monetary dividends to stakeholders.

For-profit organizations are not tax exempt because corporate profits are used for personal gain – dividend paid to shareholders. For-profit organizations pay taxes on their income. The customers who buy the goods and services offered by for-profit organizations do not receive any personal tax benefit for making the purchase ("giving" the organization personal money in exchange for an item or service). The profit realized on a customer's purchase yields no tax break to either the organization or to the paying customer. In the for-profit sector a paying customer is just that – a paying customer.

Funds received by nonprofit organizations are tax-exempt because the funds are used for the delivery of charitable purposes – there are no profit-dividends paid to shareholders. Persons giving money to a nonprofit are doing so to help the nonprofit fulfill its charitable purpose. In return for this voluntary exchange of money for mission delivery, the nonprofit is "awarded" by the government with a waiver of paying federal taxes, and the donor is "awarded" a tax deduction on his/her personal income tax return. In the nonprofit sector a paying customer is a donor. And a donor expects more than personal gratification from a purchase; a donor expects that the nonprofit organization will use his/her money to serve a charitable good.

This concept is important to understand when a tax-exempt nonprofit organization undergoes the process of "winding down" (a bona fide legal term) and its board/officers decide how to distribute the organization's remaining assets. The assets were obtained to fulfill a charitable purpose. Both the organization and its many donors received income tax breaks for the money received; therefore, the organization cannot use the remaining assets for personal gain or personal delight. The funds/assets were obtained for a charitable purpose and they must continue to be used for a charitable purpose.

Since the American Legion Auxiliary was created and exists to support the purposes of The American Legion, Counsel General has long advised that an ALA entity ending its existence

distribute its remaining assets either a) another ALA entity (e.g. another unit, or department, or national), b) to an entity of The American Legion (e.g. its home post, or department, or national) or c) to divide the asset distribution and give portions to a combination of ALA/TAL entities.

*Note:* Not all nonprofits are tax exempt; but all ALA chartered units were tax exempt under the American Legion Auxiliary National Group Exemption (GEN). Therefore, even though a unit's exempt status may have been revoked by the IRS, that unit still acquired its assets for a charitable purpose recognized by the federal government. Those proceeds, in turn, must still be used for a charitable purpose or else distributed to another nonprofit entity to fulfill a similarly tax-exempt charitable purpose.

**FAQ 19:** We have in our County Standing Rules that in order to advance to County Vice President, you must have served as a Unit President. The other day I was at a meeting where it was stated this is against National. I know it would be wrong to have it in the C&B, but I thought the S/R could have this. Please give me an answer.

**RESPONSE:** Departments, intermediate bodies, subsidiaries, and units may not establish provisions in their constitutions, bylaws, and standing rules that conflict with the ALA National Constitution, Bylaws, and Standing Rules. The ALA national governing documents place no limitation on the rights of members, including the right to aspire to hold office and become a candidate for office in the organization. The only national criteria that apply to members seeking office in the ALA are those regarding membership in general; officers of the ALA should be members in good standing. Departments, intermediate bodies, subsidiaries, and units are advised against placing conditions in their governing documents that infringe on members' rights to seek elective office in the organization.

**FAQ 20:** Should the Department Secretary be part of the department finance committee?

**RESPONSE:** The Department Secretary, in her dual role as department corporate officer and department headquarters executive, should be required to attend each meeting of the department finance committee. The Department Secretary, in her role as department headquarters executive, should not be a voting member of the department finance committee. It would be a conflict of interest for the Department Secretary in her role as the executive responsible for department operations to vote on financial policy matters that she in turn would be executing. Conversely, the finance committee does not manage the department budget; it oversees the monthly financial reports which include aggregate income and expense tracking. This separation of management and governance provides for appropriate fiduciary checks and balances.

The Department Secretary is an officer of the corporation and as such should be an active participant in meetings of committees/task forces, etc. that pertain to the manner in which the corporation operates, i.e. the "organizational support" committees such as finance, audit, C&B, membership.

**FAQ 21:** Can a department part-time employee hold a department program chairmanship appointed by the Department President:

**RESPONSE:** Unless your bylaws or governing documents prohibit same or if your governing documents are silent on the matter, then the Department President may appoint any person to a chairmanship if she is otherwise eligible to serve in that position provided she is confirmed by the Department Executive Committee (DEC) or executive board. If the bylaws do not prohibit it, then the DEC would make that decision as part of its role to make confirmation decisions on any appointments.

**FAQ 22:** Can a chairman of a committee (finance chair, Americanism chair, VA&R chair, etc.) serve on the DEC with voting rights? They are appointed by the Department President to hold those chairmanships.

**RESPONSE:** That depends on what your bylaws/governing documents state. At the national level, for instance, the National C&B states that national chairs have voice but not vote on the NEC. They can make motions and participate in debate, but cannot vote. If your department bylaws state specifically who serves on the DEC, and if the department chairs are not listed as among those who constitute the DEC, then the chairmen cannot be added without amending your governing documents. If your bylaws are silent on this subject and do not specify precisely who comprises the DEC, then there is nothing that prohibits it. The key is: does your Department C&B specifically describe who constitutes the DEC. If the list is specific, then it is presumed others cannot be added without amending your governing documents.

**FAQ 23:** Can a member hold two (2) voting positions on the DEC? (Being a department officer and a District President, which are both representatives serving on the DEC).

**RESPONSE:** No, the superior office she holds takes precedent; she cannot vote twice. Each board member has but one (1) vote, no matter how many hats (or seats) she wears or positions she holds.

**FAQ 24:** In our department C&B it states that the Judge Advocate serves as our Counsel General. He told us he is not going to do it. He doesn't have the time and does not care what our C & B says. What would you suggest? We figure we have to hire a lawyer.

**RESPONSE:** Your department Constitution & Bylaws cannot conflict with those of the national organization, nor can they conflict with the Legion's. You need to determine what your Legion department C&B states. If their governing documents are silent on their department judge advocate serving as counsel to the Auxiliary, then you have no grounds or standing by which you can protest your Legion department Judge Advocate's decision. Your department has an unenforceable provision. That does not make it an invalid provision – just an unenforceable one. Lawyers can refuse clients – it happens all the time.

The practical effect of this provision in your bylaws stating that the department judge advocate shall serve as the Auxiliary's department counsel is that this is the ALA department's mandatory first choice. If your mandatory first choice does not accept, then the department governing body has a fiduciary responsibility to ensure that the department has the necessary services of legal counsel, whether that is executed by engaging an attorney on a retainer fee basis or selecting legal counsel as needed.

**FAQ 25:** If a district president is not fulfilling her responsibilities and is sending out letters to members about her unhappiness in the department Auxiliary can she be removed? But not expelled from the Auxiliary. Would it be the same as removing a unit member?

**RESPONSE:** As provided in the ALA National Bylaws and Standing Rules, departments have the discretion to establish intermediate bodies for the purpose of assisting the department to advance its programs. Districts are subordinate to the department. A district/county/council exists at the discretion of the department, as authorized by the department, is administratively subject to the department, and is totally under the department's jurisdiction.

If a district officer is not fulfilling her responsibility, the department governing board (for most departments that is the DEC) has the authority to discipline or remove an officer who is not fulfilling her responsibility provided that due process is followed as described in the ALA national Standing Rules. Please consult the ALA National C&B and Standing Rules for further guidance as your department considers its options.

## Trademark and Emblem Usage: FAQs

All requests for the use of trademarks and emblems, other than the use of the ALA emblem as a standalone image without any other detail, must include a picture or image of the design.

**FAQ 26:** Without my prior knowledge, some of my department's members have purchased T-shirts with the ALA emblem and trademark and are selling them for a unit fundraiser. I don't know where they purchased the merchandise, but have been told it was from National Emblem Sales. Is this a violation of ALA trademark usage rules and what do I do as a department leader?

**RESPONSE:** If the manufacturer is not National Emblem Sales, the production of any merchandise containing the ALA emblem requires a letter of permission from the national secretary. Any fundraising event needs to have the approval of the executive committee (board) of the unit/department that is running the event and must comply with all state and local laws. Sale of ALA merchandise should be carried out in accordance with unit/department policies and procedures including conflict of interest policies and utilize proper cash controls (such as two people counting all cash collected from sales). If any doubt or questions arise, the department should seek advice from the department and/or national secretary.

**FAQ 27:** Department Juniors want to buy T-shirts with the ALA trademark and logo, tie dye them, and then sell them as a fundraiser for buddy kits for the children of soldiers who are deploying in our department. Is a permission letter required from the National Secretary?

**RESPONSE:** If you use a private vendor to manufacture the shirts, you need to secure a permission letter. Also, because the Juniors plan to alter the shirts—that is, they want to tie dye them which can alter the appearance of the ALA emblem and trademark, a letter of permission from the national secretary is required. Remember, any fundraiser sponsored by your department (or a group thereof, in this case, the Juniors) must be approved by your department's board and fundraisers must follow relevant state and local laws and best practices, including financial controls and conflict of interest policy.

**FAQ 28:** The department ALA Girls State Committee wants to design a new logo for the GS program this year which includes the ALA emblem and trademark as well as the state flag and American flag. This logo will be used in our promotional materials and other items like T-shirts for the participants. What does my department need to do to properly comply with all trademark regulations?

**RESPONSE:** Any alterations to the ALA emblem or trademark, even if they follow the proper rules such as providing space around the emblem, require a letter of permission from the national secretary. Members of your Girls State Committee should submit a request for approval to the Department Secretary. If the Department Secretary approves, she should forward the request to the National Secretary for her approval. In order for the National Secretary to approve the Girls State design, a permission request must be submitted that includes a clear list of all uses of the logo, including for merchandise, publications, place cards, banners, etc. For materials that are to be produced by a manufacturer, the permission request must have all the necessary information including the vendor name and item description, number, and use. There are a large number of very technical rules that can apply. A convenient form for requesting the National Secretary's approval to use the emblem can be found on the national website, [www.ALForVeterans.org](http://www.ALForVeterans.org).

**FAQ 29:** A unit in my department wants to issue a press release for a stand down they are holding in conjunction with the Legion post, Sons squadron, and Riders chapter. Do we need to get a permission letter to issue the press release?

**RESPONSE:** What a great example of Legion family unity and collaboration to serve veterans! It is also great that the unit is engaging the press and telling The Legion Family story. For use of ALA trademark/emblem in an official unit press release, no permission letter from the national secretary is required. Because you are referencing the Legion post, Sons squadron, and Riders chapter in the press release, however, you should definitely have them approve a copy before sending it out. While the national organization does not require you to get department approval for such use, it would be a courtesy to provide your department headquarters with advance notice and a copy of the press release for its records.

**FAQ 30:** The department convention is coming up and we're going to have a parade again this year. As is the tradition in my department, each district is creating a banner to march behind, which will of course include the ALA emblem, along with other designs created by district leaders to represent the district's character. Similar banners are created every year. Do we need to get a permission letter?

**RESPONSE:** This use of ALA trademark and emblem, while creative, exciting, and permissible absolutely does require a permission letter from the National Secretary each year because of potential alterations to the emblem and trademark (including the space directly around them) and the public display of the banners. In addition, if the banners are manufactured by a third party vendor (not by ALA members themselves), that production process will also require a permission letter. Each district should submit a permission request to the Department Secretary describing the designs they intend to make (including a picture or drawing is ideal) for approval by the Department Secretary. If the Department Secretary approves, she must forward the request to the National Secretary for approval. We recommend you gather all these requests and plan to submit them on an annual basis.

**FAQ 31:** Our department president fashions a pin for sale as a fundraiser every year and to give away as a memento to her board and committee members as a thank you for their service. We use the same manufacturer every year. Do we need a permission letter before we begin production?

**RESPONSE:** Yes, the manufacture of any product by a third party vendor requires permission, first by the Department Secretary, then by the National Secretary. Send a description or picture of the design with the permission request, along with the number of pins to be produced and the vendor information.

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01	07/21/2014	NHQ Communications	Proofing: Cover added, footers edited Proofing: Chapter 14 added to TOC
02	11/17/2016	ALANHQ	Updates: Executive Summary; Sec. 1; Sec. 2; Sec. 3; Sec. 4; Sec. 5; Sec 6, Sec. 9, Sec. 11; Sec. 12

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 2:**

**Roles of Governance**

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**CHAPTER 2**  
**DEPARTMENT GOVERNANCE AND MANAGEMENT**  
**ROLES AND RESPONSIBILITIES**

**Executive Summary**

This chapter is designed to provide practical guidance about governance and management, using everyday examples of who does what since both roles provide vital checks and balances to make departments function well. Because of the unusual, and unusually lean, structure of the American Legion Auxiliary where volunteers often assume management roles, it's critical to understand the roles of governance and management and make sure there is appropriate role clarification and delineation of responsibilities.

The American Legion Auxiliary's external audit firm has for years observed and commented that the American Legion Auxiliary needs to understand the difference between governance and management in order to improve the effectiveness of the organization and minimize its exposure to risk. When roles are not clear and leaders assume the roles of both governance and management, opportunities for inadvertent mismanagement increase because of the lack of checks and balances. Governance and management must be clear about their roles and work together with open communication that fosters a strong sense of mission-driven teamwork.

This chapter contains the following:

**Section 1 Governance and Management – Roles and Responsibilities**

- Board Should Not Assume Both Governance and Management Roles
- Basic Roles of Governance
- Improving Organization Effectiveness through Role Clarification -
- Understanding the Role of Governance and the Role of Management

**Section 2 Functions of Governance and Management in Key Areas of Responsibility for an Effective Department**

- Practical examples common to all departments

**Section 3 Frequently Asked Question (FAQ)**

## Section 1

### Governance and Management – Roles and Responsibilities

Governance and management refer to the two distinct but collaborative components of nonprofit leadership. Very simply stated, governance governs, and management manages. Together, governance and management are the leadership of the organization.

Governance sets strategic direction, adopts policy to guide the organization, and adopts a budget that adequately funds the operational needs of the organization. Governance is akin to the legislative branch of government.

Management executes the policies and manages the operations within the parameters of the adopted budget. Management is akin to the executive branch of government.

The ALA national organization and each ALA department have a board of directors. The board members are the directors of the corporation, and together with the officers and committee chairmen, make up the organization's governance. The executive director and senior staff of the organization constitute the organization's management. Governance and management each have their own roles and responsibilities that are separate but collaborative and interdependent. This kind of nonprofit leadership model is called a "policy-governance board."

Most ALA units and some departments are too small to hire staff. The board then assumes the on-going management responsibilities, and is called a "working board."

#### Boards Should Not Assume Both Governance and Management Roles

Board members should not yield "all the power" by assuming "all the roles" because the organization loses effectiveness and oversight. When an organization gets large enough, the business of managing and running the organization on a day-to-day basis is too much for the board to handle. The capability of a department to effectively manage itself so the mission can be implemented is called capacity. While the responsibilities of board members are significant, board members simply do not have the time and energy to run the nonprofit. The board needs management in place to execute tasks.

Another reason that boards should not do all the management tasks themselves is oversight. A nonprofit that handles and tracks thousands of dollars in revenue and expenditures over the course of a year must have effective management and governance in place. One of the primary responsibilities of governance is oversight; supporting management and making sure that proper procedures are being implemented.

The board members and officers constitute the board, i.e., governance. For board members to fulfill their fiduciary responsibilities, they must attend board meetings, read financial reports, participate in discussions, provide oversight, and make decisions that serve the best interests of the organization. On the other hand, board members need to *delegate* power, responsibility, and authority to the organization's management which, in departments, is the Department Secretary who fulfills the role of department executive director – because she executes the business operations that keep the organization running. It is the board's job to make the larger decisions and it is management's job to execute and implement those decisions. To execute and implement properly, the Department Secretary and her staff need the proper space, trust, and authority to operate.

## **Basic Roles of Governance**

The board has the authority to approve budgets, adopt policies, make decisions about investments, hire or confirm the appointment of the Department Secretary, and set strategic direction. The Department Secretary has the authority to manage the operations and execute the authority delegated to her by the board. A healthy and effective department requires a good relationship between the board and the Department Secretary, characterized by trust and communication.

The responsibilities of running a department are significant. Nonprofit leadership is a collective task, which requires checks and balances and different skills and perspectives. The board's role is to provide oversight and, together with the Department Secretary, ensure there are sufficient checks and balances in place that minimize the opportunities for risk. The board has ultimate fiduciary and legal responsibilities for the organization. The board provides leadership and guidance, and approves important policies, budgets, and strategic decisions. Because the board leads and decides, the board needs to develop a positive and open relationship with top management. Rather than issue commands, the board should solicit input from the Department Secretary. Management is responsible for executing policy, supervising staff, tracking expenses and revenues, managing resources, and having a very good sense of how the mission is carried out in a practical manner. Management provides critical input that the board should carefully and seriously consider so it can govern effectively. Ideally, both the top department management positions – Department Secretary and Department Treasurer, should be handling department operations duties with the delegated authority and trust of the board.

A common misunderstanding among ALA members is that the Department Secretary is an office secretary. The use of the title "Secretary" stems from the federal government's structure where the secretary of a major entity in government is the top executive. The Department Secretary is an executive position, not a clerical position or aide position.

A troubling trend in departments is the frequent turnover of department secretaries. If the Department Secretary is compensated and manages the department's operations, she should be hired and expected to serve for many years in the position. This builds expertise and efficient management. Department secretaries should not change every year – regardless of how they are selected.

At the national level, the national secretary is also the executive director, and the national treasurer is also the director of finance and deputy executive director. Both the national secretary and national treasurer have dual roles in management and governance, even though they are most frequently referred to by their officer titles. The NEC confirms their re-appointment.

The following are practical examples of the role of governance and role of management in performing the common critical needs of the department.

### **Improving Organizational Effectiveness through Role Clarification Understanding the Role of Governance and the Role of Management**

Is it governance or is it management? There is a difference! Each serves a vital role, both work with each other regularly, and together governance and management provide the checks and balances for an effectively governed and well managed organization.

## Section 2

### Functions of Governance and Management in Key Areas of Responsibility for an Effective Department

#### PEOPLE: Who does what when dealing with PEOPLE situations?

##### Handling a difficult person situation

**Governance:** When it's a **volunteer** whose behavior or performance needs to be addressed, that is the responsibility of the unit or department governing board. The board should have procedures in place for how to address issues with volunteers, board members, and officers. It is not the responsibility of the national executive staff to handle those issues.

**Management:** When the situation involves a **staff** member, it is the executive director's responsibility to handle, and she does so according to proper federal and state laws, and the department employee handbook. It is inappropriate and in certain instances illegal for anyone other than the employee's superior to handle employee matters.

##### Hiring and personnel matters

**Governance:** The board or executive committee or a designated committee thereof hires the top executive position(s), the executive director and treasurer if the latter is a paid position. The designated governing body/committee determines the compensation of the top executive position(s).

The National/Department Secretary is also the executive director. She wears two hats, which is appropriate. In the ALA, the secretary serves as an officer of the board, and also usually serves as the headquarters executive director, and wearing two hats is acceptable in a good corporate structure. It's a best practice to have your top elected officer and your top executive officer serve as part of your governing board – whether they are two different people or the same person.

In some cases the secretary has voice and vote, and in others she has voice without vote; tradition typically drives that decision. The top management position represents continuity, particularly in an organization such as the ALA when you have frequent, often annual, turnover of the board and the officers. The board can vote to appoint a person as a board member, and the board can vote to appoint a department executive (Department Secretary). The executive director is accountable to the governing board or its executive committee, however the governing documents prescribe.

The board can appoint the executive director as the secretary of the board, or remove the person as secretary of the board. It is a separate action to review the performance of the executive director and make a decision to hire or remove the executive director because in most organizations those two positions are two separate people.

**Management:** The executive director is responsible for hiring all other staff, for determining salaries and wages of the staff, and does so according to proper federal and state laws and the HR handbook. It is illegal to disclose the compensation of individual staff members. The executive director hires and maintains a staff within the parameters of the organization's budget.

## **FINANCE: Who does what when dealing with FINANCE situations?**

### Budgeting

**Governance:** The Finance Committee, Executive Committee, or governing board (governance) reviews a proposed fiscal year budget (which is a plan based on forecasted income and anticipated expenses) that has been drafted by staff (management) and makes any desired adjustments, and then recommends a budget to the governing board – the department board or Department Executive Committee.

The department governing board, commonly known as the Department Executive Committee (DEC) or department board (**not** a Convention body) reviews and adopts the annual budget.

**Management:** The headquarters executive director (Department Secretary) and her staff draft each fiscal year budget based on historical data and membership trends/goals.

Staff manages the income to the organization and the expenses of the organization, and runs the operations of the organization within the budgeted parameters, including the paying of all personnel, executing administrative contracts for and within approved budget items, and paying the organization's bills. Staff prepares monthly reports and informs the Finance Committee of any urgent or impending deviations such as an unexpected expense or drop in investments or income.

### Financial Management

**Governance:** The Finance Committee reviews financial reports and statements, and reviews how income/spending are tracking within the adopted budget. Sometimes income drops more than expected and expenses necessarily come in higher than expected. The Finance Committee brings any gross deviations to the attention of the department governing board for their information and any mid-year budget action needed.

Unless the department governing board has authorized and empowered the Finance Committee to make budget amendments, the Finance Committee makes appropriate recommendations to the department governing board and proposes any budget amendment that may be needed.

Optimally, the department governing board should grant the department executive staff – the Department Secretary and Department Treasurer when those are compensated staff positions – the authority to make line item budget adjustments within the aggregate budget that do not exceed a specified amount that becomes the overall established variance allowed administratively among budget categories and that does not exceed the total approved budget. For example, the department governing board could empower the executive staff to process budgeted expenditures that do not exceed 10% above or below a budget line item. The department governing board could in turn empower the Finance Committee with the authority to approve a variation of greater than 10% among categories provided the total variation does not exceed 10% of the total approved budget. Then, if the budget needs to increase more than 10%, the department governing board would be required to approve any expenditure that exceeds 10% of the aggregate budget. Management is already required to report actual income and

expenses, including any and all that exceed a budget category, which in turn enables governance to maintain oversight authority while entrusting to the staff and Finance Committee a reasonable amount of operational flexibility.

The Finance Committee also recommends investment and cash management policies to the department governing board for adoption, and then ensures that the policies are implemented. The Finance Committee would not develop the policy, but insure that one is prepared by financial experts and reviewed by financial experts and in turn presented to the Finance Committee to affirm and present to the department governing board for adoption. The Finance Committee then receives the reports and the minutes should note for the record that the report was received and filed for audit.

The Finance Committee's role is **not** to establish its own roles and responsibilities, then execute its self-prescribed role, then assess how effectively they executed their own performance. For duties not spelled out in the department's governing documents, the governing board should determine the responsibilities of the Finance Committee in order to prevent inherent conflicts of interest.

It is not the role of the Finance Committee to manage the department's administrative duties, procurement, contract approvals that fall within the scope and purview of the budget, HR, fund development, personnel, personnel policies, or Information Technology. It is not appropriate for the Finance Committee to adopt policies, but rather to review and recommend to the department governing board or its empowered executive committee policies affecting the conduct of the committee or other department leaders, such as a travel policy. It would be appropriate for a finance committee to vote to recommend that the organization follow the travel and reimbursement guidelines of the federal government, but the policy itself should be adopted by the governing body.

The Audit Committee hires the external auditor (Certified Public Accountant, CPA audit firm) and "operates at arms-length" from the governing committees and bodies. The Audit Committee reviews the audit and presents the audit to the department governing board or invites the auditor to do so; the Audit Committee plans for the preparation of the audit, determines who prepares the audit, and reviews the IRS Form 990 that the organization files.

The department governing board reviews the financial statements, and "accepts the financial statements for audit." The department governing board also reviews the audit. The audit is not "approved," it is "accepted as presented."

**Management:** The department executive director (Department Secretary), Treasurer or Controller assures that the reporting requirements for external financial advisors and/or investment managers are submitted as required. Management then provides the reports to the Finance Committee. Management staff manages and maintains the accounting and cash management/records and prepares the financial reports.

Staff assists the external auditor, providing all documents requested by the external auditor in order for the external auditor to conduct the audit or prepare the external financial review.



Staff maintains the files of the accepted financial reports and submits the IRS Form 990 and posts it on the website or otherwise makes the 990 available to the public upon request.

### Partnerships / Memorandums of Understanding / Contracts

A partnership is a legally binding relationship with another business or corporation that requires approval of the governing body.

A Memorandum of Understanding (MOU) is a contract between two (2) corporations that states the mutual benefits to both.

A contract or agreement obligates one party to deliver a product or service to another for a determined cost.

**Governance:** The Finance or Executive Committee reviews prospective new relationships with other organizations and makes recommendations to department governing board about entering into a partnership.

The department governing board approves entering into binding relationships that have a public impact. Such relationships are generally executed via a Memorandum of Understanding (MOU, such as the ALA national organization has regarding its sponsorship relationships with the National Veterans Creative Arts Festival and Corporation for National and Community Service). If the relationship requires an unbudgeted cost (for example, the ALA's initial NVCAF sponsorship), then the governing board approves the new anticipated cost. For MOU's and new partnerships, the designated officer(s) of the governing board signs the MOU or agreement document evidencing the partnership.

**Management:** The Department Secretary/Executive Director prepares the documents with the assistance of legal counsel as needed. For MOUs and new partnerships, staff obtains the proper signatures. Staff maintains and manages the records and reporting.

The executive staff executes ongoing and administrative contracts for partnerships, agreements, goods and services that are included in the approved budget.

Example 1: the National Executive Committee approved entering into the partnership with the Corporation for National and Community Service. The NEC authorized the national president to sign the Memorandum of Understanding (MOU) which is the original binding agreement and which remains in place until the relationship terminates per the terms of the MOU, or the NEC votes to terminate the relationship. The NEC approved the national budget which includes the CNCS grant for the ALA Call to Service Corps AmeriCorps/VISTA program. Management now prepares and handles the subsequent contracts that implement the MOU and the national executive director signs the subsequent agreements.

Example 2: the NEC approved the national budget. The national executive director handles all the administrative contracts to implement all the budgeted items (e.g. ALA Girls Nation contracts, ALAMIS contracts, etc.)

### Section 3

#### Frequently Asked Questions (FAQ)

**FAQ 1:** Our department HR Committee recommended a gentleman (not eligible for membership in ALA, so not eligible to serve as an officer) to serve as office staff at full pay and an ALA member to serve as secretary/treasurer, at \$1.00 per year, to oversee the office and staff as well as sign checks. The DEC ratified and approved this recommendation with full knowledge of all facts and circumstances. Following this decision and its ratification, a past department president stated that we were not legally correct. Can we have written clarification regarding the legal status of this decision?

**RESPONSE:** As you are aware, the national organization does not manage the operations of departments. As has been shared previously, it is the responsibility and authority of a department to staff its organization and elect and appoint its officers as the department deems appropriate, within the confines of the department's bylaws and governing documents, and applicable federal and state laws.

It is my understanding that the your department currently employs a male to serve as the department headquarters' chief operations officer, a position traditionally held by an Auxiliary member (therefore traditionally held by a female) who also concurrently served in that capacity as the Department Secretary/Treasurer.

As has been discussed at numerous national conferences, governance and management are two different functions. Traditionally, a department's secretary and treasurer have served dual roles: a) as an officer of the corporation (Department Secretary/Treasurer – the function of governance) and b) as the chief office manager of department headquarters (by any title – chief operations officer, executive director, office manager – the function of management).

It is my further understanding that Counsel General provided guidance on this matter during a time he was presenting to the department.

Regarding the governance function: Officers of an ALA entity must be members of the organization; therefore, they must be female, based on our incorporation as a female membership organization.

Regarding the management function: Corporations cannot deny employment based on gender or ethnicity; therefore, employees of an ALA department need not be exclusively female. A department may indeed, under the law and IRS regulations, hire a male to serve in the top management position of the department headquarters, and when that employee is not eligible to serve as an officer of the corporation, have its governing board confirm the election or appointment of a member to serve as Department Secretary/Treasurer. It is appropriate that the Department Secretary/Treasurer responsibilities include overseeing the headquarters manager and signing checks on behalf of the organization. This structure is commonplace among many reputable nonprofit organizations. It is also appropriate for the officer to receive a stipend approved by the governing board to compensate her for her management oversight responsibilities.

Your Department Executive Committee (DEC) has the responsibility to approve this office management and governance oversight arrangement. As Counsel General has already advised, the arrangement in place for the Department Secretary/Treasurer overseeing the headquarters top manager is appropriate and was handled properly.

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01	07/21/2014	NHQ Communications	Proofing: Cover added, footers edited
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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 3:**

**Financial Operations**

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## CHAPTER 3

# FINANCIAL OPERATIONS

### Executive Summary

This section provides information and resources about financial controls and tools that your department can use to promote fiduciary responsibility. Fiduciary responsibility means that department officers (the fiduciaries) are accountable to contributors, members, and government regulators for the department's programs and finances. Fiduciary responsibility is best achieved through a combination of sound financial controls and policies and through a supportive ALA governance and management culture, which are explained in detail in this chapter.

This chapter contains the following:

- Section 1 Fiduciary Responsibility**
  - What Is Fiduciary Responsibility?
  - Transparency Best Practices
  - Code of Ethics
- Section 2 Fraud in Nonprofits**
- Section 3 Financial Controls, Policies, and Best Practices**
  - Segregation of Duties
  - Controls for Cash and Checks
  - Bookkeeping
  - Budgeting
  - Regular Financial Reporting
  - Screening Employees
  - Written Financial Policies
- Section 4 External Audits and Financial Reviews**
  - What Is an External Audit?
  - What Is an External Financial Review?
  - What Is an External Compilation?
  - What Is an Internal Audit?
  - How to Prepare for an External Audit
  - Overview of Audit Committee Responsibilities
- Section 5 Budget Planning**
  - The Importance of Budget Planning
  - The Budgeting Planning Process
  - Guidelines for Budgeting Contributed Income
  - Guidelines for Budgeting Expenditures
- Section 6 Unit-Specific Guidance for Financial Operations**
  - Minimum Standards
  - Best Practices
  - Distribution of a Dissolved Unit's Funds
- Section 7 Important Tax and Fidelity Bond Information**
- Section 8 Frequently Asked Questions (FAQs)**

## Section 1 Fiduciary Responsibility

### What is Fiduciary Responsibility?

Fiduciary responsibility literally means the responsibility of trust. Fiduciary responsibility is the legal obligation of the organization's officers and directors – its governing board members – to act in the best interest of the members with the highest standard of care to protect the assets and reputation of the organization. Department officers and members of the department governing board (commonly known as the Department Executive Committee or department board in most departments) are accountable for the department's governance and financial well-being to members, current and potential donors, state and federal taxing authorities, state agencies that regulate charitable organizations, federal granting agencies, and charity watchdog organizations.

Fiduciary responsibility imposes three (3) duties that apply to department officers and governing board members:

1. **Duty of Care:** department officers and governing board members must act with the care that a reasonably prudent person in a similar situation would use.
2. **Duty of Loyalty:** department officers and governing board members must place the interests of the organization over their own personal interests and refrain from using their position to further their own personal gain.
3. **Duty of Obedience:** department officers and governing board members must perform their duties in accordance with applicable statutes and with the organization's rules, bylaws, and policies.

Failure to fulfill these duties is a breach of fiduciary responsibility and could result in financial liability for the department and personal liability for its officers and governing board members.

To carry out its fiduciary responsibilities, departments are advised to:

1. Adhere to the organization's mission that fulfills the organization's tax exempt purpose.
2. Be knowledgeable of and comply with all applicable federal, state, and local laws and government regulations.
3. Create and adhere to recommended written policies that safeguard the assets and reputation of the organization.
4. Protect the rights of members such as the rights of board members and delegates to be notified of meetings and made aware of the rules governing the conduct of business, the right to participate in the governance of the organization through elections, and the right to see minutes of board meetings.
5. Prepare and file its annual IRS Form 990 and appropriate state tax and regulatory filings.
6. In accordance with Public Disclosure Laws, departments are advised to make its Form 990 filings available to all officers, members of the department governing board and any member of the American Legion Auxiliary (ALA) or public who requests it.



All department officers and governing board members should be fully aware of their fiduciary responsibility. Particular duties required of an officer depend on the position she holds. For example, in keeping with the division of the roles and responsibilities of governing officers, department secretaries implement or oversee the execution of policies and procedures that address and fulfill fiduciary responsibilities of officers, directors (governing board members) staff, and committee members. The department's governing board and appropriate committees designated by the department's governing board approve department policies, and ensure that appropriate procedures are in place that fulfill those policies that promote the fiduciary responsibility of the governing board and its appropriate committees. Depending upon the resources and time availability of department officers, the most practical way to develop specific policies that promote accountability and protect the integrity of the organization to its members, contributors, and government regulators is for the department's governance leaders and management leaders to collaboratively develop appropriate policies. The following section provides information and resources about financial controls and tools that departments can use to promote fiduciary responsibility.

### **Transparency Best Practices**

There is increased demand from the public and the government for accountability from nonprofit organizations to demonstrate that a nonprofit is indeed serving the public good and fulfilling the charitable purpose for which they were granted federal tax exempt status. Donors and volunteers have a vast number of different options when considering how and to which nonprofit charity they will contribute their time and/or financial resources. Members, corporations, and volunteers want to be sure their donation(s) will actually be used to further the mission of the organization they have chosen to support.

“Transparency” merely refers to the level of openness in which a nonprofit operates and reports to the public. Transparency refers to the widespread availability of relevant, reliable information about the performance, financial position, and governance of an organization. In other words, it is the amount of information that an organization tells the public about itself and how honestly and quickly it reveals this information. Many nonprofits will take steps beyond the legally required minimums to assure the public that they are a trustworthy and efficient organization. The public's and government's concerns about transparency are balanced against a department's concerns about administrative costs. As a “best practice,” many nonprofits follow the following five (5) steps to increase the organization's public transparency. These are presented as suggestions from other nonprofits and not legal requirements:

1. Regularly update the organization's website with current, detailed information about the organization's programs and their performance, including information regarding strategy and evaluations. The ALA national website devotes a page to each of our nationwide programs and committees, and the annual convention guides are written as annual reports and posted on the ALA national website.
2. Post board and key staff members' names, titles, and bios that highlight each person's skills and contributions. The national website includes such information about the national officers and department presidents.
3. Post the organization's annual report on its website. The ALA's national annual reports are posted on the national website at [www.ALForVeterans.org](http://www.ALForVeterans.org).

4. Post any audited financial statements on its website. The ALA's 990s, which include the findings of the annual external audits, are posted on the ALA national website. The current IRS Form 990 is tantamount to an organization's annual organization and financial report.
5. Post the organization's IRS letter of determination on its website. The ALA's IRS Letter of Determination granting a group tax exemption to the American Legion Auxiliary is readily available to anyone and included in the documentation for the annual financial audit. The ALA National Headquarters has provided this document to departments at least annually. Note: The ALA IRS Group Exempt Status Letter of Determination is dated 1973 and the 1973 Letter is the ALA's current IRS Letter of Determination. Simply, the IRS made its most recent determination in 1973 and the determination stands until the IRS revokes or amends its exempt status determination about a charitable nonprofit. As an aside, not all nonprofits qualify for exempt status, and many that once qualified as charitable organizations no longer qualify or failed to comply with exempt status reporting requirements and have had their exempt status revoked.

These five (5) practices are in line with the public reporting requirements expected of tax-exempt organizations, plus allow potential supporters to see the value of the organization's mission at all levels. If your department does not have a website, you are advised to make the information listed above available to the public on demand.

The expectation for greater transparency in the nonprofit sector must always be balanced against concerns about what type of information can and should remain confidential. Certain kinds of information must remain confidential – that is kept in confidence by the officers and board members – in order to protect the individual privacy expectations of members and their leaders.

*Transparency* is the disclosure of information to the public and supporters to indicate the organization is managed well, functions in an ethical manner, and handles its finances with efficiency and responsibility. It's part of a board's *duty of obedience*.

*Confidentiality* is the obligation and right not to disclose information to unauthorized individuals, entities, or processes if it would harm the organization, its business relationships, or an individual. It's part of a board's *duty of loyalty*.

Board members generally understand that its stakeholders – its members, donors, the government, the service sector – want and expect transparency from the organization. And to this end, the IRS Form 990 now asks for far greater disclosure about the make-up of the board, compensation of officers, how frequently the organization amends its bylaws, if certain policies are in place, etc. The new 990 implemented in 2008 raised the expectations that all information about a nonprofit is fair game for public knowledge.

But transparency does not, and should not, extend to boardroom decision making. Board discussions are confidential. Even public organizations subject to sunshine laws have exceptions for topics requiring confidentiality such as legal matters, officer/leader disciplinary issues, and those personnel issues that fall under the purview of the governing board. Note: matters of compensation and discipline of employees that report to the Department Secretary in her role as department headquarters executive do not fall under the purview of the department governing board nor of the department president, in keeping with federal labor and employment laws.

Please see the document in the Appendix entitled *Board Confidentiality and Organizational Transparency – Both are Vital for Organizational Effectiveness*.

To safeguard the department regarding matters requiring confidentiality, departments are advised to address the following:

1. Ensure your department policies are internally consistent. For example, if you have a policy that states donors' gifts will be kept confidential, you should not be putting donor names on your website. The same goes for employees, members, clients, or any other group.
2. Educate officers and board members about board confidentiality. Make sure that board members understand key concepts such as the fact that any board discussions handled in an executive session should be kept confidential. Also make sure they understand the concept of trade secrets and why those should likewise be kept confidential. Please see the Appendix for a copy of the ALA National Confidentiality Policy, Procedures, and Agreement to be used as a sample.
3. Consult with an attorney. Seeking legal counsel is especially important with pending litigation.
4. Read the fine print in contracts or grant awards. There may be a clause requiring confidentiality of the client or other obligations to safeguard certain information.
5. Determine if there are special privacy rules related to releasing information about the type of client served. Programs working with drug and abuse treatment, children, victims of violence, or healthcare patients often require high levels of confidentiality. There may be federal or state laws which require these higher levels of confidentiality.
6. Understand any disclosure rules regarding information about employees and other related considerations: For example, employment laws may limit what you can reveal about performance reviews and salaries of certain staff members. Federal laws limit the amount and kind of health information about employees or clients that can be disclosed.
7. Determine what is not required to be public and evaluate whether to disclose or keep private such information. Some states require board meeting minutes to be available for public review, others do not. Check your local laws to make sure you are in compliance.
8. Develop a policy for transmitting confidential information. Decide who can transmit confidential information, to whom, and under what circumstances. If transmitting confidential information electronically, it is strongly recommended you convert the document containing the sensitive information into a PDF file (portable document format) since PDF files cannot be altered as easily as something like a Microsoft Word document or other "open" office suite formats.

It is up to your department to determine what transparency policy best fits your organization. The best policy should be tailored to your department's missions, needs, policies, and legal issues.

### **Code of Ethics**

Code of Ethics statements define acceptable and unacceptable behavior, eliminate ambiguity, and encourage officers, board (e.g., DEC) members, committee members, and employees to do the right thing. Ethics statements for employees should be included in your department personnel manual. See the chapter on Human Resources for additional guidance.

Department ethics statements should address:

- Relevant laws
- Values of personal integrity such as: honesty, fairness, professionalism, etc.
- Decisions that should be made when the choice is clear, but employees may be tempted to do otherwise
- Decisions that require a choice among competing options

A Department Code of Ethics statement should clearly state potential consequences for misconduct. For example, violators may be given a verbal or written warning, terminated, expelled, and/or subject to prosecution.

The Code of Ethics adopted by the National Executive Committee is provided in the Appendix. It is strongly recommended that all chartered entities and affiliated organizations at all levels adopt a Code of Ethics and conduct themselves accordingly.

## Section 2 Fraud in Nonprofits

The risk of fraud can be greatly minimized with a combination of solid financial controls and a supportive ALA governance and management culture. Officers, members of your department governing board (e.g. DEC), staff and members do have accountability to one another to use Department resources wisely.

Establishing a culture of stewardship and accountability enhances effectiveness and reduces opportunities for fraud. Diligence about financial processes must be matched with a culture that recognizes the value and responsibility of internal controls. It is important to establish a culture of trust, but trust isn't a substitute for internal controls. Proper internal controls affirm the values of accountability and stewardship.

Fundamental measures for fraud prevention:

1. **Segregation of duties** – No one person should be responsible for both accounts payable and receivable or for all elements of either.
2. **Double signatures** – For expenses over a predetermined level, more than one authorization should be required, either from two staff executives or one staff and one board member.
3. **Multiple reviewers** – Bank and credit card statements, expense reports, and other financial documents should be reviewed by more than one (1) person, again potentially utilizing board members.
4. **Diligent background checks** – For any staff or volunteer positions that would interact with financial transactions, background checks can reveal previous criminal records.
5. **Recurring fraud-risk assessments** – Periodically select certain financial processes and test them to be sure policies and procedures are being followed. Even the mere presence of such reviews can act as a deterrent.

### What to Do When Fraud Happens

The moment you detect fraud, you must take a course of action that is appropriate, clear, and swift. The organization's reputation is now at stake. Transparency and a swift investigation can

help avert the spread of rumors and negative press. Without handling the matter properly, winning back the trust of members and the public will be a steep climb. In general, you must do the following:

1. Start an investigation by notifying legal counsel and law enforcement and securing electronic and physical documents of the officer, member, or employee in question, plus anyone else who might have been involved.
2. Following the laws of your state, interview staff and/or members who might be involved or know something about what happened. Hire an accounting firm experienced in forensic accounting to analyze pertinent records. Depending on the severity of the fraud, your local or state police or the FBI may conduct their own interviews.
3. Consult with your attorney about crisis communications – how and when to notify the board, plus what and when to communicate to the members and the public. It is important that you consult an attorney about what can and cannot be stated, and prepare the official statement on the matter.

All officers and directors of the corporation (e.g., your DEC, board members) should be given a clear written statement with clear instructions about what they can and cannot state. There should be one (1) spokesperson designated to take calls or questions from members and public. The comment should then be the written statement only, unless advised by your attorney to state anything else. Commenting “off the cuff” and stating anything other than the official statement can jeopardize the investigation and pose further serious liability to the organization.

4. File the appropriate insurance claim. Determine what portions of the losses can/will be covered by your department's fraud insurance policy or bond.
5. Fix what went wrong. Follow the advice of your outside attorney and file any lawsuit(s) against the member, employee and/or other persons involved. Acknowledge procedural gaps identified by the accounting firm and put corrective measures in place.
6. Throughout the investigation, regularly apprise the board of its progress, including any findings about the incident by legal counsel or reported findings by the external accountant.
7. Discipline or terminate the member(s) or employee(s) involved in the fraud as soon as recommended by your attorney, and have the action taken ratified by the governing board (commonly the DEC or department board).
8. Note: It is wrong, and in many instances illegal, to mete repercussions to the person/employee who reports the alleged/suspicious fraudulent acts. Any action against a member or employee who acts in good faith to protect the organization that causes harm to that member or employee, e.g. verbal or physical assault, suspension, or termination, is grounds for a lawsuit against the officers and directors. Any act of retribution that is found to be unwarranted renders the offending party(ies) liable for punitive damages. Willful, wrongful acts of retribution, also can nullify any directors and officers liability policy coverage; the offending party(ies) may become personally liable for a court judgement. The purpose of a Whistle Blower policy is to protect the rights of the person “blowing the whistle”. The ALA National organization's Whistle Blower Policy, approved by the national governing board (NEC), may be used as a template for departments and is available in the Member Resources of the ALA national website [www.ALAforVeterans.org](http://www.ALAforVeterans.org).

## Section 3

### Financial Controls, Policies, and Best Practices

Financial controls promote sound management, minimize fraud, and are a great way to exercise risk management. Financial controls increase the likelihood that financial information is reliable; assets and records are not stolen, misused, or accidentally destroyed; department policies are followed; and government regulations are met.

#### Segregation of Duties

1. To reduce any one person's opportunity to both commit and conceal errors, at least two (2) people should have responsibility for:

Authorizing transactions, purchases, and contracts:

- Department financial policy can set a dollar amount below which the Department Secretary may sign checks or contracts without oversight and a dollar amount above which at least two signatures are required.
- When two (2) signatures are required, one (1) signature should always be the Department Secretary, and the second signature should be a department officer or Finance chair.
- See the Appendix for a copy of ALA National Headquarters' check signing policy to use as a sample.

Recording transactions:

- At least two (2) people should review the general ledger and bank, credit card, and investment statements.
- Financial institutions are able to send a duplicate statement to department headquarters AND to a department officer or finance committee member upon request.
- Someone independent of the request for wire transfers should verify all wire transfers.

Maintaining custody of assets (including cash receipts):

- Review the vendor list, preferably at least annually, to see if any vendor address matches that of an employee, officer, or committee member requesting supporting documentation of randomly selected vendors; or for any other irregularities concerning the vendor list.
- Review bank, credit card and investment statements to ensure that purchases and investments are in-line with the budget and the department's mission.

2. For a department headquarters with only one (1) employee or volunteer, it is recommended that department officers or other volunteers assist with the segregation of duties on a regular basis.

## Controls for Cash and Checks

### 1. Cash disbursements

- Require receipts for all purchases of \$25 or more.
- Ensure that cash is disbursed only upon proper written authorization and then properly recorded into the books and records of the department in a timely manner.
- All bills should be paid in a form other than cash. National Headquarters prefers that membership dues be remitted by debit or credit card, and encourages departments to allow electronic/online payments. Bills paid via credit card have the added protection of reduced liability should the card be compromised. If a check is lost or stolen, a department's bank account can be depleted in moments with no recourse for recovery. If credit card information is stolen or compromised, the card issuer limits the liability of the cardholder for unauthorized charges and will cancel a card immediately once fraud is detected or reported.
- Blank checks should never be pre-signed and cash or check disbursements should have the number of signatures as required by the department's Check Signing Policy.
- Access to cash and check stock should be limited.
- Cash and check stock should always be secured.
- Voided checks should be defaced and retained as required by the department's Record Retention and Disposal Policy. See the Appendix for ALA National Headquarters' Record Retention and Disposal Policy to use as a sample.
- Someone independent of the request for wire transfers should verify all wire transfers  
*Note: Record retention and disposal rules are dictated by state law. Please refer to your state's requirements regarding record retention and disposal.*

### 2. Controls over Cash Receipts

- Assign someone unrelated to the accounting process to open the mail, restrictively endorse all incoming checks (registration fees, dues, etc.) and prepare a list of checks received to compare to deposits made.
- Two (2) or more people should handle and count cash receipts and certify the total together.
- Ensure that all cash received is promptly deposited, properly recorded, and kept under adequate security.
- Issue receipts for all money received.
- Arrange for the bank to send a duplicate statement to a department officer or to a member of the finance committee not involved in processing payments.
- Bank statements should be reconciled every month by someone independent of bookkeeping and/or check signing responsibilities.
- Reconciliations completed by someone not independent of bookkeeping and/or check signing responsibilities should be reviewed by a supervisor and/or finance committee member.
- Review should be documented and include examination of cancelled checks. Reviewer should randomly request source documentation for certain reconciled item(s).

## Bookkeeping

1. Develop a bookkeeping system that records, documents, and retains all financial transactions in a timely manner.

2. Allocate revenue/expenses to the general ledger in the same manner they were budgeted.
3. Follow accounting principles generally accepted in the United States of America (U.S.GAAP).
4. A properly developed and maintained bookkeeping system produces timely, reliable, and usable financial reports.

### **Budgeting**

1. Prepare a detailed annual budget that plots out when you anticipate receiving revenue and making expenditures.
2. Consider operating reserves. Operating reserves are unrestricted funds that are set aside in the bank to be used for operating and program expenses when there is a crisis or unanticipated shortfall in revenues and budgeted expenses cannot otherwise be met. Operating reserves are often referred to as a "Rainy Day Fund" to use for unanticipated or out-of-the-ordinary expenses. Operating Reserve Funds serve as a critical component of your department's budget planning process for the financial security and sustainability of your department.
3. Follow a proper budgetary process concluding with the DEC voting to approve the annual budget.
4. Review actual to budgeted financial reports monthly to monitor that your department is operating within the framework of the budget.

*See more details about this topic under "Budget Planning."*

### **Regular Financial Reporting**

1. Prepare monthly financial reports that track revenue and spending, comparing actual revenue and expenses to budgeted funds.
2. Explain any significant variation between actual revenue/expenses and budgeted revenue/expenses.
3. Present financial reports to management, finance committee, and DEC.

### **Screening Employees**

1. The Department Secretary or other senior-level person should complete the screening process. Screening for the department secretary position is typically completed by the human resources committee or a specially appointed search committee.
2. Include questions as to background and references. Conduct full background checks which should include credit checks.
3. Integrity of the bookkeeper/accountant is very important. A fidelity bond will not cover individuals known to have committed fraudulent acts.

### **Written Financial Policies**

1. Department financial policies do not need to be elaborate or formal manuals; simple/brief instructions can be adequate. Written financial policies create an atmosphere and culture that is transparent and opposed to wrongdoing because they define and support mechanisms to minimize, detect, and report fraud and theft.



Financial Policies and Procedures should be written and address:

- Purchasing Business Credit Card, including agreement
- Check Signing
- Confidentiality, including agreement
- Audit and Tax Filing Accounting Principles Generally Accepted in the United States of America (U.S.GAAP)
- Investment Endowment
- Spending/Contract Approval and Signature Authority
- Protection of Department President's Signature
- Conflict of Interest, including compliance and disclosure forms
- Fraud and Whistleblower
- Travel Reimbursement
- Record Retention and Disposal
- Reserve Funds

Financial Policies and Procedures should be:

- Reviewed by an appropriate committee such as by the Finance Committee (FC) or Audit Committee and approved by the department governing board (e.g. DEC).
- Distributed to department officers, DEC, committee members, and employees as appropriate.
- Reviewed and maintained by management and an appropriate committee, such as the finance committee or the audit committee, and approved by the DEC on a regular basis, such as every three to five years.
- Please see the Appendix for copies of above Policies, Agreements, and Disclosure forms.

## **Section 4**

### **External Audits and Financial Reviews**

Audits and financial reviews are best practices that promote sound financial management and accountability and that can help meet the increasingly rigorous demands of current and potential donors, members, state and federal taxing authorities, state agencies that regulate charitable organizations, federal granting agencies, and watchdog organizations. Departments should have their financial records audited or reviewed at the end of each fiscal year by an independent external auditing firm. An internal audit should also be conducted if a new treasurer is appointed/elected mid-term and before a new bookkeeper and/or finance director is hired.

#### **What Is an External Audit?**

An external audit is a comprehensive analysis of the financial records and practices (including tests of financial controls) of an organization and is conducted by an independent external auditing firm. The objective of an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are presented fairly, in all materials respects, in accordance with accounting principles generally accepted in the United States of America (U.S.GAAP), and to report on the financial statements, and communicate as required by auditing standards generally accepted in the United States of

America (U.S. GAAS), in accordance with the findings of the audit. See Appendix for Audit and Tax Filing Policy.

### **What Is an External Financial Review?**

An external financial review is conducted by an independent external auditing firm. The objective of an external financial review is to examine the organization's financial statements and determine whether the financial statements are consistent with U.S.GAAP. A review shares the goals of an audit, however a review is not conducted with the same level of investigation or analysis as an independent audit. A review does **not** include an examination of the organization's internal controls (which is normally included in the external independent audit). Instead the review provides a limited level of assurance that the financial statements are free of misrepresentations.

### **What Is an External Compilation?**

An external compilation is literally a compilation of financial records into a format required by accounting standards. Accounting standards require the auditor to assess whether the records are free from obvious errors. During a compilation the auditor does not examine the internal controls that are used to manage the risks of embezzlement or fraud, does not collect and examine source documents, and does not provide an opinion or assurance that the financial statements accurately reflect the financial position of the organization (all of which are part of an independent audit). The auditor reformats the financial statements, but does not make any determination of whether the account balances are reasonable (which is part of a review).

### **What Is an Internal Audit?**

An internal audit is a voluntary appraisal activity by an organization to provide assurance over the effectiveness of internal controls, risk management, and governance to facilitate the achievement of organizational objectives. The internal audit is performed by employees of the organization who report to the audit committee of the department governing board (e.g., DEC). The scope of an internal audit is very broad and can include any matters which affect the achievement of organizational objectives.

### **How to Prepare for an External Audit**

The Audit Committee, or if an Audit Committee does not exist, the Finance Committee, should engage an independent external auditing firm to provide an independent audit. The independent external auditing firm or does not work for or report to management.

Suggestions for a Smooth and Successful Audit:

1. The independent external auditing firm and management should work together and maintain a good relationship.
2. Management is responsible for the financial statements.
3. The independent external auditing firm presents their report to department governance (audit committee, finance committee, and DEC).
4. Communication should be open and flow both ways. The independent external auditing firm and management should be comfortable communicating directly with audit committee members or finance committee members if no audit committee exists.

5. The Audit Committee, or Finance Committee if no Audit Committee exists, and/or DEC should discuss the report with the independent external auditing firm and ask about any unusual situations or questionable figures.
6. The Audit Committee, or Finance Committee if no Audit Committee exists, should ensure that the DEC reviews and accepts the audit report.

### **Overview of Audit Committee Responsibilities**

The audit committee's purpose is risk aversion. It does not manage or duplicate the roles and responsibilities of a finance committee. The typical responsibilities of a nonprofit Audit Committee will encompass, but not be limited to the following:

**Oversight of the independent audit function:** The primary duties of the committee in this area:

1. Reviewing the proposed scope of the annual audit with the independent external auditing firm.
2. Accepting of the independent external auditing firm's management report on the organization's financial statement at the conclusion of the audit.
3. Reviewing the independent external auditing firm's governance letter which includes reporting of audit findings, as well as management's responses to the audit findings.
4. Recommending to the board the engagement of the independent external auditing firm.
5. Engaging the independent external auditing firm if the authority to do so has been delegated to the Audit Committee by the DEC.

**Establishing policies and practices to prevent financial fraud:** This includes a full understanding of the areas of risk as they relate to potential fraud within the organization, as well as accumulating the fraud-related findings of the independent external auditing firm (and of the organization's internal auditors, if there are any).

**Ongoing understanding of the internal-control environment:** The objective here is to ensure that controls are in place to provide reasonable assurance that assets are safeguarded, that transactions are authorized and properly recorded, and that the organization is in compliance with applicable laws and regulations.

**Oversight of the financial-reporting process:** The committee should ensure that the organization's internal financial reports are providing meaningful data and that the information contained is timely and accurate.

## **Section 5 Budget Planning**

### **The Importance of Budget Planning**

Nonprofit boards and officers have a fiduciary duty to effectively manage the assets of their organization. One important duty is financial planning, or budgeting. A budget represents the anticipated revenue and anticipated expense of the organization over a year. A budget is a plan, not a contract, and can change due to the realities of day-to-day operations.

A budget provides a framework for decision making, as it clarifies what programs you are financing and what your resources are being spent on. Your budget serves as a tool for

monitoring financial activity, and lets you check to make sure your expenses are aligned with revenue; if not, it serves as a tool to see where you can possibly reduce expenses or improve revenue. A budget is a plan for your organization's finances; a financial statement is the actual facts of your financial situation at a certain point in time and for a certain time period.

### The Budget Planning Process

**Write out your budget process:** Writing down your actual process creates a timeline by which to measure your progress and a checklist to ensure thoroughness.

**Decide who should be involved and when:** Your senior management and officers should be involved, but staff or volunteers who have responsibility for following the budget should have a voice as well. Staff and committed volunteers often have more operating knowledge on certain budgetary matters than the board and can provide a more accurate reflection of your department's projected needs.

**Create a timeline:** There may be periods of the year in which your department has more time to devote to the budget planning process. Create a timeline to stay on task, and follow as closely as possible.

**Create specific tasks and responsibilities:** If someone knows they will be held responsible for tasks, they are more likely to do them. Many people can be assigned to a task, but choose someone with ultimate responsibility for ensuring completion.

**Align budget and financial statements:** Make sure that your budget planning actually aligns with the reality of your finances. If your financial statements are repeatedly out of line with what your budget planned for, you may need to seriously rethink your budget planning or more closely examine how exactly you are managing your money in day-to-day operations.

**Adopt policies to adhere to budget and handle variances:** A variance policy can determine to what extent management has discretion in implementing the budget. For example, you might have a policy stating if an actual expense is 10% over budgeted amount, it needs to be reported to your finance committee.

### Guidelines for Budgeting Contributed Income

Accounting standards require that nonprofit organizations report contributed income in one of three categories – unrestricted, temporarily restricted, or permanently restricted. These different income classifications are determined by either the absence or the existence of donor-imposed restrictions on the use of contributed funds. Although restricted contributions and grants pose financial management challenges, these sources of funds are important and desirable.

**Unrestricted Contributions:** Unrestricted contributions received are not subject to donor-imposed restrictions. Unrestricted contributions may be used for the general operations of the organization.

**Temporarily Restricted Contributions:** Temporarily restricted contributions received have donor restrictions that limit the use of the donated assets. When a donor restriction expires, temporarily restricted funds are classified as unrestricted funds..

**Permanently Restricted Contributions:** Permanently restricted contributions received are held inviolate and in perpetuity. The net income from these investments is available to be utilized toward the mission of the organization.

Once a contribution or grant is identified as restricted, the accounting and record-keeping requirements are of paramount importance. Two principles are at the core of the accounting requirements. First, restrictions are imposed by the donor when they make the gift or grant. Second, income must be recognized, or recorded in the accounting records, in the year that an unconditional commitment for the funds is received regardless of when the related expenses will occur. These principles add a complexity to nonprofit financial reports due to the timing of funding, which makes accurate and reliable accounting especially important.

Not only do nonprofits have an obligation to their donors to spend contributed dollars as designated, they are also bound by law. If a condition on restricted funding has not been fulfilled and the money has been spent, the donor can demand that the funds be returned, pursue legal action, or contact the Office of the Attorney General.

In addition to these tracking and recording requirements, nonprofits that receive restricted funds face increased management challenges. When making financial decisions with restricted funds, consider these guidelines:

1. Do not budget to spend money unavailable to you.
2. Educate staff and board members with financial responsibility on funding restrictions.
3. When analyzing financial reports pay close attention to unrestricted funds and, unless you are making decisions regarding programming for which the funds have been restricted, avoid basing decisions on restricted funds.
4. Understand how restrictions will impact cash flow and availability of funds.
5. Know when the restrictions are satisfied and how to release the funds from restriction.
6. Develop a simple and reliable way to track restrictions on funds.

### **Guidelines for Budgeting Expenditures**

**Expenditure guidelines for nonprofits:** One problem many nonprofits face is communicating in a clear manner their organization's effectiveness in fulfilling its mission. Many financial supporters and charity watchdogs have placed great importance on financial indicators based on functional expenses. Two commonly used indicators are the program spending ratio (percent of expenses actually spent on programs) and fundraising efficiency ratio (amount raised through fundraising vs. amount spent on fundraising). The numbers used to calculate these amounts generally come from the Form 990, which is public information, and any financial information the nonprofit makes public. When drafting a budget, it is important to accurately classify expenditures in the correct categories of programs and member services, management and general, and fundraising.

**Program Service Expenses:** These are costs related to providing the nonprofit organization's programs or services in accordance with its defined mission. For established nonprofit organizations, program service expenses generally represent the majority of the overall expense of the organization. The public generally prefers to see a nonprofit organization with the largest allocation to this category.

**Management and General Expenses:** These are costs related to administering the day-to-day activities of the nonprofit organization. These expenses do not directly relate to the purpose for which the organization exists and typically include activities such as bookkeeping, management, and governance. While important to the operation of the nonprofit, organizations generally try to minimize these costs as much as possible.

**Fundraising Expenses:** These are costs of all activities that relate to an appeal for financial support or for a contribution to an organization. Examples of these expenses are the costs of holding a fundraising event, solicitation of contributions, or the compensation (salary/wages) of individuals involved in the fundraising process.

**Assigning or Allocating Expenses:** When assigning expenses, it is entirely possible that you may find an item that could conceivably fall into more than one category. When possible and practical, assign expenses to the specific program or supporting service they benefit. Consider directly assigning major expenses such as payroll and occupancy to programs or specific supporting services. Expenses that are impossible or impractical to trace to a specific program or supporting service can be pooled and allocated to various programs and supporting services using an appropriate formula. A department can ask its external audit firm or professional accountant for advice on how to allocate expenses.

## Section 6

### Unit-Specific Guidance for Financial Operations

#### Minimum Standards

**At a minimum, ALA Units should make certain to do the following:**

1. Obtain a federal identification number from the Internal Revenue Service; also known as Tax Identification Number (TIN) or Employer Identification Number (EIN).
2. Submit membership dues to your department in a timely manner - do not hold these in suspension. Members who have paid their dues expect that the dues will be remitted in a timely fashion. National Headquarters receives many irate calls every year from members who have paid their dues months earlier yet are not receiving member benefits because the dues were not posted in a timely fashion. National Headquarters also receives many calls and emails from irate members who have been told these delays are “National’s fault” when indeed it is the unit or department that has not remitted the member’s dues and is purposefully and unjustly blaming National Headquarters. The intentional delay in remitting dues is a critical problem of poor business ethics that will continue to be publicly addressed by the National organization. The ALA National governing documents require dues be remitted monthly.

Note: A common excuse for delaying the remittance of members’ dues by either a unit or department is that the unit/department needs to hold onto the money collected to pay current bills. This practice abuses members who pay in good faith expecting that their dues will be processed in a timely manner. The 2015 ALA National Organization Effectiveness Assessment found that members do not view ALA dues as expensive. Departments and units are advised to raise dues or assess fees to cover the costs of operating efficiently, and not rely on holding onto members’ dues payments as an unethical way to take care of department or unit cash flow needs.

3. Pay specific fees per department bylaws or department governing board (e.g., DEC) mandate.
4. Submit to department the unit's portion of group bonding insurance provided by the national organization.
5. Review annual department budget and reports of Department Secretary and Finance Committee.
6. Complete a Form 990 annually.

### **Best Practices**

#### **Entrusting Volunteers with Money; Issues of Not Returning un-used ALA funds**

Volunteers or members are often entrusted with department or unit funds for a particular task or program activity. All money should be accounted for upon being handed over, receipted and accounted for during its use, and returned if unused. But what should you do if money is not returned?

If you are dealing with a volunteer or member who has not returned or refuses to return unused department funds, it is a matter of illegal possession of department funds. In such cases, it is recommended that your department take legal action.

#### **Guidelines for legal action:**

1. Give the volunteer or member a deadline. It is recommended the department president or Legion department judge advocate send the possessor of the money a certified letter stating the balance owed and the date upon which the money should be returned. The letter should also state that if the funds are not returned in total on said date, the department will consider all legal options available.
2. The department may proceed as it deems most appropriate, but it does have a fiduciary responsibility to take some action.
3. You are advised to consult your Legion department judge advocate or an attorney. Options to consider may include filing theft charges with the understanding that such charges will become a matter of public record; establishing a non-extendable deadline for the volunteer to return the funds and informing her that if the funds are not returned by the stated deadline that all available options will be pursued to collect; and/or presenting the matter to the DEC for other action(s).
4. If the department president sends the certified letter, it is recommended that she copy the department judge advocate, department vice president, and chairman of the department Finance and/or Audit Committee.

#### **Distribution of a Dissolved Unit's Funds**

When a Unit ceases to function or its charter has been revoked or canceled, the American Legion Auxiliary National Standing Rules provide that the charter and all Unit records and funds shall be immediately forwarded to department headquarters, which has no obligation to assume any of the Unit's debt or other obligations.

If a nonprofit organization has been granted tax exempt status by the IRS, either singularly or as part of a group exemption (GEN), and that nonprofit organization dissolves (as a corporation) or ceases its operations and ceases to exist (an unincorporated organization), then the

organization must distribute its remaining assets (after the settlement of all the organization's outstanding debts) to fulfill another tax exempt purpose. That is to say a tax exempt nonprofit that dissolves or ceases to exist must distribute its assets (money, financial holdings, and real and business personal property) to another tax exempt organization.

The answer to how a nonprofit that is ceasing operations must distribute its remaining assets/funds/ is rooted in the reason why the organization was granted exempt status in the first place. The IRS grants to organizations that exist for the betterment of the public good an exemption from paying federal taxes, i.e. to those organizations whose purpose is to benefit the good of society (e.g. charitably, educationally, spiritually). Every tax exempt organization must annually report to the IRS (via the IRS Form 990) that it is serving the public good and has continued to fulfill its charitable purpose, and, therefore, has continued to earn the privilege granted by the federal government to waive the payment of federal taxes in exchange for the public good performed by the organization.

Inherent in the whole government philosophy of granting a reprieve from paying federal taxes to those organizations that contribute to the public good is the expectation that funds raised by the tax exempt organization are used for the organization's charitable purpose, and not to pay monetary dividends to stakeholders.

For-profit organizations are not tax exempt because corporate profits are used for personal gain – dividend paid to shareholders. For-profit organizations pay taxes on their income. The customers who buy the goods and services offered by for-profit organizations do not receive any personal tax benefit for making the purchase (“giving” the organization personal money in exchange for an item or service). The profit realized on a customer's purchase yields no tax break to either the organization or to the paying customer. In the for-profit sector a paying customer is just that – a paying customer.

Funds received by nonprofit organizations are tax-exempt because the funds are used for the delivery of charitable purposes – there are no profit-dividends paid to shareholders. Persons giving money to a nonprofit are doing so to help the nonprofit fulfill its charitable purpose. In return for this voluntary exchange of money for mission delivery, the nonprofit is “awarded” by the government with a waiver of paying federal taxes, and the donor is “awarded” a tax deduction on his/her personal income tax return. In the nonprofit sector a paying customer is a donor. And a donor expects more than personal gratification from a purchase; a donor expects that the nonprofit organization will use his/her money to serve a charitable good.

This concept is important to understand when a tax-exempt nonprofit organization undergoes the process of “winding down” (a bona fide legal term and its board/officers decide how to distribute the organization's remaining assets. The assets were obtained to fulfill a charitable purpose. Both the organization and its many donors received income tax breaks for the money received; therefore, the organization cannot use the remaining assets for personal gain or personal delight. The funds/assets were obtained for a charitable purpose and they must continue to be used for a charitable purpose.

Since the American Legion Auxiliary was created and exists to support the purposes of The American Legion, Counsel General has long advised that the department of an ALA entity ending its existence distribute its remaining assets either a) another ALA entity (e.g. to the department, another unit, or national), b) to an entity of The American Legion (e.g. its home post, or department, or national) or c) to divide the asset distribution and give portions to a combination of ALA/TAL entities.



*Note:* Not all nonprofits are tax exempt; but all ALA chartered units were tax exempt under the American Legion Auxiliary National Group Exemption (GEN). Therefore, even though a unit's exempt status may have been revoked by the IRS, that unit still acquired its assets for a charitable purpose recognized by the federal government. Those proceeds, in turn, must still be used for a charitable purpose or else distributed to another nonprofit entity to fulfill a similarly tax-exempt charitable purpose.

A dissolved unit's records must be submitted to its ALA department as soon as possible. (Also see FAQ below on the subject of distributing a dissolved unit's assets)

## **Section 7**

### **Important Tax Information**

Please consult the Appendix for the *Important Tax Information* document, an overview of federal and state tax reporting requirements, nonprofit taxations matters, and other related topics. The information in this Guide and the Appendix is not intended as legal advice or directives from the national organization. It is provided to help your department, units, districts/counties/councils understand and meet your and their federal and state tax regulations and reporting requirements, and to offer general guidance and best practices in nonprofit management or governance.

If, after reading this information, you still have questions -- particularly about meeting legal requirements or filing federal and state tax forms correctly -- consider consulting a licensed attorney, nonprofit expert, and/or certified professional accountant knowledgeable and experienced with nonprofits and the tax laws of your state. We hope that this information will answer your questions and give you more insight into why the national organization promotes best practices in nonprofit management or governance.

## Section 8

### Frequently Asked Questions (FAQs)

**FAQ 1:** Does our ALA Unit, Department, or D/C/C need to file a 990-N?

**RESPONSE:** Organizations that accept money must account for receipts (revenues and contributions). Organizations whose receipts are less than \$50,000.00 in total for the organization's tax year are eligible to file the 990-N (e-postcard) series electronically - ([www.irs.gov](http://www.irs.gov)). Organizations with receipts \$50,000 and over must file a Form 990 EZ or 990. See the next two questions.

**FAQ 2:** Does our ALA Unit, Department, or D/C/C need to file a 990-EZ?

**RESPONSE:** Organizations with receipts (revenues and contributions) that are less than \$200,000.00, and with total assets of less than \$500,000 for the organization's tax year are eligible to file the 990-EZ series of tax return - ([www.irs.gov](http://www.irs.gov)).

**FAQ 3:** Does our ALA Unit, Department, or D/C/C need to file a 990?

**RESPONSE:** Organizations with receipts (revenues and contributions) that are greater than/equal to \$200,000.00, OR the ALA Unit, Department or District/County/Council has total assets of greater than/equal to \$500,000.00 for the organization's tax year meet the IRS requirement to file the 990 series tax return - ([www.irs.gov](http://www.irs.gov)).

**FAQ 4:** The ALA Units, Departments or Districts/Counties/Councils have tried to file a 990 series tax return for a prior year, and the IRS has rejected the tax return. What should we do?

**RESPONSE:** While there are many different situations that result in the IRS rejecting a 990, the most common reasons are:

1. According to IRS records, the TIN/EIN used on the 990 does not belong to the ALA Unit, Department or District/County/Council filing the 990.
2. According to IRS records, there were no 990s for that TIN/EIN filed the last three (3) years.

**The ALA Units, Departments or Districts/Counties/Councils should only use the TIN/EIN assigned specifically by the IRS for the ALA Unit, Department, or District/County/Council organization on all relative tax returns and correspondence with the IRS.**

**FAQ 5:** We understand the importance of obtaining Social Security Numbers and sending out 1099s to people who earn more than \$600 for making poppies; however, the veterans who make poppies in our department live in veterans' homes. These vets are scared and suspicious that the income reported will impact not only their tax status, but their ability to continue to live in a government-funded facility. Will turning in the 1099s have an impact on their ability to remain in the veterans' homes? And, will it have any impact in terms of having to pay taxes, since most of them earn \$2,000-\$4,000?

**RESPONSE:** Issuing 1099s to veterans who make poppies and receive other government subsidies: A department that pays a veteran more than \$600 in a calendar year for making poppies must issue a 1099 to that veteran. Departments must comply with the federal and state law and IRS rules regardless of the ramifications to the recipient(s). Every employer is required to send a 1099 to an individual who receives \$600 or more in income from that employer.

If veterans making poppies receive government subsidies, including living in government-subsidized housing, those earning \$600 or more from making poppies will need to be issued 1099s, and they will need to determine what the income threshold rules are to continue to receive subsidized housing. Rules can vary by state and by federally funded entities providing subsidized housing. 1099 recipients also need to determine what the maximum income threshold is for social security and other government subsidies or pensions. If the veterans making poppies live in U.S. Department of Veteran Affairs subsidized housing, they may find guidance on income thresholds by contacting their state's VA information officer to obtain these answers.

**FAQ 6:** If an ALA Unit dissolves, where do their remaining funds go? To the Legion post?

**RESPONSE:** No. When a unit ceases to function or its charter has been revoked or canceled, the American Legion Auxiliary National Standing Rules provide that the charter and all unit records and funds shall be immediately forwarded to department headquarters, which has no obligation to assume any of the unit's debt or other obligations. The department's governing board determines the distribution of the dissolved unit's assets. There is no national requirement that the funds of a dissolved unit must go to its Legion post. Likewise, there is no prohibition against distributing any of the assets of a dissolved unit to its post as an appropriate action when the bylaws of the unit or department do not otherwise specify how remaining funds and assets must be distributed. (Note, similarly, The American Legion's national governing documents require that a dissolved post's assets must go to the Legion department.)

It is recommended that you check your department and unit bylaws for direction. If your unit bylaws are silent on the subject, contact your department office and ask if the department has a bylaws or additional policy requirement for handling the remittance of the assets of a dissolved unit to the department. If there are no such written requirements, then the unit governing body (its unit executive committee or board) can meet and determine how they would like the assets to be distributed and make that preference known to its department. The unit is advised to take copious minutes of the meeting where the dissolution is determined and the preference of asset distribution is adopted. Those minutes must be provided to the ALA department and retained for safekeeping.

Absent any department requirements in its governing documents that address how assets are to be distributed, the department governing body may distribute any or all of the assets to another organization or organizations whose mission is compatible with that of the ALA. Assets can be divided and distributed to multiple nonprofit organizations, as long as there is a record of official action approving the distribution. Since the organization whose mission is most closely aligned with the ALA Unit is its ALA Department, the dissolving unit may expect that the department would retain the assets, or that the Legion might be a designated recipient of some of the remaining assets.

**Note:** It is not allowable for a dissolving ALA entity to distribute any assets to individuals. Neither officers nor members can receive any assets belonging to an ALA entity. The only exception would be an item that a member allowed her unit to use. In that case the item may be returned to the member as its personal owner, but under no circumstance can cash be distributed to a member unless there is a legitimate ALA expense claim on file that has been duly approved.

When a unit is dissolving, it is advisable to note the payment of specific claims in the unit minutes to ensure transparency in transactions occurring prior to the Unit dissolving. Upon dissolution, records and any remaining undistributed funds and assets must be given or forwarded to the Department.

Whether a unit is taking steps to dissolve on its own accord, or a unit is dissolving due to the revocation or cancellation of its charter, it is highly recommended that the unit consult with its department office or the Legion's Department Judge Advocate prior to the unit's dissolution.

In addition to official records, funds, and assets, a dissolved unit's historical records and artifacts should also be preserved. A dissolving ALA entity should give its historical records and artifacts to the department, or, with the department's consent, the historical documents and artifacts may also be donated to a local preservation organization.

**FAQ 7:** One of our Units would like to know what their liability is to the post when it comes to funds. The Unit has \$30,000 in CDs that is money they have saved from fundraisers for scholarships, poppies, ALA Girls State and other designated programs. The post is having financial difficulties and wants them to give them this money. Some of their members think it would be okay to do this, and others think they would be defrauding the people who had gotten the money for the above programs. The members of the post are telling them they are to support all the post activities no matter what and need the money to save the post (the bar has drained the Legion funds), and they are demanding this money. They have asked for the official opinion from the National Judge Advocate and asked me to contact him for them. Can you please forward this or advise me as to whether you feel this would be fraud or not and what their responsibility is when it comes to this kind of project? They really want to know if it would be "fraud" to give up this money. I told them they were under no obligation to give up their savings to the post, but I did not know if it could be considered defrauding the public for taking this money for one thing and spending it on another. Please advise.

**RESPONSE:** This is addressed in the ALA National Constitution & Bylaws and Standing Rules. Units and posts are separate entities. Neither has authority or control over the other.

Via a prearranged agreement between both parties, a unit may agree to pay a post for specific stated purposes such as meeting expenses or use of space, but otherwise a post has no authority to demand money from a unit. An ALA department/unit is not responsible for a Legion department/post's debts and has no liability for same and vice versa.

Donations received by any nonprofit are to be used in keeping with the donor's intent and may not be used for any other purpose. If donors contributed to the ALA at any level for a specified purpose, such as scholarships or a service program, the ALA entity cannot use that money for any other purpose.

If an ALA unit is not going to use the collected funds for the purpose for which they were collected, the unit must return the funds to the donors or may only use them for a like purpose (e.g., another scholarship or a similar service project). It is fraudulent for any ALA entity - national, department, intermediate bodies, subsidiaries, units, et. al. - to use funds that were collected for a specific charitable mission purpose for any other purpose.

**FAQ 8:** If one of our department's units wanted to open up a thrift store in the name of their ALA unit, would that be allowed?

**RESPONSE:** There is nothing in the national governing documents or policies that prohibit a department or unit from operating a commercial enterprise as long as they follow all the appropriate state laws. Just make sure that if they are going to use the name/emblem of the ALA on a store front that they get the use approved from the national secretary.

**FAQ 9:** One of our department's hospital/gift shop representatives failed to distribute all funds in the form of Christmas gifts, nor did she return the funds to the department. Rather, it was reported that she used the money for personal reasons as her husband is ill and the family is

having a hard time financially. Our Department President has indicated that we should proceed with legal action and to bring to the Finance Committee's attention. I need advice as to the proper steps to take to assure consistent application of policies and/or procedures. Thank you.

**RESPONSE:** In matters like these, first the facts are determined, then it is determined if there are any extenuating circumstances, then it is determined who has the authority to seek redress. According to what you have shared:

The member was entrusted with department funds for a specific purpose and she has not fulfilled that purpose. The money should either be spent for the stated purpose within a specified deadline or returned.

A person's indigence is not a defense for failing to use funds entrusted for a specific purpose for another purpose. It is also not responsible to ignore a wrongful act simply because similar wrongful acts have been ignored in the past.

If she has not used the funds, the funds should still exist somewhere and be returned. If the funds are not available, then it is speculative that she has used the funds for her personal benefit; that is not acceptable. If she has stated to anyone in leadership, and that includes the department secretary or any volunteer leader, that she has used the funds for a purpose other than that for which the department entrusted her to use the funds, then the department is advised to take action to recover the funds.

The department may proceed as it deems most appropriate, but has a fiduciary responsibility to take some action. You are advised to consult your department judge advocate or an attorney. Options to consider may include filing theft charges with the understanding that such charges will be matter of public record; establishing a non-extendable deadline for her to return the funds and informing her that if the funds are not returned by the stated deadline that all available options will be pursued to collect; and/or presenting the matter to the DEC for other action(s).

An organization's finance committee should be informed of the matter, but a finance committee has no authority to take action; only the Department President can pursue legal action in consultation with the governing board (DEC) who should be advised about any cost the department will incur to pursue legal action.

While matters such as these are not pleasant to address, the department has a fiduciary responsibility to its dues paying members to appropriately use and safeguard department funds.

#### **FAQ 10: Whistleblower protection**

If a department does not have a whistleblower policy, can the whistleblower be protected by the National policy?

**RESPONSE:** The national whistleblower policy does not protect a member whistleblowing about a department matter. If a department does not have a whistleblower policy, the whistleblower would only be protected if the matter involved someone or something at the national level.

There may be some limited federal law protection, but most whistleblower protection is enacted via a state's laws, because the whistleblower would be reporting an alleged incident about someone in a position of authority within the ALA department, which is a state corporation, or an alleged impropriety about something within the corporation. Civil and criminal codes vary from state to state; therefore, a department is strongly advised to have a whistleblower protection policy for the department, which is a corporation registered with the state. If a whistleblowing

incident occurs in a department, the department is advised to consult with an attorney knowledgeable in that state's laws governing improprieties occurring in a state corporation.

Note: Officers and directors of the department who commit acts of retribution against a whistleblower who acted in good faith may be subject to a lawsuit and could become personally liable for a judgement of malicious retribution.

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 4:**

**Risk Management**

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## CHAPTER 4

# RISK MANAGEMENT

### Executive Summary

The purpose of risk management is to minimize risks and to take actions that provide protections when an organization is faced with crises and challenges. Risk management is a continuous, forward-looking process that should be an important part of your department's business and technical management processes.

If not already established, it is recommended that your department create and implement policies to mitigate risk. While the department board of directors, or Department Executive Committee (DEC) as it is called in most departments, is ultimately responsible, a department's Audit Committee is typically responsible for ensuring that risk management policies and practices are in place. Department management (Department Secretary/Executive Director) is responsible for seeing that the policies and practices are implemented. Periodically, the Audit Committee should review risk management policies and evaluate their effectiveness. If your department has not yet established an Audit Committee, it is recommended that your department governing board assume this responsibility or assign it to your department's Finance Committee.

Following is a guide to some best practices. However, your department's policies should adapt to your department's operations and needs, and the federal, state and local laws.

This chapter contains the following:

**Section 1 Financial Risk Management**

- How to Prevent Fraud
- Operating Reserves

**Section 2 Liability and Volunteer Risk Management**

- Screening and Background Checks for Employees and Volunteers
- Background Screening for Volunteers Working with Youth
- Recommended Insurance Coverage for an ALA Entity
- Liability Insurance and Fidelity Bonds/Fidelity-Crime Insurance
- Other Insurance Coverage to Consider with Your Insurance Broker

**Section 3 Information and Technology Risk Management**

- Common Risks
- Establishing a Computer and Electronic Communications Policy
- Emergency Response and Disaster Recovery Policy
- Protection of Sensitive and Confidential Information

**Section 4 Managing Social Media Risks**

**Section 5 Record Retention and Disposal Guidance**

**Section 6 Frequently Asked Questions (FAQs)**

## Section 1

### Financial Risk Management

Risk management is an important function related to fiduciary responsibility and financial management. Reducing financial and legal risks is important to ensure the smooth functioning and well-being of the organization. Financial and legal risks and liabilities can significantly harm or even threaten the existence of units and departments.

In this section, we focus on risk management as it relates to department and unit financial operations. Good financial policies and management practices simultaneously exercise fiduciary responsibility, increase organizational effectiveness, and reduce and protect against risk.

#### How to Prevent Fraud

The risk of fraud can be greatly minimized with a combination of solid financial controls and a supportive ALA governance and management culture. Officers, members of your department governing board, staff and members do have accountability to one another to use our ALA resources wisely.

Establishing a culture of stewardship and accountability enhances effectiveness and reduces opportunities for fraud. Diligence about financial processes must be matched with a culture that recognizes the value and responsibility of internal controls. It is important to establish a culture of trust, but trust isn't a substitute for internal controls. Proper internal controls affirm the values of accountability and stewardship.

Fundamental measures for fraud prevention:

1. **Segregation of duties** – No one person should be responsible for both accounts payable and receivable or for all elements of either.
2. **Double signatures** – For expenses over a predetermined level, more than one authorization should be required, either from two staff executives or one staff and one board member.
3. **Multiple reviewers** – Bank and credit card statements, expense reports, and other financial documents should be reviewed by more than one person, again potentially including board members.
4. **Diligent background checks** – For any staff or volunteer positions that would interact with financial transactions, background checks can reveal previous criminal records.
5. **Recurring fraud-risk assessments** – Periodically select certain financial processes and test them to be sure policies and procedures are being followed. Even the mere presence of such reviews can act as a deterrent.

#### What to Do When Fraud Happens

The moment you detect fraud you must take a course of action that is appropriate, clear, and swift. The organization's reputation is now at stake. Transparency and a swift investigation can help avert the spread of rumors and negative press. Without handling the matter properly, winning back the trust of members and the public will be a steep climb. In general, you must do the following:

1. Start an investigation by notifying legal counsel and law enforcement and securing electronic and physical documents of the officer, member, or employee in question, plus anyone else who might have been involved.
2. Following the laws of your state, interview staff and/or members who might be involved or know something about what happened. Hire an accounting firm experienced in forensic accounting to analyze pertinent records. Depending on the severity of the fraud, your local or state police or the FBI may conduct their own interviews.
3. Consult with your attorney about crisis communications – how and when to notify the board, plus what and when to communicate to members and the public. It is important that you consult an attorney about what can and cannot be stated, and prepare the official statement on the matter.

All officers and directors of the corporation (your DEC, board members) should be given a clear written statement with clear instructions about what they can and cannot state. There should be one spokesperson designated to take calls or questions from members and the public. The comment given should be the written statement only, unless advised by your attorney to state anything else.

Commenting “off the cuff” and stating anything other than the official statement can jeopardize the investigation and pose further serious liability to the organization.

4. File the appropriate insurance claim. Determine what portions of the losses can/will be covered by your department’s fraud insurance policy or bond.
5. Fix what went wrong. Follow the advice of your outside attorney and file any lawsuit(s) against the member, employee and/or other persons involved. Acknowledge procedural gaps identified by the accounting firm and put corrective measures in place.
6. Throughout the investigation, regularly apprise the board of its progress, including any findings about the incident by legal counsel or reported findings by the external accountant.
7. Discipline or terminate the member(s) or employee(s) involved in the fraud as soon as recommended by your attorney, and have the action taken ratified by the governing board (commonly the DEC or department board).

### **Operating Reserves**

Operating reserves are a critical component of an organization’s financial security and sustainability. Operating reserves are unrestricted funds that are set aside to be used for operating and program expenses when there is a crisis or unanticipated shortfall in revenues and budgeted expenses cannot otherwise be met. In other words, operating reserves are a rainy day fund.

The nonprofit industry standard is for an organization to have a minimum of the equivalent of three (3) months of its annual operating budget held in reserves – enough to fund all organization programming, staffing, and administrative costs for 90 days in the event of a significant cash flow crisis. However, this minimum standard may not reflect the particular schedule of cash flow that ALA departments and units experience over the course of the year.

Expenditures for scholarships and programs, such as ALA Girls State, are not evenly spread across the year, which means that the amount of funds needed to cover one quarter’s operating expenses may vary significantly from one quarter to the next. Even if departments/units set aside funds to cover operating expenses for the most expensive quarter of the year, three (3) months

may not be sufficient time to adjust to changes in cash flow, reduce costs, and/or take measures to raise additional funds.

For this reason, it is recommended that an operating reserve equal to 12 – 30 months of operating expenses. If your department or unit does not currently have adequate operating reserves, you are strongly encouraged to begin budgeting to build up such a fund. While departments and units want to maximize the amount of funds going to serving veterans, military and their families, operating without reserves endangers the organization's survival and ability to accomplish the mission.

## **Section 2**

### **Liability and Volunteer Risk Management**

#### **Screening and Background Checks for Employees and Volunteers**

Within the American Legion Auxiliary, the large number of volunteers, along with staff, present potential risk to the organization given the variety of ways funds are collected, accessed, and spent. Sadly, there have been numerous instances of theft and financial wrongdoing that have resulted in claims against a department's bond, along with damaging press coverage from which it can take years to recover. The history of financial loss due to volunteer or employee misconduct reached such a significant level years ago that departments could no longer be covered under the ALA national organization's blanket fidelity bond.

The ALA is understandably focused on mission delivery. We cannot, however, fail to pay attention to the many opportunities for wrongdoing. Mitigating risk is an important part of protecting the mission and the many good people serving our mission as volunteers and staff.

If you are recruiting volunteers that will have access to your finances or regular access to vulnerable populations, it is highly recommended you perform a background search on them that mirrors your employee background search. For example, it is strongly recommended that you perform a thorough background check on any volunteer participating in an ALA Girls State program. There are many states that legally require background checks for volunteers that serve youth, senior or disabled populations.

It is strongly recommended to conduct background checks on your board members as well, even if they are not handling funds or involved in a youth program. They are prominent members of your organization; as representatives of your department, any surprise revelation of a prior criminal history could seriously embarrass your department down the road.

It is a best practice in the nonprofit world to screen employees and certain volunteers prior to offering them leadership or administrative roles in the organization, especially if they are going to oversee department finances or have regular contact with a vulnerable population. While a thorough screening process does not eliminate risk, it does provide the department with a higher level of confidence in the reputations of volunteers and staff. Some points to keep in mind when screening potential volunteers and employees are:

1. Use the position description to evaluate the responsibilities of and supervision for the position.
2. Gather all of your data before making a judgment, and give the prospective employee or volunteer an opportunity to explain anything in the screening report that concerns you.

3. Gather information from multiple sources. Contact references, check their criminal record, credit history\*, and school transcripts. If there are any gaps, ask for clarification.
4. Include more than one person in the interview and screening process. The other person may pick up cues you did not.
5. Be realistic. Screen a potential employee based on the responsibilities of the open position.
6. Don't collect information you can't evaluate. Some organizations may ask candidates personality questions that may not accurately reflect how they actually perform in the workplace. (*See Human Resources Chapter for more dos and don'ts of interviewing.*)
7. Be consistent. If background checks are important enough for some employees or volunteers, they are equally important for everyone performing the same tasks. Failing to screen board members, prominent members, or others assumed to be suitable invites disaster.

\* Some states restrict the use of credit history searches for employment purposes.

### **Criminal Background Checks:**

If the potential employee would have access to department finances or regular access to children, seniors or the disabled, it is recommended you perform a criminal history check. Examples of such positions would be your bookkeeper(s) and employees involved with the ALA Girls State (GS) program. It is possible that your state may have laws requiring criminal checks if the employee has regular access to a vulnerable population and some grant programs also require them. There are a variety of options for criminal checks including national and state registry checks and sex offender registry searches. An option available is to sign up with a company that provides background search services, such as Lexis Nexis. These services usually allow customization in your searches based on your current needs.

### **Background Screening for Volunteers Working with Youth**

American Legion Auxiliary departments are strongly advised to conduct background checks on staff and volunteers who are involved in youth programs (i.e. ALA Girls State) and Junior member activities.

Both ALA Girls State and Junior Activities are programs that primarily serve minors; therefore, it is extremely important that your department has a background screening process that covers all employees and volunteers. With ALA Girls State, it is critical to remember that the department is assuming responsibility for and the custody of someone's under-age daughter for a week.

National Headquarters staff does background checks on national committee members and volunteers who work in the American Legion Auxiliary Girls Nation and the national Juniors' meeting. In addition to conducting hiring screenings, the American Legion Auxiliary National Human Resources division conducts background checks on all staff members who spend a significant amount of time at those programs.

If a background check reveals anything that gives a program leader cause for concern about an individual, that individual should not participate unless the cause for concern is resolved. If the cause for concern is of a nature that cannot be resolved or ignored, then that individual cannot participate.

There is no one law that covers whether background checks are required for employees or volunteers or states how extensive those background checks must be; instead, there is an overlay of federal and state laws. You should also remember that there can be both civil and criminal liability for failing to conduct background screenings. Some states may require screening for employees but not volunteers; other states may require them for both employees and volunteers.

Organizations that primarily serve children are often held to the strictest standards in regard to background screening, and you should be aware of which laws apply to your program. Even if there are legal requirements or only limited requirements for background screening, there are other compelling reasons for mandatory screens:

- Protecting a vulnerable population
- Avoiding public backlash
- Reassuring donors
- Limiting liability

Applicants' backgrounds may be screened in a variety of ways, and your state department should approve your policy. A typical policy would include requiring a national criminal history check, a sex-offender registry check, and a social security check. If the person would be transporting minors by motor vehicle, a screening check with your state department of motor vehicles is recommended. Numerous reputable companies provide background checks, often at a reduced rate for nonprofits. Some nonprofits ask potential volunteers to provide personal references. If you use a third-party screener, it might require you to obtain the potential employee or volunteer's written consent before conducting the search, and it is often good policy to let volunteers know they will be screened.

In regard to junior counselors or volunteers younger than 18, there typically is no legal requirement to perform a background check and, since juvenile criminal records are usually sealed, a typical background check of a minor would not likely be effective. Social media sites and web-based search engines such as Google are viable ways to help evaluate whether a minor volunteer would represent your program in a positive way, as would asking for and checking references, including any employment history. Demanding that a minor open a private social media account to your scrutiny is not recommended, but an account viewable to the public is considered an open record.

Again, there typically is no legal requirement to screen minor volunteers, but doing so can help maintain the quality of your program. The results of background checks should be kept confidential, to avoid leaking personal information about the employee or volunteer.

We understand that cost can be a factor in determining the number of background checks ordered by departments. Through a nationwide agreement between The American Legion and Protect Youth Sports (PYS), one of the nations' premier background screening providers, Auxiliary departments have the opportunity to order background checks at a significantly discounted rate. Each department will be responsible for contracting separately with PYS for their background screening services. The Legion's negotiated discounted pricing in some states is some 60-75% less than other screening companies charge for such services. To learn more about Protect Youth Sports and discount pricing, contact them at (877) 319-5587.

A basic background check screening includes:

- SSN verification and address history trace
- National Criminal Database Search with re-verification of positive records
- National Sex Offender Registry Search including a national search of all alias names



Some states require more expensive background screenings that include the information listed above plus county or statewide court search(es).

### **Recommended Insurance Coverage for an ALA Entity**

An American Legion Auxiliary entity is susceptible to liability exposure in a number of ways. It is strongly recommended that ALA entities have sufficient insurance coverage, as described below, to mitigate the organization's and its volunteers' exposure to risk. Each American Legion Auxiliary department is a corporation, registered in the state in which it is located. The department's officers and members of its governing board (often identified in governing documents as the Department Executive Committee) are corporate officers and directors, and bear corporate liability for the department. Department officers and governing boards have the responsibility of care, protection, and fiduciary stewardship to the organization. Governing boards have the responsibility of ensuring that departments carry adequate insurance to protect the organization and its officers and directors in the course of serving the organization's purpose.

Following are the types of insurance coverage an ALA entity (department, intermediate body such as district/county/ council, subsidiary corporation, or unit) is advised to consider purchasing, in keeping with the laws of the entity's state.

The first three, Fidelity Insurance, General Liability, and Directors and Officers Liability Insurance, are the most critical types of insurance every ALA entity is advised to have. Carefully read and understand the terms of any potential coverage in which you are interested. Many policies have a cap on the amount they will cover and the department will be responsible for any remainder. Many policies also limit the acts they cover.

### **Liability Insurance and Fidelity Bonds/Fidelity-Crime Insurance**

In the course of doing business, an organization may face liability as the result of some action taken by officers or board members. Directors and Officers (D&O) insurance and fidelity bonds, or fidelity-crime insurance, are intended to provide protection in these instances. Such insurance may also pay for a potential legal defense and any settlement or judgment incurred by the organization. Fidelity-crime insurance or a fidelity bond protects the organization against the fraudulent acts of specified persons, and is generally a protection against employee dishonesty, such as larceny, embezzlement, theft, forgery, misappropriation, willful misapplication, or any other act of fraud or dishonesty caused by any ALA member/employee, ALA contractor, or anyone with access to the entity's assets, steals or cannot otherwise account for money intended for the ALA entity. This protection pays the ALA entity to make it whole (recover all or part of the loss), less any deductible which can range from 2% - 10%, for money "missing". *Note:* This type of coverage does not apply when the ALA entity has knowledge that the person has committed a fraudulent or dishonest act or that the person had a criminal record prior to being given access to the entity's assets.

The American Legion Judge Advocate, Counsel General to the American Legion Auxiliary, advises departments and units to consider the following regarding waiver forms for volunteers working with or transporting adults and children or Junior members:

1. Departments and units should carry as much liability insurance coverage as is needed. The department or unit's local insurance agent should be able to assist in deciding the proper amount based upon the history of judgments and recoveries in the department or unit's particular geographic area.

2. Because each state's laws are different, each department should have an attorney licensed in their state draft consent forms, waiver forms, and medical forms for all purposes, especially Junior Activities, ALA Girls State, and all programs involving minors.
3. It is impossible for the national organization to be responsible for writing waiver forms that would be universally accepted in all states, let alone in all of the foreign units. For example, in some states an assignment of claims is allowable, and in other states, the existence of an assignment of claims clause may negate the waiver.

Because of the breadth of foreign, state, and local laws, the national organization is purposefully structured as more than fifty (50) legally separate state and foreign affiliates bound by a common mission.

Departments and units should ensure that the liability waiver/hold-harmless-waiver forms developed in your governance areas include or address the following elements if legally possible in your state:

- Indemnity
- Waiver of liability
- Assignment of claims
- Acknowledgment of known medical conditions or standards coupled with an ALA waiver form
- Parental consent for any function, event, or activity including auto transportation, athletics, programs

In addition to D&O and fidelity coverage, it is advisable for departments and units to carry an ample umbrella liability insurance policy as well as other insurance required in operating any type of business (e.g., property, vehicle, workers' compensation, etc.)

ALA departments and units should require and obtain a signed statement from every volunteer that each one's personal insurance and auto insurance will be the volunteer's primary insurance when engaged in service on behalf of the ALA.

### **Comprehensive General Liability**

Comprehensive General Liability covers the organization for an incident that causes harm to a third party and for claims arising from acts of negligence, such as, but not limited to: bodily injury/personal injury, property damage from premises, false arrest, business operations, product liability, contractual liability, and advertising injury.

Recommended Coverage: as much as you can afford. Common examples:

- Each Occurrence/Claim \$1,000,000 (umbrella kicks in after the D&O maximum)
- Damage to Premises Rented \$ 100,000
- Medical Expense \$ 5,000
- Personal/Advertising Injury \$1,000,000  
(e.g. libel, slander, defamation of character, invasion of privacy, etc.)
- General Aggregate \$2,000,000
- Products Aggregate \$2,000,000

## **D&O Liability (Directors and Officers Liability)**

A D&O policy insures an ALA entity's corporate officers and directors, and some or most volunteers depending on how the policy is written. Anyone can sue for actions of the board and officers, or for feeling "harmed" by an action of a volunteer board member or officer, or anyone with a relationship to the ALA entity – e.g. suppliers, vendors, etc.

Recommended Coverage: as much as you can afford

- Each Incident/Claim: \$1,000,000 (umbrella kicks in after the D&O maximum)
- Damage to Premises Rented \$ 100,000
- Medical Expense \$ 5,000
- Personal/Advertising Injury \$1,000,000  
(Note: check with an insurance broker licensed in your state to determine if personal/advertising injury should be part of your D&O liability policy and/or general liability policy)
- General Aggregate \$2,000,000
- Products Aggregate \$2,000,000

## **Umbrella**

An "umbrella policy" is added protection that offers higher limits on the same allowable claims under general liability. For example: a \$2 million umbrella policy adds another \$2 million on top of a \$1 million general liability policy for a maximum coverage of \$3 million.

## **Worker's Compensation (compare to HR chapter)**

Worker's Compensation insurance covers employees for injury or death in the line of working for an ALA entity and applies to bodily injury by accident, bodily injury by disease, or bodily injury resulting in death. Payment is based upon benefits required by the individual state's Worker's Compensation law.

Coverage requirements vary by state. Common examples:

- Employees Liability – 500,000/500,000/500,000
- Coverage A – Jurisdiction
- Coverage B – Employers Liability
- WC Code – Clerical Office Employees NOC, 8810

## **Property – Real and Personal Property**

Property insurance covers the organization from loss of Real and Personal property such as Improvements and Betterments/Build-outs; Business Interruption/Extra Expense; Mechanical Breakdown; Replacement Cost/Valuation. If your ALA entity leases space, you are advised to review your lease and understand what you are responsible for with respect to repairs, maintenance, etc. If you are buying or own property, this type insurance covers owners and lenders, etc. Recommended coverage varies based on your state's requirement and your entity's circumstances.

## **Business/Commercial Auto (owned autos, hired/non-owned autos)**

This type insurance is similar to an individual's personal auto insurance.

Recommended Coverage: as much as you can afford

- Limit: \$1,000,000 per occurrence liability
- Owned Auto – Title is in the name of your ALA entity
- Hired Auto – A vehicle the ALA entity leases, hires, rents, or borrows; the ALA entity does not own this vehicle
- Non-Owned Auto – A vehicle the ALA entity does not own, lease, hire, rent or borrow. This includes autos owned by ALA members/employees, but only when the vehicle(s) is used in the course of conducting ALA business.

### **Other Insurance Coverage to Consider with Your Insurance Broker**

- Travel Insurance – A benefit policy for the insured traveler; travel insurance is not a risk management policy for the organization.
- Utility Service Interruption
- E-commerce, ID Theft, Credit Card Numbers/Internet Security – Relatively new types of insurance, these type policies can cover the ALA entity for information compromises resulting from a security breach. Coverage defends the ALA entity for what it did to maintain security; it does not reimburse expenses for security breach; it only covers allegations of negligence rendering a data system vulnerable. It could cover costs to notify people of breach and defense costs. *Note:* the definition of data breach varies by state.
- Employment Practices Liability – This type insurance covers the employer when an employee claims rights' violations, wrongful termination, breach of contract, sexual harassment, or grievances regarding failure to hire or promote. It can also cover 3<sup>rd</sup> parties such as a delivery person or vendor claiming the employee has not taken action to stop harassment by an employee. Employment Practices Liability is often offered in conjunction with D&O insurance.
- Errors and Omissions coverage – If an ALA entity contracts with someone who performs akin to a staff member or otherwise represents the ALA as an independent contractor versus a payroll employee, the ALA entity is advised to require the independent contractor or consultant to carry errors and omissions coverage. This type of insurance only protects the contractor/contractor as an individual; it does not provide coverage for the ALA entity.

### **Some Resource Options**

*Your State's Insurance Commission or Department of Insurance*

*NOLO at [www.nolo.com](http://www.nolo.com)*

*Nonprofit Risk Management Center at [www.nonprofitrisk.org](http://www.nonprofitrisk.org)*

*Arthur J. Gallagher & Co. Toll-free number: 855-840-1047*

## **Section 3**

### **Information and Technology Risk Management**

#### **Common Risks**

While the proliferation of online technology provides many efficiency benefits for organizations, it can also create risks to your organization's finances and public relations. Risks associated with

information technology are the spread of computer viruses, lost or damaged data, leaking of confidential data, and equipment failure.

Other day-to-day problems you might face are loss of productivity and IT maintenance costs. These problems can be mitigated or eliminated by doing a risk assessment of your department's operations and developing a risk management plan integrated into your overall IT policy. The following are some examples of potential problems your organization might face, their consequences, and potential solutions.

1. **Sharing Work Emails:** Whenever employees share their work email addresses, there is a risk that email could be picked up by companies who try to flood their inboxes with junk email. This problem is much worse when employees use their department email for personal reasons, such as to sign up for mailing lists. These junk emails can harm your productivity by wasting employee time sifting through their email inbox or, worse, lead to the threat of viruses or a hacker using the department email to pretend to be a department employee. You can mitigate these risks by developing a clear policy about when employees can use their department emails.
2. **Sharing Logins and/or Passwords:** When employees or other users share logins and passwords, a primary risk is not being able to identify which individual is responsible for errors or, worse, illegal activity. For example, a user is downloading inappropriate, copyright protected, or illegal content on department equipment using a shared password. How will you identify the perpetrator? Unique passwords allow management and/or officers to identify who is doing it, track when it occurred or is occurring, and promptly deal with the right individual. It is strongly recommended that each user of department equipment have a unique password. Ensure that all passwords created meet Microsoft minimum standards.
3. **Server Infrastructure:** Many organizations have an inefficient server infrastructure, with their storage spread across multiple servers in different locations running the same applications. This creates inefficiencies in your data processing and may require dealing with different IT personnel. You should occasionally conduct assessments of your server and overall storage infrastructure, and if necessary, make adjustments to more efficient or cost friendly systems.
4. **Illegal, unauthorized, shared software:** Employees might want to use software that is not available through their employer, and will download it onto their work computer. They may use a pirated version of the software or download a legal version that causes unforeseen problems with the existing operating problems. Using pirated software puts your department at risk of possibly large fines and could damage one of your department's computers. You can mitigate these risks by enforcing a software management policy that requires IT and management permission before downloading new software onto department equipment and communicating the policy to employees. You can also conduct assessments of your department's needs and plan how to provide employees with the software they require for work tasks. Occasionally conduct audits of software installed on department equipment.
5. **Wrong machine for the job:** Sometimes employers will give employees computers that are not suited for their actual workload. Employees who travel or work outside the office frequently may benefit from a laptop computer, tablet or iPad. If there is a task for your department that requires large amounts of data processing or storage, the computer processor should be powerful enough for the task. It is a good idea when purchasing technology to perform a thorough examination of the actual tasks the employee assigned to the computer will perform and if the computer is appropriate for the task.

6. **Data Storage:** Many organizations do not have comprehensive or efficient data back-up plans. Some use manual systems like CDs or portable storage devices, such as flash drives or external hard drives. Inefficient methods can cost time, money, and possibly the complete loss of vital information in the case of disaster. Without secure storage, confidential data could fall into the wrong hands. There are many secure server storage options that could benefit your department; choosing the right one can require research on your part. As an example of a storage option, a storage area network (SAN) can provide a flexible, networked storage infrastructure that disconnects storage devices from their respective servers, preventing permanent data loss and securing your information assets in the event of a disaster. You should select your storage option based on your needs and budget.
7. **Using a PC as a server:** Companies will sometimes use a desktop PC as a dedicated server. PCs are designed for a single user and do not offer the performance or security provided by a dedicated server. A PC can crash, causing work delays and possible loss of valuable data. A PC is also less secure than a server. Use the right tool for the job and assess your own needs and what is available on the market to suit them.
8. **Delaying the replacement of machines:** Many organizations delay replacing equipment in order to cut costs. However, the longer you use aging equipment, the more hidden costs can add up. Failing machines can reduce productivity, require increased maintenance costs, and possibly lead to data loss or leaks. Older computers may not be able to run virus scans while performing other tasks, which make them a weak link in security. They may also freeze or crash constantly, or they may not be able to effectively run the software your organization is using. You can mitigate this issue by budgeting for regular equipment replacements.

Generally, it is a good idea to perform regular assessments of your current IT setup so you can anticipate needs and identify existing problems. It is also recommended you integrate any policies into an overall computer use and IT policy and enforce it among your staff. Any policy you create should take into account your department's needs and how you perform day-to-day business. The department may also wish to consider obtaining Information Technology insurance.

### **Establishing a Computer and Electronic Communications Policy**

**Usage Guidelines:** Hopefully, a strong work ethic will prevent employees from spending excessive amounts of time using the Internet for personal reasons. Unfortunately, it's usually reasonable to assume that some personal use will occur. A good computer and electronic communications usage policy can prevent excessive or dangerous use of department computers. Following are general areas to consider when creating a computer usage policy.

**Privacy:** Employees should be informed that they should not expect privacy on department computers, which are department property. General Internet usage, the files users save on the computer and the use of an official department email account can be monitored by department personnel. To protect the department from liability, it is recommended that you prohibit employees and volunteers from storing personal information or email accounts on department owned computers.

**Internet:** If employees should never use the Internet for personal browsing during the business day, your policy should say so. This is likely unrealistic and difficult to enforce as there may be emergency situations when your employee needs access to personal information. A better policy would be to allow personal browsing during break periods. To avoid malicious software, require

that all users seek permission from an IT professional or the Department Secretary before downloading anything onto department computers.

**Off-limit Websites:** Employees should know that things such as pornographic or gambling websites are prohibited on a department owned computer. A good computer-use policy lists all categories of off-limit websites.

**Email:** It is usually good policy that business email should not be used for personal matters. While in practice this can be difficult to enforce, including it in your policy provides protection against excessive usage. Remind users of department equipment that email can be monitored so they should not expect privacy in its use.

It is recommended that your department establish a policy for securely storing and accessing passwords and access codes for ALA department email accounts and other ALA department accounts. The policy should include how and under what circumstances the department governing board or a specified executive or special committee of the department governing board can access the passwords.

An area with some legal uncertainty is the use of personal email accounts for business usage. If a department employee uses a personal account to regularly send business emails, there may be a reduced expectation of privacy, particularly in the case of a department lawsuit. Another complex legal area is the use of personal email accounts on department computers or for business purposes. If your department does not have its own email account(s), consider using a free email service (Gmail, Yahoo, etc.) to setup a work-only email account. Consult a local attorney with questions about monitoring personal email.

**Files:** Generally, an employer can monitor the content of files stored or downloaded onto organization owned computers. A good policy will state that such content is the property of the department and informs anyone using department equipment that it may be monitored. The policy should also prohibit users from downloading copyrighted material (e.g., music, movies, books, etc.) onto department computers. You may also want to address whether employees and/or volunteers can transfer department files to and from their personal computer. Make it known that the department retains ownership of any documents transferred from a department owned computer.

**Personal Computers/IT Equipment:** Some employees and/or volunteers may prefer to bring a personal laptop into the office or send work-related documents to their home computers to work when the office is closed. Generally this is an accepted practice, but there are some considerations you might want to address in your policy. One major consideration is the security of the employees' or volunteers' personal computers, particularly if they are handling confidential information. Ensure that employees' personal computers have up-to-date anti-virus protection before authorizing them to transmit files from their personal computer to a department computer. Computers can be stolen or hacked, so consider putting limits on the type of files employees and volunteers can transfer to their personal computers. Make it known that any department documents they take home remain department property.

**Violations:** Clearly outline the potential results of violating your department policy. This should include first-time and subsequent violations, as well as which violations the department considers more serious. To avoid the appearance of favoritism or discrimination, the policy you adopt should be followed faithfully and applied evenly to all employees.

## Emergency Response and Disaster Recovery Plan

Departments are encouraged to establish a written Emergency Response and Disaster Recovery Plan that outlines emergency responses to acts of nature and other emergency occurrences that interrupt the vital day-to-day operations of the department or restrict or prohibit access to the normal workplace. See *Appendix for the National Headquarters Emergency Response and Disaster Recovery Plan Policy*.

## Protection of Sensitive and Confidential Information

It is important to secure sensitive and confidential information of employees, officers, members and the organization for moral and legal reasons. In relation to risk management and good financial stewardship, this information must be competently secured, both physically and electronically, to reduce risks of liability and maintain confidence in the organization.

To ensure the integrity of the manner in which the American Legion Auxiliary member and donor lists may be accessed and used, it is recommended that departments develop and implement a List Protection Policy. The policy should require that companies applying for use of the Auxiliary's membership list shall be required to sign a List Protection Agreement (LPA) that provides for a restricted license to utilize the list during the term of said agreement for the limited and specified purpose of marketing a product, service, or merchandise to the ALA membership for the benefit of the organization. (See *sample List Protection Policy and List Protection Agreement in Appendix*.)

**Guarding and Sharing Information:** Transparency about financial matters helps inspire confidence in nonprofits. By law, nonprofits are obligated to provide certain information upon request. All tax-exempt organizations must make certain documents, such as their application for tax-exempt status and annual tax returns, available for public inspection. Many nonprofits use their website to post audit results, Form 990 annual tax returns, and to identify donors and supporters. When deciding what type of information to share with the public, there are two concerns that you should keep in mind: what is the legal minimum you are required to share or to keep confidential, and what is considered a best practice to increase trust and confidence in the organization. For more information, refer to the *Blanket Fidelity Bond in the Appendix of this Guide*.

Security of electronic information and confidentiality issues is further discussed in the chapter on Human Resources.

## Section 4

### Managing Social Media Risks

The number of people using online social media (Facebook, Twitter, blogs, etc.) continues to increase each year. With such growth, nonprofits and other organizations have started using social media to communicate their message to the public. These services are usually free to use and make a cost-effective way to publicize your activities and communicate with a large number of people. It is important to remember that most of the principles of public relations still apply to social media and there are also practices that are unique to the medium. It is important to understand how social media works to best utilize it for your department's purposes. Here are some areas to keep in mind when devising your own social media strategies.

**Varying Familiarity with Social Media:** If you are unfamiliar with social media, consult others who have more experience to help you understand the platform. Keep in mind that not everyone



will use the platform for the purpose you want. A tech-savvy person may be able to help you set up a website that integrates your social media into one space (feeds, blogs, links to social media accounts, apps), but that individual may not understand the ALA mission or brand and how to communicate with your members or the public. While a person may use social media extensively in their personal life, it does not mean they are well suited to handle public relations for a professional organization. Make sure that whoever handles your social media account(s) clearly understands your audience and what the department considers to be appropriate subject matter, tone, use of humor, etc.

**Deceptive Complexity of Social Media:** Social media content should not proceed without social media education. The technical aspects can be challenging if you don't understand the platform, particularly since the different platforms are constantly being updated with features added or taken away. While it is generally easy to open an account and start posting, leveraging those posts into results takes some thought. A department's social media plan should complement and be consistent with their offline plan. Individuals who use social media expect to share opinions and converse with the organization, so make sure your PR plan outlines ways to respond effectively to social media posts.

**Social Media Cost/Benefit:** It can be difficult to measure the impact of social media, but it is a good idea to try to determine if the time investment matches the return. Even though the accounts are free, much time can be devoted to responding to posts and maintaining your presence. Consider how you want to use the online presence – to raise money, build awareness, drive traffic to a website, advocate for an issue, provide a platform for internal discussion, etc. Once you determine the primary objectives for your online presence, it is easier to measure if your social media efforts are cost-effective.

**Leaks or Harmful Usage on Social Media:** Risks to consider when using social media include the potential misuse of intellectual property and employee/volunteer misconduct. Your department may misuse another organization's intellectual property, misuse Auxiliary intellectual property, or the Auxiliary intellectual property may be misused by someone else. For example, if you wish to use the trademarks of The American Legion in your online materials you must receive permission from the national adjutant of The American Legion. Any time you contract with another organization, you should ask their permission before posting any of their trademarks on your social media accounts. If you discover unapproved usage of the ALA brand by another organization, immediately contact the national secretary. If you have any questions on trademark usage, follow the ALA Branding Guide, available at [www.ALAforVeterans.org](http://www.ALAforVeterans.org), and review the section on trademarks.

**Volunteer and Employee Misconduct on Social Media:** Another area of concern with social networking is misconduct. There have been many cases where organizations have received negative publicity due to the actions of an employee on social media, even if the volunteer's or employee's actions were not work related. In the worst case, your department may be liable if an employee or volunteer misuses department social media and commits an act such as defamation. Employees or volunteers may also reveal confidential information while using social media. Remind both employees and volunteers that they should conduct themselves professionally when representing the ALA and that there may be consequences to what they post online. Consider adopting a policy that informs employees that their public social media accounts may be subject to monitoring by management. If an employee's social media profile is public and can be viewed, an occasional review would be appropriate. However, asking for their passwords or any special access might raise legal issues. When creating an employee social media policy, particularly if you want to take action based on the policy, seek advice from a local attorney since laws

regarding online conduct are continuing to be developed, with a wide variety of standards based on your local jurisdiction.

**No Social Media Delete Button:** You should always assume that whatever you post online, even if by mistake and deleted promptly, will be seen by the public. Even if you delete the post, there is a chance that it can be retrieved. It takes only a second for someone to take a screenshot and save an image of what you wrote, and it is likely the information is stored on a server somewhere. Minor corrections such as revising the date on a department event is one thing, but if something embarrassing is posted online, you need to assume it will be seen and that you will need to respond. You cannot simply delete and pretend it never happened as it will likely be perceived as covering up rather than accepting responsibility.

**Resolving Criticism Posted on Social Media:** ALA National Headquarters occasionally receives questions about implementing a department rule that limits members from posting online negative opinions about their unit, department, or the national organization. While concerns about posting unfair or even false information online are understandable, an outright ban on negative opinions would be impossible to enforce and could potentially cause negative publicity for your department. Simply put, whether or not the allegations are true, trying to censor members vs. responding to the post gives the damaging impression that there is something to hide.

In lieu of taking formal governance action, an awareness message could be delivered verbally asking members to consider the lasting harm to the organization that can come from negative posts on social media. Emphasize that such posts remain forever on the Internet, cannot be retracted, and have consequences far more damaging overall to an organization than is warranted or deserved by a specific difference in opinion or dislike of a particular leader(s). Almost any post can be searched, discovered, and retrieved. The owner of the equipment can monitor emails and social media comments posted using an employer's or public equipment and, depending on the nature or frequency, can result in action against the person doing the emailing or posting.

There are larger ramifications to negative online postings if they are defaming to an individual or an organization. An individual or group of individuals (e.g., an organization's volunteer board) can claim that the comments are slanderous and initiate a civil lawsuit. Negative comments on social media live beyond any circumstance or condition that led to the posting in the first place. Ensure that members are aware that in this digital age anything written online lives somewhere in cyberspace forever, and can be far more hurtful than the author intended. If someone else reads the posts, exaggerates or even alters the message, the organization and the person making the post can find themselves in a defensive posture against false interpretations never intended by the original author.

An alternative is establishing an internal online group (such as a Yahoo group, Wiggio or Google group) to which only members of the group have access. Since access to the internal online group is limited to the members of the group (e.g., a department), persons outside the group cannot readily see or discover the postings.

## Section 5

### Record Retention and Disposal Guidance

Record retention refers to a written policy that specifies which records are kept and for how long, and which records are destroyed, when, and by what means. In nonprofit organizations, records accumulate over time: financial statements, bank statements, meeting minutes, meeting agendas,

drafts of constitution and bylaws, and many other records. Much of the information on these records is important, some of it is confidential and sensitive, and some of it is irrelevant or becomes so after a period of time and no longer needed.

There are significant legal reasons for making sure that certain records and information are kept for a certain period of time. For instance, the IRS requires nonprofit organizations to keep records to support 990 statements and will also want to see many financial, administrative, and organizational records, if the IRS ever audits your department. Given the aggressive stance the IRS has taken toward nonprofits recently, an audit of your department, even if you have done everything right, is a definite possibility.

Federal law makes it a crime to alter, cover up, falsify, or destroy any record (or persuade someone else to do so) to prevent its use in an official proceeding (e.g., federal investigation or bankruptcy proceedings). This means that nonprofit organizations are legally responsible for managing how they maintain their records, how and when they destroy records, and monitoring, justifying and carefully administering intentional record destruction. Any records you suspect may be relevant in legal action – either in progress or you have reason to believe is pending – must be saved, including voicemails and emails. A core legal responsibility of nonprofit boards is to ensure that a written record retention/disposal policy is in place and that it is being utilized to manage the organization's records and information. As referenced earlier, the policy should include back-up procedures, records archiving, and regular check-ups of system reliability.

**Note:** Electronic files, including email and voice messages, should be treated the same as paper records in litigation cases. This does not mean you need to save every voicemail or email, but remember that it is illegal to destroy records to prevent its use in an official proceeding. If electronic or voicemail messages relate to litigation, you need a policy to ensure their retention.

**Guidelines for Creating a Record Retention/Disposal Policy:** The national organization can provide a sample record retention and disposal policy to help you get started (see Appendix), but it is your board's (DEC) responsibility to determine a record retention schedule that is right for you. State laws, which vary, will impact your policy. The more money, programs and operations your department has, the greater number of records it will need to keep. Even small units have certain records that need to be retained.

Steps for creating a record retention/disposal schedule:

1. Make a list of the types of paper records, electronic files (including email), and other data that your department generates.
2. Review the sample record retention/disposal schedule in the Appendix and others as well. Seek more information on your state's laws relevant to record retention.
3. Create a written record retention schedule and provide a copy to all volunteers and employees who handle documents; ensure they understand the policy and their responsibilities.
4. Two (2) or more people should be given responsibility for filing, keeping, and destroying records. With more than one person, there is a greater likelihood that the record retention/disposal policy is being carried out properly. Questions or disagreements about how to follow the policy should be addressed with the management and/or the board.
5. Keep your paper records in a safe location, such as a fireproof safe or file cabinet. Electronic records should be stored on a server that is backed up at least weekly, more

frequently if feasible. You should be able to quickly and easily access your documents when you need them.

6. If you are notified of a lawsuit, or if you have reason to believe a lawsuit may be pending in which your department is involved, halt all destruction of paper records, electronic data and voicemail records that may be relevant to the legal action. Consult a licensed legal professional in your state with nonprofit law experience.
7. Remember, having and following a record retention/disposal policy is a critically important practice in nonprofit management and governance. Board members have a legal responsibility to meet certain standards of good stewardship, including maintaining necessary records and approving a policy. Management is responsible for seeing that the document retention/destruction policy is properly executed.

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## Section 6

### Frequently Asked Questions (FAQs)

#### **FAQ 1: Whistleblower protection**

If a department does not have a whistleblower policy, can the whistleblower be protected by the National policy?

**RESPONSE:** The national whistleblower policy does not protect a member whistleblowing about a department matter. If a department does not have a whistleblower policy, the whistleblower would only be protected if the matter involved someone or something at the national level.

There may be some limited federal law protection, but most whistleblower protection is enacted via a state's laws, because the whistleblower would be reporting an alleged incident about someone in a position of authority within the ALA department, which is a state corporation, or an alleged impropriety about something within the corporation. Civil and criminal codes vary from state to state; therefore, a department is strongly advised to have a whistleblower protection policy for the department, which is a corporation registered with the state. If a whistleblowing incident occurs in a department, the department is advised to consult with an attorney knowledgeable in that state's laws governing improprieties occurring in a state corporation.

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 5:**

**Human Resources**

Revision in progress.  
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## CHAPTER 5

# HUMAN RESOURCES

### Executive Summary

Human Resources, also known as Personnel, is responsible for employee well-being and activities relating to those employees. The main responsibilities for Human Resources (HR) include HR Management, Employee Benefits and Management, Payroll Administration, and Risk Management. The information in this Guide is not intended to be all inclusive but to serve as a guide as to what responsibilities fall under HR. All of these areas can also be outsourced to companies specializing in HR.

HR Management involves employee recruiting, background checks, hiring and terminating, job descriptions, new hire orientation, employee training, retention, and exit interviews.

HR also includes Employee Benefits and Administration, which includes both required and optional benefits. Required benefits include Social Security, unemployment, workers' compensation, disability insurance, and Family and Medical Leave Act (FMLA). Medical insurance, dental insurance, life insurance, 401 (k) plans, and other voluntary benefits an organization may offer are considered optional benefits.

Payroll Administration includes all matters related to an employee's pay. This includes processing payroll; local, state and federal payroll taxes; withholdings; and paid leave or Paid Time Off (PTO).

HR also involves business practices to manage risk from lawsuits or repercussions from disgruntled employees. HR Risk Management encompasses employee dispute resolution, workers' compensation matters, safety, office policies and handbooks, and compliance with associated government regulations.

The U.S. Small Business Administration website, [www.sba.gov](http://www.sba.gov), is an excellent source for the most current and up-to-date local, state, and federal information. To begin your search for Human Resources information, type "employee" in the search engine on the SBA website.

This chapter is designed to assist you in better understanding the role Human Resources has in your organization, whether big or small. It also can serve as a guide in creating a personnel policy manual or handbook in order to help ensure internal consistency and compliance with the laws pertaining to Human Resources. It is highly recommended that you have an attorney experienced in labor law review any Human Resources policies you create or update.

This chapter contains the following:

#### **Section 1 HR Management in the ALA**

Hiring a New Employee

Hiring and Accountability of Department Secretary; Department Secretary/Treasurer; Department Headquarters Executive

Performance Reviews of Employees, Officers, Other Leaders

Terminating an Employee

Employee vs. Independent Contractor

Employee Files

**Section 2 Employee Benefits and Administration**

- Family and Medical Leave Act (FMLA)
- Unemployment Taxation/Claims
- Workers' Compensation/Accidents on the Job
- Other Benefits

**Section 3 Payroll Administration**

- Payroll Taxes
- Establishing Employee Salaries and Wages
- Exempt vs. Non-exempt employees
- Fair Labor Standards Act (FLSA)
- Overtime
- Compensatory Time Off
- Timesheets
- Paid Time Off (PTO) or Leave Policy

**Section 4 Risk Management Pertaining to HR**

- Which Employment Laws Apply to Our Situation?
- Definitions of Employment Laws that May be Applicable
- Note on Discrimination Complaints
- Recommended Policy Guidelines

**Section 5 Frequently Asked Questions (FAQs)**

**Section 1**  
**HR Management in the ALA**  
**Hiring a New Employee**

The department governing board is responsible for hiring the department headquarters executive, whatever title(s) is/are used: department secretary, department secretary/treasurer, department executive director, department operations officer, manager, etc. The department president cannot solely hire or terminate a department officer or headquarters chief management officer. The department president is chairman of the board – a governance role; not a management role. The department secretary, as the department headquarters management executive, is legally responsible for the hiring and management of headquarters staff.

When hiring a new employee, the following practices are advised:

1. Create or update a job description ([www.sba.gov](http://www.sba.gov))
2. Advertise the new or vacant position, at a minimum by posting the information on your department website, or if no department website, then in local papers, reputable online job boards, your state employment office, and with nonprofit associations in your state
3. Review applications and/or resumes
4. Select candidates to interview
5. Interview selected candidates
6. Obtain background checks and references ([www.sba.gov](http://www.sba.gov))
7. Select and notify candidate
8. Create offer letter and have it signed by selected candidate
9. New hire orientation; have the new employee
  - a. Complete I-9 (<http://www.uscis.gov/sites/default/files/files/form/i-9.pdf>)
  - b. Complete Federal W-4 (<http://www.irs.gov/pub/irs-pdf/fw4.pdf>)
  - c. Complete State Income Tax Withholding Form (States with Income Tax)
  - d. Review Employee/Personnel Handbook (each new hire should be provided a copy)
  - e. Review all employment policies and procedures

Applicants can and do file Equal Employment Opportunity (EEO) claims just as employees do. It is advisable to have written job descriptions that set forth clearly the job requirements, and that you give each applicant a copy of that job description as you conduct your interview so that you can refer to the job requirements as you make your points.

When interviewing a job applicant, a hiring manager cannot ask questions that are considered discriminatory. It is recommended that you consult professional HR resources that can be found in publications online or in books available for purchase that provides you with a comprehensive listing of appropriate questions to ask during an interview. There are also self-help books and various seminars to help you develop your interview skills.

**Hiring and Accountability of Department Secretary; Department Secretary/Treasurer;  
Department Headquarters Executive**

It is important to know that the American Legion Auxiliary National Bylaws state that "...each Department shall have the following department officers: Department President, Department Vice President(s), Department Secretary, Department Treasurer (or Department Secretary-Treasurer),

National Executive Committeewoman, an Alternate National Executive Committeewoman, and may have a chaplain, historian, and such other officers as the governing documents of the Department may prescribe.” It is important to understand that the Department Secretary (or Secretary/Treasurer), in addition to serving as an officer of the ALA department corporation, also serves as the Department Headquarters executive, by whatever title a department so uses.

Much ill will in the ALA stems from a lack of understanding about: a) the roles of the department officers, including the distinctly different roles of the department president and the department secretary; b) the role of the department governing board (i.e. DEC); and the role of a department finance committee. Departments are encouraged to review the first two chapters of the ALA Department Operations Guide that address fundamental governance and structure matters, in addition to the chapter on finances and this chapter on Human Resources (HR).

It is inappropriate and illegal for HR matters to be handled by a department finance committee. An ALA entity’s finance committee has no role in any HR decisions, nor for conducting employee, appointee, or officer performance reviews. The only appropriate involvement of a finance committee member in a Human Resource matter would be if the DEC appointed a member of the finance committee to serve on a performance review committee of the department officers or leaders. Generally, it is not advisable to have a member of a finance committee serving in this matter, and it is highly inadvisable to ever have more than one member of a finance committee involved in any HR committee.

The hiring of department employees is the legal responsibility of the Department Secretary in her capacity as department headquarters executive (by whatever title is used in the department, e.g. executive director, executive manager, director of operations, etc.)

The department governing board (Department Executive Committee) is responsible for hiring the department headquarters executive who in every department is also the Department Secretary – an officer of the corporation, as required by the ALA National Bylaws section on Departments. Likewise, the Department Secretary can only be removed from office and/or terminated from the position of department headquarters executive by the department governing board (DEC).

In both her governance and management roles, the Department Secretary/department headquarters executive is wholly accountable to the department governing board; she is not singularly accountable to the department president nor to any another single department officer, nor to any committee of the department. (Note: there is nothing in the ALA National governing documents that would prohibit a male from serving as the department headquarters executive; however, if that were to be the case, the department is advised to have a member of the department serving in the office of “Department Secretary”. The ALA National Constitution & Bylaws stipulate that a department is required to have a Department Secretary among its required department officers, and department officers are required to be members of the ALA. In the situation where a Department wants to hire a male to serve as the department headquarters executive, an Auxiliary member could be confirmed by the department governing board as the Department Secretary to serve in that officer position voluntarily, without compensation, solely to have that corporate officer position filled. The department governing board, at the same time it is acting to fill the Department Secretary position, would then, for the recorded minutes, assign the executive duties that would otherwise normally be the responsibility of the Department Secretary to the employee hired/to be hired to serve as the department headquarters executive director (department manager or by any such executive title as designated by the department. In this Guide, we commonly use the female pronouns of she/her when referring to the Department Secretary position.

## Performance Reviews of Employees, Officers, Other Leaders

Before establishing an approach to performance reviews, departments are encouraged to review the first two chapters of the ALA Department Operations Guide that address fundamental governance and structure matters, in addition to the chapter on finance and this chapter on Human Resources (HR).

As a foundation for the expectation of ethical performance by any department leader, it is strongly recommended that departments adopt a Code of Ethics and require the department officers, board members, committee chairs, special appointees, appointed committee members, and headquarters' staff to sign a statement of agreement to abide by the Code of Ethics. The ALA Code of Ethics in the ALA National Constitution & Bylaws and Standing Rules includes the expectations of avoiding conflicts of interest and maintaining confidentiality, and may be used as a template for departments.

Each department officer, governing board member (i.e. member of the DEC), special appointee, and department committee chair and member is advised to sign both a Conflict of Interest Statement and a Confidentiality Statement, as well as to understand the importance of an organization being transparent while appropriately maintaining confidentiality. The forms used at the National level can be modified by departments for their use.

Note: Unless the Department Secretary or Department Treasurer or any other department officer, director, or leader will be accessing medical records, it is not a federal requirement that she sign a confidentiality statement specific to Health Insurance Portability and Accountability Act (HIPPA) regulations; she only needs to sign a confidentiality statement pertinent to all the information she can access in her leadership capacity with the ALA.

Effective organizations establish practices for employee and officer performance reviews that focus on positive professional and organizational growth, not punitive reproach. It is recommended that ALA departments establish a practice of annually reviewing each compensated officer of the department, and that the Department Secretary in her role as department headquarters executive establish an annual review practice for department employees.

The Department Secretary (or Department Secretary/Treasurer) in her capacity both as a department officer of the corporation and as the department headquarters executive is accountable to the governing board, usually known as the Department Executive Committee (DEC). The governing board may delegate the officer and leader review process to an officer or to a small committee, e.g. a small group of officers or persons, ideally three, but recommended no more than five, who work closely with the officer or department leader, to conduct the review(s).

In the spirit of fostering an ALA culture of goodwill, it is recommended that a small review committee be established/authorized by the DEC to review the performance of the Department Secretary (or Secretary/Treasurer), and, conversely, that the Department Secretary be part of a small review committee to review the performance of the Department President and other top department officer(s). Likewise, if the practice of a department is for its department chairpersons to eventually become candidates for department president, then a similar review process would be recommended for each of those leadership positions. Leadership is not bossiness. Plainly, troublesome issues about department officer performance could be averted if the upcoming leaders were reviewed annually via a constructive process wherein feedback would be shared about the future officer's strengths and opportunities to improve.

It is critical to the success of any organization to have productive, happy employees, leaders, and officers who are treated as part of a team, with each devoted to accomplishing the organization's mission. Teams perform well when both employees and officers/leaders experience performance feedback as part of constructive conversations throughout the year. The goal is for employees, officers, and leaders to perform well, and the most positive way to help each achieve optimal performance is for each employee, leader, and officer to embrace the need for her (or him) to indeed do well and work well with others. Team is not "us / them" or "superior / inferior". Team embodies how each can do her/his part well in order for the team to collectively help the organization succeed.

A proven approach to productive performance reviews is to establish a review period (either coinciding with an annual calendar event, third or early fourth fiscal quarter, or an employee anniversary date) and then asking each employee/officer/leader to complete her/his own performance review. Employees would then share their self-reviews with the Department Secretary in her capacity as supervisor of Department employees. The Department Secretary (or Secretary/Treasurer), Department President, and other department officers/leaders would submit their self-reviews to the person(s) or committee doing the officer reviews and/or leader reviews.

ALA National Headquarters utilizes a performance review process that requires each employee to do a self-review. The self-review consists of only 4-5 questions, one of which includes efforts the employee will make in the coming year to strengthen her/his knowledge and/or proficiency in her/his role in the organization. The employee submits the self-review to his/her supervisor, then they meet to discuss the review together. This approach takes the subjectivity and fear out of employee reviews. Business leaders recognize that this approach creates a much more positive attitude on everyone's part about reviews being properly centered on strengths and employee-driven opportunities to grow professionally.

This approach is also more positive-minded and overall more time-efficient. Having employees, officers, and any other specified leaders each review her/his own performance sets a positive tone and minimizes the angst, subjectivity, and defensiveness that impede the effectiveness of annual reviews. Individuals are much more candid at self-assessing their strengths and identifying areas where they would like to improve. With this approach, the individual "owns" her performance review from the start, as well as any goals to develop/improve her ability to contribute to mission success. The goal is to have honest, helpful, supportive discussions about what each person at ALA headquarters contributes to the organization's effectiveness, and how each can continue to grow professionally. Individual-driven reviews place the responsibility on the employee, officer, or leader to reflect on her strengths and weaknesses. This approach fosters good-will because the individual sets the tone for the review, and the process stays centered on how an individual can personally help improve the organization, not on finding fault with the individual.

At ALA National Headquarters (NHQ), we avoid any type performance review that is lengthy and/or utilizes a scoring or rating scale system. Scores and ratings are highly subjective, vary unpredictably from one reviewer to the next, and are highly prone to personal bias. Scores can be inherently demeaning and breed resentment instead of enthusiasm to grow. On a scale of 1-5, most days we are each a 5, and some days we each a 2. "Evaluations" or "performance ratings" bring out tendencies to find fault somewhere. Much professional research exists that scoring and rating approaches contribute significantly to ill-will.

It is especially demoralizing and counterproductive for any employee or leader to have a bucket of stockpiled "stuff" dumped on him/her at some annual closed door meeting. We are all our own best and worst critics, and team interaction/employee discussions throughout the year should

have already included any employee or officer performance issues to celebrate or improve. At ALA NHQ, we do not use the phrase “employee evaluation” (we can evaluate a situation but not a person) or “employee appraisal” (we appraise the value of property and things) or “employee assessment” (we assess values and situations); studies show that using these phrases for an individual has a negative connotation and can come across as intimidating and judgmental.

At ALA NHQ, instead of utilizing a “score” or “rating”, we are accomplishing what is desired by simply asking each employee to answer a few short questions to review her/his own performance. Based on feedback throughout the years, those being reviewed like this approach and appreciate that it focuses on how she/he as an individual team member (employee, officer, or leader) is contributing as a team member to something bigger – and not how “worthy” someone else thinks she/he is as an individual. The self-review approach has proven to be beneficial to the organization and fostering a culture of good will.

In this Guide are the current and previous ALA NHQ employee review forms as samples. Both these variations of the annual performance review are based on best HR practices today and experience with optimizing company/organization team performance. There are many examples or performance reviews available from professional HR associations and companies; the two included in Appendix B are well suited to the ALA's unique structure, focus on building proficiencies and good will, and can be used for reviewing officers, directors, appointed leaders, and for the Department Secretary/department executive to use for Department Headquarters staff.

### **Terminating an Employee**

Document, document, document! Be sure that you have followed your disciplinary policy and that termination is the last recourse for this employee. You need to document in detail each step as you proceed through the disciplinary/corrective action process. It is recommended that you always confer with a labor attorney when you think you need to terminate an employee. Employee termination laws vary from state to state, and a labor attorney will be able to advise and guide you through this step.

### **Employee vs. Independent Contractor**

An individual who provides services to another in exchange for payment may be classified as either an “employee” or “independent contractor.” The most important factor in determining whether an individual is an employee or an independent contractor is the organization's *right to control* the individual's results and the method or means he uses to achieve those results. In general, organizations have much more *control* over employees than independent contractors who, as their name implies, work more “independently.” Generally, if an organization can dictate only the result of the work, as opposed to the means or the manner by which the work is done, the person is more likely an independent contractor. The organization has *much less control* over an independent contractor, and an independent contractor may set their own schedule, work without supervision, and determine the method used to perform the assigned work. Examples of independent contractors may include certain professionals such as Certified Public Accountants whose work entails a large degree of independence; artists, whose work requires expressive freedom; and skilled laborers such as plumbers and electricians. The IRS has a list of twenty (20) questions available on their website that can help guide your decision-making on this issue.

*Independent contractors and employees are treated very differently under state and federal law. Independent contractors are granted far less protection than employees, and organizations have fewer obligations and liabilities toward independent contractors than they do toward employees.*

In addition, independent contractors usually are not covered by an employer's benefit package or workers' compensation insurance. Independent contractors are also taxed differently than employees and are responsible for their own tax withholding. In this situation, organizations provide independent contractors with an Internal Revenue Service (IRS) Form 1099 rather than a Form W-2. Thus, non-profits may have many financial and administrative incentives to use independent contractors rather than traditional employees. However, because of the serious implications of misclassifying employees as independent contractors, as well as the increase in independent contractor scrutiny in recent years at both the federal and state levels, organizations must carefully analyze each individual's employment status using the general factors outlined above. If you misclassify an employee, at a later date you may be forced to pay back wages plus penalties to compensate for the misclassification.

### **Employee Files**

With the complexity of modern labor laws, it is a good idea to keep a personnel file for each employee up to seven (7) years after an employee has left your organization. In fact, you should keep three (3) separate files for each employee:

1. **Employee Personnel File:** An employee personnel file should contain the information listed below. While some of the following may not apply to every employee, these items should be included as required by state laws and/or professional Human Resources standards:
  - Employee job application
  - Reference and background checks
  - Offer of employment
  - Pay rate and increases
  - Job description
  - IRS Form W-4
  - State W-4 equivalent (where applicable)
  - Form I-9
  - Employee benefit enrollment or declining forms
  - Annual performance reviews
  - Interim performance reviews, notices of promotion or disciplinary actions
  - Exit Interview
2. **Confidential Medical File:** To comply with the Health Insurance Portability/Accountability Act (HIPAA), this file should be kept in a separate location from the employee's personnel file and should contain all medical records, including:
  - Health insurance and disability claims
  - Workers' compensation claims that list medical information
  - Pre-employment physicals and drug tests
  - Random drug tests
  - Any medical return-to-work statement that indicates a diagnosis
3. **I-9 Forms:** These forms should be kept separately from the employee's personnel and medical files.



You may keep any other forms you believe to be critical or would like to save; however, be mindful that employees' personnel files are subject to subpoena should you have any litigation. Therefore, documents retained in any file should not be inflammatory or defamatory and should state facts, not opinions.

If you are unsure what should be in the personnel file, research the information or ask someone who is familiar with the information. An employee's personnel file contains personal, confidential information and should be accessible only to authorized management personnel. The confidential medical file should be restricted to the employee and personnel handling the Human Resources function at your location. In accordance with the Health Insurance Portability and Accountability Act (HIPAA), a signature log should be maintained in the medical file so that all who view the file can sign their name and give the reason for accessing the file.

## Section 2

### Employee Benefits and Administration

#### Family and Medical Leave Act (FMLA)

The Family and Medical Leave Act (FMLA) requires covered employers to provide up to twelve (12) weeks of unpaid leave for a birth or adoption, to care for a close family member with a serious health condition, for an employee's own serious health condition, and family military leave when a family member is called up to or on active military service. The Family and Medical Leave Act also provides twenty-six (26) weeks of unpaid servicemember caregiver leave in a single twelve (12) month period for an employee caring for a family member recovering from an illness or injury suffered while on active military duty.

The current standard for a **covered employer is one who has at least fifty (50) employees**. This is subject to change, and state law may be more inclusive. While your department may not be covered by the Family and Medical Leave Act, you may still wish to include a family and medical leave policy to recruit the best possible employees.

#### Unemployment Taxation/Claims

Unemployment Insurance is a federal-state program jointly financed through federal and state employer payroll taxes [federal unemployment tax act (FUTA) and state unemployment insurance (SUI)]. Generally, employers must pay both state and federal unemployment taxes if: (1) they pay wages to employees totaling \$1,500 or more in any quarter of a calendar year; or, (2) they have had at least one (1) employee any day of a week during twenty (20) weeks in a calendar year, regardless of whether or not the weeks are consecutive. However, some state laws differ from the federal law, and employers should contact their state workforce agencies to learn the exact requirements.

The IRS collects the federal employer tax used to fund state workforce agencies. Employers pay this tax annually by filing IRS Form 940. This fund covers the costs of administering the Unemployment Insurance and Job Service programs in all states. Each state runs its own unemployment program and determines program eligibility, and they can assign their own tax rates above the federally mandated minimum. All states have provisions that individual employers' tax rates vary based on their "experience" with the unemployment system, or essentially how many employees from that specific employer have received unemployment insurance over a certain time period.

When an employee makes a claim, the state unemployment agency will interview the ex-employee and employer to make a determination. If the employee is denied, they can challenge the decision in an administrative hearing.

### **Workers' Compensation/Accidents on the Job**

Workers' compensation is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for negligence. While plans differ among jurisdictions, provisions can be made for weekly payments in place of wages (functioning in this case as a form of disability insurance), compensation for economic loss (past and future), reimbursement or payment of medical and like expenses (functioning in this case as a form of health insurance), and benefits payable to the dependents of workers killed during employment (functioning in this case as a form of life insurance). Most states require employers to purchase some level of workers' compensation, with some states having only public plans, some all private plans, and some a mix.

### **Other Benefits**

If your department offers other benefits such as health, dental, life, or long-term disability insurance, a summary of each offered benefit should be listed in your employee handbook, and each employee should be given a copy of the Summary Plan Description (SPD) for each plan offered. These are usually provided to the employer by the insurance provider.

The SPDs should be given to the employees within sixty (60) days of any plan change and within sixty (60) days of their hire date for new employees. It is a good idea to incorporate these SPDs into the employees' personnel policy manuals under separate tabs.

There are also IRS regulations regarding necessary annual Form 5500 filings for employee benefit plans. Please contact your auditor for more information on your responsibility for these filings as an employer.

If your department does not offer health insurance, employees should be reminded of their requirement under the Affordable Care Act (ACA) to obtain individual personal health insurance or be subject to fines by the IRS. You can find out more about the ACA on the Health and Human Services (HHS) website at [www.hhs.gov/healthcare](http://www.hhs.gov/healthcare). If you wish to obtain individual health insurance through the ACA, you can enroll at the website [www.healthcare.gov](http://www.healthcare.gov).

Employers with more than fifty (50) employees are subject to certain fines if they don't offer health insurance to their employees, or if their employees obtain health insurance through the health insurance marketplace (also known as health insurance exchanges), and if the employee qualifies for a tax credit. You can determine what, if any, fines might apply to your workplace by researching the topic for an employer of your size on the HHS website at [www.hhs.gov](http://www.hhs.gov).

## **Section 3**

### **Payroll Administration**

#### **Payroll Taxes**

**Federal Income and Payroll (FICA) Taxes:** Employers should ask their employees to complete IRS Form W-4 Employee Withholding Allowance Certificate, which can be downloaded from the

IRS website, [www.irs.gov](http://www.irs.gov), in order to determine how much tax to withhold from employee checks. Ask each new employee to complete and sign a Form W-4 by his or her first day of work. Keep the form on file, and send a copy to the IRS should you receive a written request from the IRS. If a new employee fails to provide a completed Form W-4, your organization should assume single status with no withholding allowances. Payroll taxes go toward Social Security and Medicare, and your department must withhold and pay these taxes from employees' wages, unless the employee makes less than one hundred dollars (\$100.00) in one (1) calendar year.

**Nonprofit Payroll: Paying Federal Income and Payroll Taxes:** Your department must pay withheld income taxes, together with both the employer and employee portions of payroll taxes (minus any advance earned income credit [EIC] payments). These payments must be paid electronically using the Electronic Federal Tax Payment System (EFTPS) or by mailing or delivering a check, money order, or cash to an authorized depository.

**Note:** Some taxpayers are required to exclusively deposit using Electronic Federal Tax Payment System. Once your department deposits the federal income and payroll taxes, it must submit returns reporting that it has withheld and paid them. Your department reports the combined income and payroll taxes on IRS Form 941, Employers Quarterly Federal Tax Return. They must also be reported annually on IRS Form W-2, a copy of which is also distributed to your employees.

**State Income Taxes:** (*This does not apply to those states with no income tax.*) Employees must complete a state Employee Withholding Allowance Certificate, which can be downloaded from your state website in order to determine how much tax to withhold from employee checks. Ask each new employee to complete and sign a Form W-4 by his or her first day of work, and keep the form in their personnel file. Keep the form on file, and send a copy to the IRS should you receive a written request from the IRS.

### **Establishing Employee Salaries and Wages**

In many states, labor laws prevent board members from knowing the exact pay of any employee except the president or executive director. The recommended course of action is for the department secretary/executive director to determine an appropriate wage range for each position, and propose funds in the budget based on those ranges. Funding for salaries and wages is included in the budget the board approves.

*\*Note on wages vs. salary.* While in common conversation, these two terms are often used interchangeably, but there is a distinct difference between the two. Salaries are a set amount you are paid each pay period, and wages are paid on an hourly basis. The difference between how an employee can be paid is whether the employee is exempt or non-exempt, which is covered in Section 3 under Fair Labor Standards Act (FLSA).

### **Exempt vs. Non-Exempt Employees**

Using the guidelines provided in Section 3, FLSA, determine whether each position is either exempt (does not receive overtime payment) or non-exempt (receives overtime payment). Exempt employees generally exercise independent judgment on behalf of the company in positions of management, while non-exempt employees conduct rote administrative or manual tasks as directed.

If you have any doubt as to how to classify an employee after reviewing Section 3, you would be well advised to request your legal advisor to review the position to assure proper classification.

Misclassifying employees as exempt when they are not can result in a Department of Labor (DOL) investigation. If found that the position(s) is misclassified, companies can be required to pay back overtime wages as well as fines.

### Fair Labor Standards Act (FLSA)

The Fair Labor Standards Act (FLSA) requires employers with at least one (1) employee to pay their employees a minimum wage, limit the regular working week to forty (40) hours, and receive time and a half for overtime. Many states have additional regulations in this area. For example, many states have a higher minimum wage than the federal standard. Also, under federal law, particular jobs may be completely excluded from coverage under the overtime rules.

Employees are classified as either "exempt" or "non-exempt." *Non-exempt employees are entitled to overtime pay; exempt employees are not.* Most employees covered by the FLSA are non-exempt; some are not. Exempt employees receive a salary and are not paid overtime no matter how many hours they work in a week; non-exempt employees receive an hourly wage and must receive overtime if they work more than forty (40) hours per week. **Keep in mind that merely structuring an employee's pay on a salary basis does not make them exempt; they must also perform the prescribed function as indicated in the exemption tests below.** One of the major mistakes employers make is misclassifying employees as exempt when they are non-exempt; there are serious consequences for doing so. If you misclassify an employee, you risk being penalized for back overtime pay **plus** penalties. You may also be audited by the IRS. Typically, employees doing basic administrative, secretarial tasks without authority to make independent decisions on behalf of their employer are non-exempt employees, subject to FLSA regulations, and with the right to overtime compensation.

With few exceptions, an exempt employee must (a) be paid at least \$23,600 per year (\$455 per week); (b) be paid on a salary basis; and (c) perform exempt job duties. These requirements are outlined in regulations created by the U.S. Department of Labor. Most employees must meet all three (3) "tests" to be exempt.

**Note:** If you have positions you are not sure are exempt, please consult a labor attorney. You can also find more information regarding this topic at the Department of Labor Wage and Hour Division website – [www.dol.gov/whd](http://www.dol.gov/whd).

Below are the different types of exempt job duties:

1. **Executives:** An employee who is paid at least \$455 per week (\$913 per week effective December 1, 2016) on a salary basis (exclusive of board, lodging, and other facilities) is exempt as an "executive" if:
  - his or her primary duty (generally the main or most important duty) is management of the enterprise, or of a recognized department or subdivision thereof;
  - the employee customarily and regularly directs the work of two (2) or more full-time employees (or four (4) half-time employees); and
  - the employee has the authority to hire or fire other employees or whose suggestions and recommendations as to hiring, firing, advancement, promotion and any other change of status of other employees are given particular weight.
2. **Administrative Employees:** Employees earning at least \$455 per week (\$913 per week effective December 1, 2016) on a salary basis (exclusive of board, lodging, or other facilities) will be exempt under the "administrative" exemption if:

- his or her primary duty (generally the main or most important duty) is the performance of office or non-manual work directly related to management policies or general business operations; and
  - such primary duty includes work requiring the exercise of discretion and independent judgment regarding matters of significance.
3. **Professional Employees:** This exemption includes the learned, the artistic, and the teaching professions. A professional employee earning at least \$455 per week (\$913 per week effective December 1, 2016) (exclusive of board, lodging, or other facilities) on a salary or fee basis must have his or her primary duty be:
- to perform work that is original and creative in character in a recognized field of artistic endeavor and the result of which depends primarily on the employee's invention, imagination, or talent, or
  - to perform work requiring advanced knowledge in a field of science or learning, and the advanced knowledge is customarily acquired by a prolonged course of specialized intellectual instruction and study.
4. **Computer/Information Technology Employees:** Computer systems analysts, computer programmers, software engineers or other similarly skilled workers in the computer field earning at least \$455 per week (\$913 per week effective December 1, 2016) are eligible for exemption as professionals. Because job titles vary widely and change quickly in the computer industry, job titles are not determinative of the applicability of this exemption.

The section 13(a)(1) exemption applies to any computer employee compensated on a salary or fee basis at a rate of not less than \$455 per week (\$913 per week effective December 1, 2016), exclusive of board, lodging or other facilities, and the section 13(a)(17) exemption applies to any computer employee compensated on an hourly basis at a rate not less than \$27.63 an hour.

The exemptions apply only to computer employees whose primary duty consists of:

- The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software or system functional specifications;
- The design, development, documentation, analysis, creation, testing, or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;
- The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or
- A combination of the aforementioned duties, the performance of which requires the same level of skills.

Remember: There is an overlap of federal and state law in this area. Federal law is generally the minimum you need to follow, but many states have more extensive protections for employee wages. Also remember: You must comply with the law (federal or state) that is most generous to the employee. Consult a labor attorney if you are unsure of your status under federal or state law.

### Overtime

Under the *Fair Labor Standards Act (FLSA)*, overtime premiums must be paid to non-exempt employees at a rate of not less than 1½ times the regular rate for all hours worked over forty (40)

in a week. Only hours actually worked are counted; lunch, break periods, and other time off are not included. Federal law does not mandate payment of overtime premiums for hours worked in one (1) work day in excess of some amount, and it does not place a limitation on the number of days worked in one (1) week. Therefore, an employer can work a non-exempt employee any number of hours per workday and pay overtime premiums only when that employee works more than forty (40) hours during the workweek. *Some states define a legal work day as eight (8) hours, so hours worked in excess of that in one (1) day must be paid overtime in those states.*

### **Compensatory Time Off**

Many employers would like to give compensatory time off instead of paying overtime, or allow an employee one (1) hour of Paid Time Off for each hour worked in overtime. However, for most employers, essentially any non-government employers, **this is illegal under the FLSA for non-exempt employees**, who must be paid overtime premiums for time worked over forty (40) hours in a week.

Even if your employees say they are OK with receiving comp time, you could, at a later time, be investigated by the U.S. Department of Labor (DOL) and be forced to pay back overtime pay. You can structure your employees' work week so they do not work over the federal limit. For example, if they work a large number of hours early in the week, you can adjust their hours later in the week to stay at forty (40) hours worked within the week. For example, an employee could work ten (10) hours a day Monday through Thursday and take Friday off. This does not work in a state that has a legal eight (8) hour work day, in which case you would owe overtime for any hours worked in excess of eight (8) hours in one day.

### **Timesheets**

It is recommended that your organization require timesheets of your employees for each pay period. Obviously this is helpful in keeping track of hours worked, overtime, vacation, and other details. In addition, depending on which version of IRS Form 990 you are required to complete, you may need to allocate an employee's wages between different expense allocations. If you have an employee who splits his/her time between fundraising and program work, a timesheet helps you keep track for filing the 990 or for an audit. A supervisor should review and sign each timesheet along with the employee. There are many sample timesheets available online, or they can be developed using basic office software.

### **Paid Time Off (PTO) or Leave Policy**

Make clear to your employees how many hours of sick and vacation time they have available, and track it closely yourself. If your state established set a minimum standard for the number of days employers are required to provide to employees on an annual basis, make sure that your policy is not less than that. Consider researching how much time off other nonprofits in your area provide to their employees to determine how much time is considered competitive in your marketplace. Make sure your policy is enforced consistently for all employees. Be realistic in your expectations; plan on employees getting sick and needing time off. Outline consequences of going over the set amounts of paid time off to your employees. Check your state laws to see if you need to pay out days off if an employee leaves the job with Paid Time Off left on the books. If you are paying your employee an hourly wage (non-exempt), and they have no Paid Time Off available, you can allow them to simply take unpaid time off. Generally, there is no requirement (check your state laws) that employers provide time off for holidays or pay overtime premiums for hours worked on holidays. An easy way to reward employees is to offer extra time off for good work.

By law, employers cannot prevent an employee from observing a religious holiday if it is that employee's belief or practice. For example, if a Jewish employee wishes to observe Yom Kippur, the employer may not deny that employee's request even if Yom Kippur is not a company holiday, although the employer may deny a Christian employee's request to take off on Yom Kippur. For non-exempt employees, it is not required for the employee to be paid for time off for a religious holiday. Some employers allow the employee to take a vacation day or build a floating holiday into their schedule to allow for such occurrences.

Some employers have removed the distinction between sick, vacation, or personal days and simply provide their employees with a bank of Paid Time Off (PTO) they can use for any purpose. For example, instead of employees having ten (10) sick and ten (10) vacation days, the employee has twenty (20) days that may be used for any purpose. It is recommended you have a policy that the employee needs supervisor approval before taking time off.

Many employers have special Paid Time Off policies in place for the following three (3) occurrences: jury duty, military duty, and bereavement leave.

1. Even though courts typically provide some compensation for jury duty, many employers allow employees Paid Time Off as well with limits for length of time off, though in most states this is not a legal requirement. Jury duty is a civic duty, and an employee can be punished by the government for refusing to serve. In many states it is illegal to fire or harass an employee who serves on a jury. It is also illegal in most states to require the employee to "sign over" his/her jury duty pay to her/his employer except in the circumstance where the employer is paying the employee her/his full regular pay. You are strongly advised to consult an attorney licensed in your state regarding how to handle the matter of employees called for jury duty.
2. Service in the National Guard or military reserve requires weekend, annual training, and possibly short-term emergency service. While non-exempt employees do not need to be paid for military service time, employers must allow at least fourteen (14) days a year for such service. Some states require more than fourteen (14) days for military leave, so check the requirements in your particular state. It is appropriate (and smart) to ask for proof of either these duties (e.g., military orders) from your employee.
3. Many employers offer special bereavement time off for the death of a close relative, with the organization deciding how closely the person must be related to the employee for the relationship to count toward the policy and what verification may be required.

## Section 4

### Risk Management Pertaining to HR

#### Which Employment Laws Apply to Our Situation?

*Please note that **the following is not a substitution for legal advice from an attorney knowledgeable about labor laws in your state.** All laws are subject to change, and this Guide may not be the most current reflection of labor laws.*

The following are federal laws affecting labor issues in the U.S. It is important to remember that many federal employment laws apply only to *covered employers*, which means that the employer must have a certain number of employees to fall under the law's requirements. Given the small size of most American Legion Auxiliary departments' staff, you may not be affected by all of these

laws. Federal employment law is often supplemented by state and local laws, which may be more stringent than federal law.

You could face liability, including possible lawsuits, for the actions of staff and/or volunteers in a harassment or discrimination complaint. Educate your board members (commonly known as the DEC or department board), officers, staff, and volunteers about your harassment and discrimination policies. An example of volunteers who should be included in the education process is those participating in ALA Girls State events.

In addition, even if you do incur legal action resulting from unacceptable conduct, there is the risk of damaging the reputation of the organization. Public relations issues that can arise from these claims can do more lasting damage than the cost of potential legal sanctions.

The federal laws that apply in this area:

1. for one (1) or more employees:
  - Equal Pay Act (EPA 1968)
  - Fair Credit Reporting Act (FCRA 1969)
  - Fair Labor Standards Act (FLSA 1938)
  - Consumer Credit Protection Act (CCPA 1968)
  - Employee Polygraph Protection Act (EPPA 1988)
  - Employee Retirement Income Security Act (ERISA 1974)
  - Genetic Information Nondiscrimination Act (GINA 2008)
  - Immigration & Nationality Act (INA)
  - National Labor Relations Act (NLRA 1947)
  - Occupational Safety and Health act (OSHA)
  - Uniform Guidelines on Employee Selection Procedures (1978)
  - Uniformed Services Employment and Reemployment Rights Act (USERRA 1994)
  - I-9 forms – immigration & Nationality Act and immigration report Act (Note: you can download the most currently required form from the Department of Labor website at [www.dol.gov](http://www.dol.gov).)
2. for fifteen (15) or more employees, those listed in numbers 1 and 2 above and:
  - Americans with Disabilities Act (ADA 1990)
  - Pregnancy Discrimination Act
  - Civil Rights Act of 1964
3. for twenty (20) or more employees, those listed in numbers 1, 2, and 3 above and:
  - Age Discrimination (ADEA 1967)

You are strongly advised to consult your state's Department of Labor and Human Resources for all applicable state employment regulations. Keep in mind that you are required to adhere to the law(s) that are most generous to the employee, whether that be the federal law or the laws of the state in which you do business. Compliance with these laws includes labor law postings. All employers are required to post federal and state labor law posters in a common area of their place of business. The federal posters can be downloaded for free from the Department of Labor website, [www.dol.gov](http://www.dol.gov), and you may be able to do the same to obtain state-level posters by visiting



your state's labor site. Remember to keep the labor law posters current, as fines apply if the most current version isn't posted. You might consider paying a service to send you updates as they become available. Usually, the cost is low in comparison to a potential fine if audited and it is discovered that mandatory posters are out of date.

You are advised to consult with an attorney proficient in labor law if you have any questions about applicable laws and how they pertain to your department, and to consult with an attorney if you anticipate or experience litigious employment issues.

### **Definitions of Employment Laws that may be Applicable**

#### **Equal Opportunity Employer Guidelines:**

Federal (and often state or local) law prohibits discrimination by *covered employers* on the basis of race, color, religion, sex, or national origin. There are also laws in place that prohibit discrimination by *covered employers* based on age. The Equal Employment Opportunity Commission (EEOC) is the enforcement body that will challenge an employer's hiring or employment practices when a discrimination complaint is lodged by an employee, a former employee or an applicant. Remember: Employment discrimination law usually not only prohibits actual discrimination, but it also prohibits retaliation against an employee who makes a claim.

The Equal Employment Opportunity Commission lists the following as best practices that can help an employer avoid a discrimination suit, and are useful even if you are not a *covered employer* (see the section on Sexual Harassment and Discrimination for more on developing a policy):

1. Develop a strong Equal Employment Opportunity (EEO) policy that is championed by senior management.
2. Train all supervisors and senior staff on the policy.
3. Enforce the policy and hold supervisors accountable for enforcement.
4. Make employment decisions in a transparent manner and document them.
5. Recruit, hire, and promote with equal employment opportunity in mind and implement practices that widen and diversify the pool of applicants.
6. Monitor equal employment opportunity by conducting self-assessments.
7. Create objective, job-related qualification standards for each position.
8. Identify and remove barriers to equal employment opportunity, such as word-of-mouth recruiting in non-diverse workplaces.
9. Monitor hiring, compensation, and performance appraisals for patterns of potential discrimination or apparent discriminatory practices.
10. Promote a culture of diversity and inclusiveness.
11. Encourage open communication, and dispute resolutions.
12. Prohibit retaliation, and make every employee aware of the policy.

#### **Equal Pay Act:**

An employer with even one (1) employee is covered by the Equal Pay Act, which requires employers to compensate employees at a comparable salary for doing the same type of work regardless of gender or other EEO-covered categories.

Compliance with this law can best be accomplished by establishing well-written job descriptions for each position, establishing compensation based on the requirements for the position within an established pay range, and paying incumbents based on the job requirements, skills, and education level required for the position. Establishing wage policies based on the local employment market by use of comparable salaries for your positions is recommended to assure that you are competitive with other employers for the best applicants and to ensure that you are paying the market value for the position regardless of gender, age, race, etc.

## **Sexual Harassment and Discrimination:**

### **Race, Religion, National Origin, Age, Gender, Sexual Identity:**

- 1. Establish a Policy against Misconduct:** Adopt a company policy against misconduct of all kinds, including sexual harassment and unlawful discrimination (race, religion, national origin, gender, and in some states -- sexual identity). Under such a policy, even one harassing "event" should subject the harasser to discipline notwithstanding that such an isolated occurrence may not give rise to legal liability. *The policy should state that every complaint will be taken seriously, every complaint will be investigated promptly, and appropriate remedial action will be taken to assure harassment is not repeated.* These policies should extend to cover board members, officers, employees, and volunteers. Unlike some of the other regulations in this section, **sexual harassment and discrimination usually extends to all employers no matter how many employees they have.** Consider having your policy reviewed by a lawyer experienced with nonprofit management as there is an overlay of federal, state, and local laws that govern this area.
  - Describe with specific behavior what constitutes a violation of company policy while giving management discretion;
  - Clearly state that these behaviors will not be tolerated, and that those found guilty of such conduct will be subject to appropriate sanctions that may include termination;
  - Provide confidentiality on a "need to know" basis, but never promise it as an absolute;
  - Promise and provide protection from retaliation for complainants and witnesses; and
  - Provide a number of avenues through which a complaint may be initiated.
- 2. Post It/Disseminate It:** The policy should be widely disseminated to all personnel and posted in a central location. In addition, the policy should be included in any relevant personnel manuals or handbooks, and distributed periodically. It is wise to have personnel sign a document stating that they have read, understood and agree to abide by the policy.
- 3. Be Consistent:** The policy should be internally consistent with the employer's other discipline and personnel policies. For example, the employer's policy should explicitly provide that conduct in violation of this rule might result in an immediate termination, despite a general policy of progressive discipline (if applicable). This policy also should be noted in the organization's progressive discipline procedure, if one exists.
- 4. Educate and Train:** All personnel, particularly supervisors, should be taught what constitutes a policy violation and why such conduct is not permitted so they can be alert to inappropriate conduct and take appropriate action. Many states already require the dissemination of information about certain misconduct, such as sexual harassment, but supervisors should go further and conduct live training sessions at which personnel are encouraged to discuss their concerns and help raise the sensitivity of their co-workers.

They also should be directed to report all complaints to designated officials and should be cautioned against unconscious retaliation against employees who complain. It is generally preferable to conduct training of supervisors and non-supervisors separately. Separate sessions, for example, allow the trainer to emphasize the differing responsibilities of the groups.

### **Equal Access: Americans with Disabilities Act (ADA):**

The ADA prohibits disability discrimination in the full range of employment and personnel practices, such as recruitment, hiring, rates of pay, promotions, and selection for training. To be protected by the ADA, an individual must have a disability, *and* the individual must be qualified to perform the essential functions of the job in question, with or without a reasonable accommodation by the employer. In addition to protecting individuals with disabilities, the ADA prohibits an employer from discriminating against an applicant or employee who has a known association with an individual with a disability.

The ADA requirements for employment only extend to *covered entities*, and there is usually a requirement for the employer to have a certain number of employees before being considered a covered entity. Check to see if you qualify as a covered entity before making any ADA-related decisions. Remember that you may be covered by additional state laws regarding disability discrimination, and there are certainly public relations reasons to prevent disability based discrimination.

The ADA requires that employers provide reasonable accommodation for the known disability of a qualified individual, unless to do so would impose an undue hardship on the operation of the employer's business. "*Reasonable accommodation*" is any change or adjustment to a job or work environment that permits a qualified applicant or employee with a disability to participate in the job application process, to perform the essential functions of a job, or to enjoy benefits and privileges of employment equal to those enjoyed by employees without disabilities.

In addition to employment discrimination, your organization should keep in mind that there are federal laws, and in some cases state laws, that prohibit discrimination in the provision of public accommodation. Under the ADA, no individual may be discriminated against on the basis of disability with regards to the full and equal enjoyment of the goods, services, facilities, or accommodations of any place of *public* accommodation by any person who owns, leases (or leases to), or operates a place of *public* accommodation. There is no firm definition of public accommodation; however, federal law tends to regard it in terms of a fixed or concrete location associated with the service provider (example: homeless shelter, community center, health clinic). Some state laws tend to be broader and include general membership clubs, so it is important to be aware of both.

Using the information about employment law from Section 1, you can develop (or review/edit) your department's personnel policy manual. Three (3) of the biggest mistakes that employers make when creating personnel policies are (1) inadvertently creating a contractual rather than at-will employment; (2) incorrectly classifying employees as exempt; and (3) neglecting to detail procedures for reporting discrimination or harassment. If you create a personnel handbook, here are three (3) items to include:

1. An at-will statement and contract disclaimer that the policy manual is not a contract;
2. A statement regarding the employer's right to revise the policies; and

3. An acknowledgment form for the employee to sign upon receipt of a copy of the personnel policy manual and any subsequent revisions.

The following are policies and/or practices that you should consider including in your personnel manual:

1. Equal Employment Opportunity (EEO) statement (covering Title VII of the Civil Rights Act, the Americans with Disabilities Act, Age Discrimination in Employment Act, and relevant state discrimination law). This statement should be a part of any well-crafted personnel policy manual.
2. Policy against harassment, the complaint procedure and non-retaliation policy. This policy is also necessary for any personnel policy manual.
3. Family and Medical Leave Act policy, if applicable
4. Employee classification (exempt/nonexempt) policy
5. Compensation and payroll practices policy
6. Paid Time Off policy
7. Leaves of absence (non-FMLA) policy
8. Other benefits policy
9. Performance evaluation policy
10. Work rules and discipline policy
11. Access to personnel files policy
12. Reference policy (Counsel General has advised that only neutral references be given – giving dates of employment and title only)
13. Candidate referral program
14. Grooming and dress code
15. Grievance or open-door policy – this may be incorporated into the EEO and/or harassment/ retaliation policies
16. Other policies unique to the organization (like safety, encouraging volunteerism, etc.)

#### **Note on Discrimination Complaints**

Discrimination complaints can be lodged by employees, applicants, vendors, and customers, as well as by others that may do business with the American Legion Auxiliary at any level of the organization. Laws governing discrimination usually look at a variety of circumstances to determine legal liability such as the seriousness of the incident, whether it is a common occurrence, the employer response, etc. An incident of discrimination or harassment may result in your being named in a lawsuit, open your department and your officers and governing board members to personal legal action, and has the potential for serious public relations repercussions. If a single incident is followed by retaliation or cover-up by the employer, you greatly increase your legal liability.

Every claim of harassment or discrimination should be treated seriously and properly investigated. It is possible the alleged perpetrator of the incident may be a personal friend, a longtime volunteer, or a prominent member of your department. You must put aside your personal feelings and provide a full, unbiased investigation in line with your policy. If you do not feel you can adequately

perform that task, you are strongly advised to delegate or find an alternate way to provide an independent investigation.

### **Recommended Policy Guidelines**

#### **Workplace Conduct:**

As you craft your policy manual, include a policy on acceptable conduct, what will and won't be accepted, within your workplace. You will want to maintain an environment that promotes professionalism -- one where employees are expected to use good judgment, common sense, and respect in daily interactions with colleagues, members, vendors, and visitors.

As team members, you expect your employees to be knowledgeable about their jobs; conduct business in a professional, ethical and legal manner; and comply with department policies and procedures. Your personnel policy manual should set the expectation of acceptable behavior in your place of business, and let your employees know the repercussions of not complying with the policies and expected behavior.

Examples of unacceptable behavior that are highly recommended to be included in your personnel policy manual:

1. threatening or harming another employee or volunteer;
2. theft of company or another employee's personal items; and
3. insubordination for refusing to comply with the supervisor's directives

#### **Substance Abuse:**

It is generally left up to your department as to handling substance abuse issues in the workplace, with the usual warning about complying with state laws. The most significant concern regarding substance abuse is an employee's use, as it could create a liability situation through an accident or other negligence, or bring embarrassment to the ALA through misconduct. Concern might be less for an employee in an office job, but there is an enhanced risk of liability if an employee is involved in a program such as ALA Girls State. An obvious policy would be to ban employees from using alcohol or illegal substances in the office or at official ALA events, and requiring professional conduct at all ALA events. If you create a substance abuse policy, remember that it should be enforced consistently among all employees.

#### **Computers and Electronic Communications:**

It is recommended that you consider including a policy to protect your department's investment in computers, electronic communication equipment, and software to assure that employees fully understand the repercussions of violating the entrusted use of Auxiliary-owned equipment and software. The following excerpts are taken from the ALA NHQ Personnel Policy Manual, which you may consider as a sample for inclusion in your Department's policy manual:

The American Legion Auxiliary is a not-for-profit business and as such maintains a variety of business communications systems and employs technology including phone, facsimile, e-mail, and voice mail systems. Among the purposes of such technology are greater ease and efficiency of internal and external business communications. The ALA's business communication systems are provided solely for the conduct of business at the Auxiliary. All ALA owned equipment and software is classified as company-owned equipment and software. Significant

non-business uses of the company's systems are prohibited. While "de minimus" (*very small*) exceptions are permitted from time to time, the system is provided for business purposes and should be used accordingly. The misuse of such technology could have significant adverse consequences for the organization. To minimize such risks, the following rules should be observed by all employees.

Electronic mail (*email*) using the ALA's systems is the property of the American Legion Auxiliary and users have **no** personal privacy or property interests in electronic mail received and sent. There should be no expectation that the contents of any message received or sent is confidential from the ALA. Accordingly, the fact that access to the organization's computer or phone systems may be password-protected **does not** indicate or imply that the communications are in any way regarded as private. Voicemail systems including those maintained on both cellular and regular business land lines are the property of the American Legion Auxiliary. Employees should be advised that they have no expectation of privacy as to any message stored on any ALA voicemail system. The ALA may review any and all messages stored on company-owned voicemail systems without prior notice.

Employees and volunteers alike are prohibited from using the ALA's systems for personal commercial use.

Electronic mail messages, whether internal or external, which are offensive, defamatory, or in any way inappropriate are not permitted. Employees should exercise discretion and judgment with respect to distribution and content of electronic mail messages. The ease and informality of electronic mail may affect one's judgment about what is proper. As a general rule, one should apply the same standards of tone or content to electronic messages as to a letter.

Employees should respect the rights and sensitivities of recipients and potential recipients or viewers, and should ensure that all E-mail and Phone-mail messages reflect the professional image that the Auxiliary wishes to portray.

Furthermore, you should not use the company mailing address for personal mail. In the event that any employee has personal mail sent to the company mailing address, the company cannot be responsible for the confidentiality or safekeeping of said items.

The systems of the Company shall not be used in any way which would infringe upon the rights of the holder of any copyright or trademark.

Software owned by the American Legion Auxiliary is not to be duplicated or altered in any manner. Each copy of software needs to be licensed. If there is any question as to whether a software is licensed, contact IT.

There is a threat of a virus being introduced into company computers if personal or borrowed disks are used with computers. Therefore, no personally owned or borrowed software is to be used on computers owned by the American Legion Auxiliary.

Employees are expressly forbidden from loading unauthorized software of any kind (i.e.: screensavers, wallpaper, programs, applications, etc.) from any source (i.e.: floppy, CD or internet) onto the PC, laptop computer, or Mac provided by the American Legion

Auxiliary for the employee's business use. Employees are not to download electronic files from the internet without written permission from IT.

Employees are not permitted to use passwords, access a file or retrieve any stored communication unless authorized to do so, or unless they have received prior clearance from an authorized officer of the Auxiliary (National Secretary, National Treasurer), Human Resources, or the individual employee. All passwords are the property of the American Legion Auxiliary.

Violations of this policy may result in disciplinary action, up to and including discharge, and civil and criminal liability.

As a condition of employment and continued employment, employees are required to sign an "Employment Acknowledgement for E-Mail & Phone-Mail Usage; Internet Usage; & Computers/Software" form. Yearly updates may be required.

### **Returning Department Property:**

It is possible that your employees may wish to take department property home from time to time. They may, for example, take home documents to review over the weekend, and some workplaces are alright with employees using shredders, staplers, containers, or other property for home use. Decide if this is something you accept, and, if so, establish a policy regarding use (or a blanket ban, such as requiring supervisor approval before doing so). Consider not allowing employees to take any confidential documents out of the office. Make employees aware they are responsible for replacement costs if the borrowed item breaks. Also make it clear that when employees terminate, they must return all department property immediately.

### **Employee Privacy in the Workplace:**

Employee privacy in the workplace is covered earlier in this chapter as well as in the chapter on Risk Management when dealing with electronic equipment. As a reminder, generally *employees have limited privacy rights* when using employer equipment or in the workplace. For example, if employees use a department-issued phone, it is possible that information such as who they called can be learned by their employer.

### **Taping Conversations:**

Federal law generally prohibits intercepting, disclosing or intentionally using other's communications using a device and provides civil and criminal penalties. This applies to a conversation in which you did not participate. The two (2) applicable criteria are that the interception was done intentionally and that the speakers had a reasonable expectation of privacy for their conversation. Many states have adopted the federal law, and some states provide greater protection. The question of whether you can record a conversation you are a part of without the other party's consent is dependent on what state you are in. Please review your state's laws before attempting to secretly record a conversation. Generally, if all parties are aware of and agree to the recording, there is no legal prohibition on recording an in-person or telephone conversation. The key points to remember are that everyone should be extremely careful about secretly recording any conversation; they should thoroughly research the law(s) in their state, and it is wise to consult an attorney before attempting to do so.

**Conflict of Interest:**

Conflict of interest policies have been addressed in other chapters as the subject pertains to the management and governance of the department. It is recommended that you develop a similar policy to include in your personnel policy manual, stating that no employee shall have financial or management interests in any company or business that furnishes goods or services to the department, or one that has a contractual arrangement with your department. The recommended policy would also restrict employees from accepting employment with any company or business that furnishes goods or services to the department or is under a contractual arrangement with the department.

Policies should include a statement that paid employees of the ALA may not serve as a delegate or alternate to the Department or National Convention. If the Department Secretary and/or Treasurer is also a paid employee, she should not be allowed to hold any other elective office or serve as a delegate to her department's convention.

Officers who are also paid employees may serve as members of the department governing body (commonly known as the Department Executive Committee or department board). They may or may not have voting rights as board members, as determined by the department's governing documents. There is no national or legal requirement that prohibits or restricts a compensated officer (including the Department Secretary and/or Treasurer) from having voting rights; however, when matters affecting the employment, compensation, or duties of a compensated officer are being considered, the compensated officer must recuse herself from the discussion and vote. The affected officer, in her role as a voting member of the governing board, should literally leave the room prior to the vote being taken on a subject affecting that person's job description, duties, compensation, or benefits.

Finally, repercussions for violation of policy should be included in an employee handbook or manual stating that violations may result in disciplinary action, up to and including termination from employment.

**Business Gifts:**

It is recommended that departments consider implementing a Business Gift Policy to avoid the implication of impropriety. As a general rule, the National Headquarters prohibits employees from accepting gifts or gratuities from individuals and/or firms with which the Auxiliary has a business relationship. The ALA will permit the acceptance of gifts, provided such gifts are valued at less than \$25. Any exception to this policy must be approved by the national secretary. Any violation of this policy may result in disciplinary action, up to and including termination from employment.

**Professional Appearance:**

Employees at all levels of the organization greet the public on a regular basis, and in these interactions, they are the face of the ALA. The image we portray to volunteers, visitors, and fellow employees, and the success of our organization, is in part a reflection of the professional appearance and attire of employees. During onsite and offsite business hours, it is recommended that all employees wear appropriate apparel and observe good grooming and personal hygiene. Employees are expected to dress in a manner consistent with the nature of work performed (i.e., casual attire for pack-outs, loading trucks, storage room cleaning, etc.).

As you develop your dress code policy, be sure to give examples of acceptable workplace attire.



## Performance Reviews:

Many employers conduct employee performance reviews to help improve work quality and document any long-term work problems. The company's performance review practice should be defined in the personnel policy manual along with the reasons for the practice.

The guidelines below should be clearly delineated to all management staff:

1. **Don't wait for the performance review to let employees know how they're doing:** If poor performance issues are pressing, do not let things wait until the performance review. If employees get set in their ways, it can be harder for them to change and frustrating to suddenly learn of longtime problems. The employee honestly may not know there is an issue, perhaps coming from a different work environment where a particular behavior was acceptable. Alternately, do not wait to acknowledge employees' good performance. Take a few moments to let them know that you noticed and that they are appreciated.
2. **Be honest:** Don't be afraid of a confrontation. If you aren't willing to give honest feedback, then you aren't likely to see improvement; artificial praise may even open you to discrimination claims down the road if poor performance has not been addressed with the employee and documented. Being honest is not the same thing as being mean. If employees cannot handle constructive criticism, they probably are not a good fit for the job.
3. **Have a conversation:** Engage the employee in a conversation rather than just run down a checklist handing out grades. Discuss issues the employee has had since the last review and how he/she handled them. Make sure they understand your criticism and praise and what you expect out of them going forward.
4. **Have employees review themselves:** You can often have better results if you let employees honestly review their own work. You may learn about problems you were unaware of, and the employee may be more receptive if he or she feels you are both on the same page as to outstanding issues. They often appreciate the chance to have a conversation about their performance rather than simply being judged. Try giving employees a form on which they report their own achievements and problems and compare to yours, discussing the similarities and/or differences.
5. **Look at the whole picture:** It is a good idea to have specific examples of good or bad behavior. Don't just start keeping track when the review is approaching, but try to collect examples over the whole review period. For example, since recent events are fresher in your mind, you may vividly remember the employee being late three weeks ago but skip the time he or she came through in a crucial moment six months ago.
6. **Separate performance from pay:** Try to distance your performance review from pay review periods. If employees feel their raise is on the line, they may become defensive and less willing to honestly reflect on their performance.

## Documentation:

If you make recommendations to your employee, put them in writing, have your employee sign to evidence she/he has seen them, and put the recommendations in the employee's file so there are no questions down the road about having received them. If there is no improvement in work quality, these documents serve as evidence that you discussed performance issues with your employee and help prevent accusations of bias or discrimination in the future.

## Section 5

### Frequently Asked Questions (FAQs)

**FAQ 1:** Our department needs to create an updated employee handbook. Do you have a template or sample we can use as a guide?

**RESPONSE:** The following links will help you in creating an employee handbook. The examples provided below should serve only as a guide; you are free to find another guide that fits your specific situation. Please keep in mind that an employee handbook contains legal content and that you should consult an attorney in your state regarding your state's employment laws.

- **National Federation of Independent Business (NFIB) Small Business Legal Center – NFIB Guide to the Employee Handbook.** This is a link to a Word document that can be opened and customized specifically for your department. A dialog box may appear asking if you want to “open or save the document.” You may select either option. When the document opens, you will probably need to “Enable Editing” by clicking the box at the top of the screen.  
[http://www.nfib.com/portals/0/PDF/Members/Legal/Guides/NFIB\\_Model\\_Employee\\_Handbook.doc](http://www.nfib.com/portals/0/PDF/Members/Legal/Guides/NFIB_Model_Employee_Handbook.doc)
- **2004 National Council of Nonprofit Associations PDF – Sample Employee Handbook.** This is a sample employee handbook that you are free to use, but it is not editable.  
<http://www.501commons.org/resources/tools-and-best-practices/human-resources/sample-employee-handbook-national-council-of-nonprofits>
- **The Colorado Nonprofit Association PDF** – This is another sample employee handbook that you are free to use, but is not editable.  
<http://www.coloradononprofits.org/wp-content/uploads/employeehandbook-final.pdf>

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Revision in progress.  
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Summer 2024



**American Legion Auxiliary**

# **Department Operations Guide**

**Chapter 6:**

**Branding, Marketing  
& Communications**

Revision in progress.  
Anticipated completion date:  
Summer 2024

## CHAPTER 6

# BRANDING, MARKETING & COMMUNICATIONS

### Executive Summary

**Each year, the impact of the American Legion Auxiliary exceeds \$3 billion in mission outreach service to veterans and families in communities across America!**

That is real impact, and an impressive fact about the value of the American Legion Auxiliary's volunteer service and program funding to serve our mission of improving life for veterans and their families in communities across the country and around the world.

Everyone in our organization has a role in creating, maintaining, and communicating the American Legion Auxiliary's brand. Our brand is our identity, our reputation and our message. Building brand loyalty is essential to our survival. Because our units and departments are spread across the United States and its territories, we must develop and adhere to a strong and cohesive brand that effectively allows the public to easily identify with who we are, what we do, and why we matter. Building brand awareness and loyalty require good behavior, good mission service, and good messaging.

This chapter focuses on the proper use of various branding elements, including the American Legion Auxiliary emblem/trademark, and contains helpful marketing and communications tips designed to assist you in sharing our story. As part of that conversation, the American Legion Auxiliary is required to submit a report about our positive impact on veterans, military, and their families as part of the Legion's annual report to Congress. This information must include volunteer hours and financial contributions made in the previous year. Of course, it is critical to share our impact with the public as well! In this chapter, you'll learn about branding, marketing, and find out how easy it is to compile impact numbers at member, unit, and department levels, allowing us to highlight the value of our organization's overall mission.

This chapter contains the following:

- Section 1 Branding, Trademark Law, Emblem Usage**  
ALA Girls State Logo
- Section 2 Marketing Tips**
- Section 3 Communications**  
ALA Impact Report
- Section 4 Frequently Asked Questions (FAQs)**

## Section 1

### Branding, Trademark Law, Emblem Usage

The name and emblem of the American Legion Auxiliary (ALA) are registered service marks in the U.S. Trademark Office and are protected by criminal and civil enforcement provisions of federal law. The original 1920 patent is periodically renewed by Acts of Congress, and all ALA trademarks and iterations thereof are appropriately registered and renewed with the U.S. Trademark Office, a very costly but necessary legal action that protects the name of the organization, the emblem, and the trademarked logos such as ALA Girls State.

The American Legion owns the trademark rights to “American Legion Auxiliary” (ALA), “Girls State” (GS), “Girls Nation” (GN), and all related emblems and insignia. The American Legion Auxiliary has been granted the rights to use the ALA trademarked names, emblem, and logos by The American Legion, and the national secretary is entrusted with the responsibility of protecting the ALA name, trademarks, and emblem, and accordingly, has the authority to authorize or deny privileges for their use. The use of ALA trademarks is governed by longstanding Legion national resolutions, the Legion’s federal charter, and federal trademark law.

Rules governing the ALA name and trademarks state that “...the manufacture, sale, or purchase for resale, either separately or appended to, or to be appended to, or the reproduction on any article of merchandise manufactured or sold, of the badge, medal, emblem, or other insignia or any colorable imitation thereof for commercial purposes of the American Legion Auxiliary, or the printing, lithographing, engraving, or other like reproduction of such badge, medal, emblem, or other insignia or colorable imitation thereof the American Legion Auxiliary shall be in accordance with the rules and regulations declaring the policy of the American Legion Auxiliary.”

The use of the emblem by an individual unit member shall be limited to the wearing of the official insignia and to the possessions of authorized jewelry or merchandise bearing the emblem, using the imprint of the emblem upon stationery and official supplies, upon unit publications, and to the use of authorized regalia or merchandise bearing the emblem.

The use of the emblem by departments and units in each instance is subject to the approval of the National Secretary, provided that:

1. any requests for such use of the emblem by units shall first be subject to department approval before submission to the National Secretary, and
2. any other such use by the departments, when approved by the National Secretary, shall be confined within the territorial limits of the department.

No department, county, district, or unit of the ALA, and no officer or member thereof, has authority to grant the right to manufacture, reproduce, or deal in items bearing the name and/or emblem of the ALA. In other words, the use of the ALA emblem is controlled by the national organization; therefore, any other use of the name “American Legion Auxiliary” or the emblem shall be subject to the approval of the national secretary. These restrictions apply equally to the emblems of The American Legion and Sons of The American Legion, which require the written authorization of The American Legion’s national adjutant before use.

The American Legion Auxiliary emblem is the identity of our organization, and it’s one of our most valuable assets. It is our job to preserve this identifier and protect its use. For the same reasons we treat our emblem with respect and avoid the misuse of it, we should not misuse the name of our organization. The corporate name is the official legal designation of any company or



organization. Corporate names should be spelled out in full in public documents and used correctly in order to best promote itself to both its members and the public.

For internal audiences, and where the name will be used many times in a document, it is proper to spell out American Legion Auxiliary on first reference, then subsequently referring to it as the Auxiliary or ALA to save space (e.g., American Legion Auxiliary (ALA), then thereafter on the same page, use ALA). Ideally in long, internal documents, the name American Legion Auxiliary should be spelled out at least once on every page of the document.

When authorized to use the name of the American Legion Auxiliary, the following guidelines apply:

1. Always capitalize the first letter of each word of the name “American Legion Auxiliary.”
2. Never shorten the name “American Legion Auxiliary” to something like “Legion Auxiliary” or “American Auxiliary.”
3. The full name “American Legion Auxiliary” should be spelled out for the general public. Do not refer to our organization as the ALA or the Auxiliary to external audiences. To avoid repetition, use words such as “organization” on the second reference.
4. The name of the organization is American Legion Auxiliary, and it should not be referred to as the Women’s Auxiliary or Ladies’ Auxiliary.

For more information on the ALA emblem and guidelines for usage, please refer to the *ALA Branding Guide*.

### **ALA Girls State Logo**

All ALA Girls State logos must comply with trademark law. The ALA Girls State logo and materials must include the name American Legion Auxiliary, and the emblem incorporated properly.

In words, the program must be stated in one of the following acceptable ways:

1. American Legion Auxiliary (state) Girls State – i.e. American Legion Auxiliary Iowa Girls State; or
2. American Legion Auxiliary (other identifier) Girls State – i.e. American Legion Auxiliary Hoosier Girls State

As a logo, the ALA Girls State logo must incorporate the proper wording (as shown above) and include the American Legion Auxiliary emblem. Per the National Judge Advocate:

- The emblem use is governed by prevailing trademark law, and that has changed over the years, which is why some of the logos must be updated to conform to current requirements for legal usage.
- The emblem may be above, below, or beside any art work. It cannot be touching the art work; there must be a little solid space surrounding the emblem. However, in the case of pins, trademark laws consider pin artwork an exception to some of the standards because the item is so small and jewelers are not able to craft a pin with the emblem totally separate. Therefore, emblem usage in jewelry is considered differently and separately from all other uses of the emblem. Jewelry is the only exception to anything described herein. A design approved for jewelry usually cannot be used as a graphic/logo for any other purpose.

- Some asked if the emblem can replace a letter in the program’s name, such as Oklahoma, where one of the letter “o’s” would be the emblem. That is not acceptable. The emblem may not be used to replace a letter in a word.
- **The logo must be approved by the ALA National secretary.**

If you need to change your logo or need to have your ALA Girls State logo approved, you must send an image of your ALA Girls State logo to the National Secretary, with the subject line: Dept. XYZ request: ALA Girls State logo.

Also remember that if you are changing or adding vendors to reproduce the logo on your ALA Girls state materials and apparel, you need approval from the National Secretary to comply with trademark protection requirements.

Please email your vendor permission requests to [natlsecy@ALAforVeterans.org](mailto:natlsecy@ALAforVeterans.org), and please put “Dept. XYZ emblem vendor request” in the subject line in order to generate a prompt response. Include details about items and quantity.

And two final notes:

- a) The National Judge Advocate has stated that the trademark laws consider pin artwork an exception to some of the standards because the item is so small and jewelers are not able to craft a pin with the emblem totally separate. Therefore, emblem usage in jewelry is considered differently and separately from all other uses of the emblem. Jewelry is the only exception to anything described herein.
- b) Questions have been raised as to the appropriateness of wearing anything above the emblem except the American flag. While that is the traditional protocol that has been followed for wearing an American Legion Auxiliary pin on one’s clothing, there is no legal/trademark requirement to do so. There is no restriction against placing the emblem anywhere in logos and publications as long as it otherwise meets the legal/trademark standard of not touching anything else, which creates a new merged design that would violate legal trademark requirements.

## Section 2

### Marketing Tips

When preparing department or unit materials, the department/unit needs to present a consistent look to its messages so that recipients and the public learn to identify with “the brand” – the name, look, and promise of quality service that one identifies with the American Legion Auxiliary. When promoting our brand, it is essential that the Auxiliary message shared with the public is a strong and unified one. Unified messaging aligns all branding strategies within the ALA to promote a positive image of who we are, what we do, and why we matter.

Many methods can be used to create a unique, unified brand. Many of them are discussed in-depth in the *ALA Branding Guide*, a great resource for departments and units to assure that their messages are delivered in a format consistent with the national organization messaging. The *ALA Branding Guide* is available for viewing or free download at [www.ALAforVeterans.org](http://www.ALAforVeterans.org).

Written messages should be composed in Associated Press (AP) Style while also following the *ALA Style Guide* for proper usages of words and phrases unique to our organization. Remember

to avoid language that can easily be misconstrued. Sometimes, simpler is better at helping the reader focus on the message and understand it.

Approved American Legion Auxiliary typefaces for your public messages or publications: for design programs, the Adobe Garamond Pro and Helvetica type families; for Microsoft Word, similar fonts are Arial, Times New Roman, and the Garamond family of fonts. Remember to make the font large enough to be easily read. A font size of 12 point is preferred if spacing allows. Headers should be slightly larger. Boldface type should be used only for titles, headlines, to make words stand out, and very rarely, for emphatic use. Italics should be used sparingly, but should be used for titles of books, movies, publications, etc. Avoid using all capital letters, with the exception of titles and headlines. Underlines, strikethroughs or shadows should not be used. Text color should always be black to remain consistent with ALA National Headquarters' branding products. For branding purposes, it is important to follow the ALA's branding guide included in the Appendix to the Department Operations Guide and also on the national website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org). The American Legion Auxiliary is an international organization. Professional standards are essential for the image of the organization. It is never appropriate to circulate material to the public that uses fonts other than those in the branding guide or in many clipart images.

Print and photography layout should be consistent while maintaining high standards. All photographs, as well as videos, should reflect our mission and values, which are inherent in our brand. It is advisable to hire a professional graphic designer to assure a strong and professional image that creates the desired response while saving time and money. Both flyers and brochures can be developed inexpensively to effectively market and promote events or provide information to your target market.

Social media, including Facebook, Twitter, YouTube, etc., can also be used to promote events and provide information. Using social media tools can have a great impact on how people view your department/unit and the ALA. Social media can be a quick, easy way to spread your message, engage in conversation with others, promote active participation from your members, and possibly recruit new members. Just remember that the impact you want is a positive one; therefore, think before you post. Think twice before posting something that may hurt the American Legion Auxiliary image or compromise your privacy. Never post confidential or proprietary information. Remember to adhere to brand and identity standards of the ALA and exercise good judgment.

A website is another marketing tool to consider. Professional, well-designed websites that are ALA-sanctioned should feature the appropriate visual identifiers and conform to the ALA's branding guidelines. They should also link to [www.ALAforveterans.org](http://www.ALAforveterans.org). Website pages should provide accurate and current information and reflect a positive image of the ALA.

### **Section 3**

## **Communications**

Branding and marketing cannot be accomplished without clear, concise communications at all levels of the organization. As listed under Section 2, communications may be written, visual with photographs and videos, and via social media and websites.

As a nonprofit organization, our communications goal should be no less focused than the branding campaigns of for-profit companies. For instance, the Cadillac crest emblem stands for quality and

luxury and is instantly recognizable by individuals looking for that car style. The ALA emblem represents a nonprofit veterans service organization (VSO) with nearly 100 years of dedicated service to veterans and their families. Our communications, in whatever form, should portray the organization in the best light possible, always putting forward the positive message of what we do and what more we can do with the help of our members and potential members.

As an organization with more than 700,000 members, our voice is strong, and our influence for getting things done on behalf of veterans and their families is great. Our communications should be framed in such a way to make membership desirable to those eligible to join and encourage donations and volunteerism for our cause(s) for members and non-members alike. In other words, these missives should depict the ALA's positive impact on veterans' and servicemembers' lives, the lives of their families, and America as a whole through our various programs such as Girls State and Girls Nation.

No organization can function well without clear, concise communications at all levels. This Guide is but one example where advice is offered to assure consistent communications, management, and governance. ALA National Headquarters provides guidance tools in various other guides that can be found on the national website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org). These guides and guide booklets can assist departments/units in a number of ways, including how to frame messages for the best positive impact.

### **ALA Impact Report**

Most organizations require various forms of internal reporting in order to demonstrate collectively the impact the organization is having on delivering its mission – how well it is doing what it exists to do. Within the American Legion Auxiliary, certain communications are required by units, departments, and National Headquarters. Annually, we are required to submit impact reports to The American Legion to include in its annual Report to Congress, stating the number of hours volunteered and the amount of money donated toward our mission in the previous year. ALA National Headquarters relies on departments and units to provide this information and advises that members, units, and departments keep detailed records to assist in preparing reports that accurately depict the great works of the organization and its members.

To compile impact numbers that truly tell the world what the ALA does, we need every member to report her service to her unit, and for each unit to complete a report. The ALA Impact Report is all about the BIG impact the Auxiliary makes to our country. The Impact Report totals up all of the numbers, dollars, and hours in general impact categories – an impact report is not program specific. As individual ALA members, it is important to report our contributions to support the efforts of our international organization. Our collective impact matters!

### The ALA Annual Impact Reporting Process At-A-Glance

Each ALA member volunteers and raise resources to “do the ALA’s mission” throughout the year, so you record your service hours using the ALA Impact Numbers Tracking Worksheet (found at [www.ALAforVeterans.org](http://www.ALAforVeterans.org))

↓  
ALA member reports volunteer service to unit by unit’s deadline (usually in April)

↓  
Unit president compiles its members’ numbers and sends Unit Impact Report to District/County (if applicable) or otherwise on to department

↓  
District/County president compiles its units’ numbers and sends District/County Impact Report to Department by Department’s deadline (usually in May)

↓  
Appropriate department representative compiles numbers and sends to [ALAReports@ALAforVeterans.org](mailto:ALAReports@ALAforVeterans.org) by early June

↓  
ALA National Headquarters then compiles all the departments’ numbers by the end of June in order to meet the deadlines to prepare the *American Legion Auxiliary Annual Impact Report ~ ALA by the Numbers* so that the report is included in the *American Legion Auxiliary Convention Guide and Annual Report*, and also submits the report to The American Legion in time for them to prepare *The American Legion Annual Report to Congress*, and shares impact with the U.S. Department of Veterans Affairs, media, and the public!

For the ALA to remain viable in our second century, we must continue to attract new members as well as donors of both time and money. The best way to manage this is by getting our story out to the general public through positive, well-crafted communications. These messages may be distributed via newsletters (printed or electronic), magazines, brochures, flyers, social media, websites, or even word of mouth.

One of the most impressive messages the ALA should be using repeatedly in all our marketing and promoting efforts is:

**Each year, the impact of the American Legion Auxiliary exceeds \$3 billion in mission outreach service to veterans and families in communities across America!**

One thing is certain: without communications to build public relations, no one knows who we are, what we do, or why we matter!

## Section 4

### Frequently Asked Questions (FAQs)

#### **FAQ 1: Distribution of unit property with ALA name and emblem when charter is cancelled**

I have read the *Unit Guide* regarding charter cancellation, and I don't find the answer to a question. The background: One of our units surrendered its charter many years ago. Our NEC woman was in town last week and noticed the Auxiliary globe on a shelf in the local bar. She is wondering if that is acceptable or if she should ask for the globe to be returned to the department. Please advise.

**RESPONSE:** There is nothing that would prohibit a person or organization from donating or selling an artifact emblazoned with the American Legion Auxiliary emblem to another individual, group, organization, or business. Artifacts and items with the ALA emblem that can be purchased from a catalog are not business property and carry no lawful distinction limiting their use or ownership. Indeed, many items with the Auxiliary emblem are sold secondhand on electronic auction sites.

If the item were obtained legally (i.e., the item was not stolen) and is on display, it serves to raise awareness about the organization. If the object is in an undesirable place, the only way for it to change hands is to appeal to the owner to donate or sell the item back to the organization.

#### **FAQ 2: Who do I contact for ALA emblem usage approval?**

**RESPONSE:** Use of the American Legion Auxiliary emblem is controlled by the national organization. All requests for approval to use the emblem must first be sent to the Department Secretary. The request letter must state who will perform the duplicating (manufacturer), the name of the product, its intended use, and the exact amount being ordered. Additional quantities require new authority. The Department Secretary indicates her approval and affixes her signature before forwarding the request to the national secretary.

**FAQ 3:** A member is promoting and accepting money for a button she is making with the ALA emblem on it. She did not go through the department. How should this be handled and who gets the money she receives?

**RESPONSE:** If a member undertakes a promotional venture to benefit the department or ALA entity (unit, district, etc.) then yes, the member should work with and through the department or entity. If she is offering the items for a donation, then the donations should be remitted to the department or ALA entity. The beneficiary purpose and recipient of the donations must be established at the onset of the member's undertaking to avoid the opportunity or appearance of fraud.

The situation is different if she is incurring costs and selling or requiring a specified donation amount for the items. Any member can enter into a promotional venture to benefit the ALA without going through her unit or department if the outcome of the venture benefits the ALA beyond the department or unit. If a member is doing something "in the name of" or as a representative of the ALA, permission to use the emblem must be granted by the National Secretary and her contact information/vendor information must be provided along with items/quantity, etc., same as with any other vendor using the ALA emblem.

If the member is operating a business venture for personal gain, or if the venture has the potential or appearance of the potential to generate personal gain, then she must report her venture as a potential conflict of interest. If the venture benefits an ALA entity subordinate to the department,

then the conflict of interest must be disclosed to the department. If the venture is conducted beyond her own department, she must report the potential conflict to the national organization. For example, when a national chairman embarked on a button project to promote the mission of her national committee, she worked through national headquarters. When that person was no longer the national chairman of that national committee, she incorporated her business in order to continue offering the buttons for sale because she then became a vendor of ALA branded merchandise, which she (then her company) was selling. She also has to complete a Conflict of Interest Disclosure Form every year. Another national committee member has a business that supplies goods to ALA departments and she, too, has to get permission to use the emblem/logo, etc. and has to complete a Conflict of Interest Disclosure Form annually. Both these examples are acceptable ventures because proper accounting and disclosure compliance measures are in place.

**FAQ 4: If an ALA committee or a member orders t-shirts or makes a craft item with the ALA name, emblem, ALA trademark, ALA logo, or the ALA Girls State logo in it, can the item(s) be sold for personal profit?**

**RESPONSE:** The answer is no. Items bearing trademarks of the ALA – name, emblem, trademarked logos – cannot be sold privately for profit – i.e. personal gain – **unless** an ALA entity (i.e. and ALA Dept.) has a contract with the individual to sell the items, and the contract includes either: a) specifications that proceeds or royalties derived from the profits will be paid to the ALA entity; or b) the member can verify she is selling the item at cost for the convenience of members and no personal profit is being realized.

An example of “a” above: A member is selling jewelry, baked goods, or handmade items for a price, and the selling price is greater than the cost or the materials and labor to make the items being sold.

An example of “b” above: The company Greenlure was created by ALA member Trish Ward at the request of ALA NHQ making and processing “Honoring Their Service” button orders in order to eliminate any appearance of inurement. By creating the company Greenlure, the ALA NHQ required full reporting and accountability for a project originally conducted as a volunteer initiative that was expected to only last for one year. The company, therefore, was created because a) the button project had exceeded expectations in volume and b) was allowed to continue beyond the year in which the national volunteer served as chair of the Membership Committee. The volunteer operating Greenlure, Trish Ward, annually files all the proper ALA national Conflict of Interest disclosure forms. The buttons are sold at cost; Greenlure makes no profit. Since the button project is within the ALA Annual Programs Plan, it requires constant above-board accountability and transparency in keeping with NHQ’s high standards for business ethics. The action to require a company be established to continue the Honor Their Service button project was administrative and did not require NEC approval, only full disclosure by the member. The action was disclosed to the national officers, and the order form is on the ALA national website.

**FAQ 5: If a member has made a craft item with a poppy on it, can the item be sold for profit?**

**RESPONSE:** Maybe. It depends on the poppy image used, and if the name American Legion Auxiliary or any ALA trademark or logo is also on the item. If the image of the ALA poppy that depicts the words or label image “American Legion Auxiliary – in Memorium” or anything similar, it cannot be used by a member on items she is selling for personal gain. The Auxiliary promotes the poppy as a symbol of the sacrifices our military have made. Items being sold bearing a red poppy as a symbol of sacrifice or tribute to our veterans and servicemembers must be done in keeping

with The American Legion Poppy Fund Rules, as established by The American Legion and ratified by the American Legion Auxiliary National Executive Committee as part of the ALA's national Poppy Program rules.

If a member is selling an item with a poppy on it and the poppy does not resemble the ALA Memorium poppy and has no other words or images on it indicating the poppy is in remembrance of or in honor of those who have served in our U.S. Armed Forces, then the member may be able to sell the items for personal gain. She can make and keep a personal profit only as long as there is no reference to or indication that the poppy is being symbolically used in keeping with the intent of the ALA Poppy Program.

**FAQ 6: Why is AP Style the Auxiliary's go-to journalistic standard for writing?**

**RESPONSE:** By following a cohesive style, Auxiliary communications materials will be provided with consistency, credibility, correctness, and clarity. For more information, please see the *ALA Branding Guide*.



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<b>#</b>	<b>Date</b>	<b>Author(s)</b>	<b>Description (Substantive or Proofing)</b>
01	07/21/2014	NHQ Communications	Proofing: Cover added, footers edited
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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 7:**

**Strategic Planning  
at the Department Level**

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## CHAPTER 7

# STRATEGIC PLANNING AT THE DEPARTMENT LEVEL

### Executive Summary

A strategic plan supports the organization's mission and core values. Mission and core values are enduring. A strategic plan supports and sustains them; it does not change them.

**NOTE:** The American Legion Auxiliary National organization is publishing a helpful guide for departments: **"How to Develop, Write, and Implement a Multi-Year Strategic Plan at the Department Level."** The Department Strategic Planning Guide (anticipated publication late 2016) will be provided to every ALA Department, included in the ALA Department Operations Guide, and posted on the ALA National website.

The ALA national leadership, led by the National Center for Strategic Planning, evaluated the current state of declining membership and identified five (5) critical needs of the ALA to save the organization from becoming extinct in thirty (30) years. The ALA National Executive Committee adopted the national vision and five (5) national goals for the ALA that must be achieved to sustain the ALA beyond our 100<sup>th</sup> birthday in 2019. The ALA's mission is needed for generations to come, and the ALA needs to improve its effectiveness as an organization so that current and new members will want to belong. The ALA national strategic plan embodies many specific action or tactical plans to grow with the times and keep the organization relevant, effective, and enjoyable so that ALA members are making a difference for veterans and their families in communities everywhere.

The ALA Strategic Plan requires a disciplined effort by strategic planning committees and teams of members and staff to guide the ALA to focus its energy and work toward the same goals. A strategic plan must be supported and implemented by members of the organization to produce fundamental change, which requires assessing and adjusting the organization's direction in response to changing needs.

Departments and units must assess your own state of effectiveness and develop your own strategies in order to implement the five (5) major goals of the ALA National Strategic Plan: 5) with The American Legion build brand loyalty; 4) strengthen Departments and Units; 3) develop leadership at all Levels; 2) create an ALA culture of goodwill; and 1) enhance membership strength. Departments can tailor the ALA Centennial Strategic Plan to help the organization accomplish the nationwide goals. The future existence of the ALA depends on departments and units actively working toward these goals.

This chapter includes information about how to develop a strategic plan and how the ALA Annual Programs Action Plan (aka the *ALA Plan of Action*) supports it.

This chapter contains the following:

**Section 1 ALA National 2014-2019 Centennial Strategic Plan**

**Section 2 Developing a Department or Unit Strategic Plan Based on the National Goals**

A Strategic Plan Contains  
How to Develop a Strategic Plan

**Section 3 Selecting the Department Strategic Planning Committees**

## Section 1

### ALA National 2014-2019 Centennial Strategic Plan

**Our Mission (Why do we exist?):** In the spirit of service, not self, the mission of the American Legion Auxiliary is to support The American Legion and honor the sacrifice of those who serve by enhancing the lives of our veterans, military, and their families, both at home and abroad. For God and Country, we advocate for veterans, educate our citizens, mentor our youth, and promote patriotism, good citizenship, peace and security.

**Vision (What does success look like for us?):** By 2019/20, the American Legion Auxiliary's million members will be making a difference for veterans and their families in every neighborhood.

**Our Core Values (What do we stand for?):** Our statement of values is predicated on our founding purposes:

- Commitment to the four founding principles: Justice, Freedom, Democracy, Loyalty.
- Service to God, our country, its veterans and their families.
- Tradition of patriotism and citizenship.
- Personal integrity and family values.
- Respect for the uniqueness of individual members.
- Truthful, open communication in dealing with the public and our members.
- Adherence to adopted policies and rules.

**Our Strategic Issues (What must we address in the next five years?):**

- Declining membership
- Leadership development
- Unit sustainability
- ALA identity and brand awareness
- Building an ALA culture of goodwill

**Our Strategic Goals (What must we achieve over five (5) years to reach our vision):**

1. By 2019/20, the American Legion Auxiliary will enhance membership strength.
2. By 2019/20, American Legion Auxiliary members will reflect a culture of goodwill at all levels.
3. In 2019/20, the American Legion Auxiliary at all levels will be seeking, identifying, and developing leaders.
4. By 2019/20, the American Legion Auxiliary will have strengthened all departments all units to be successful.
5. By 2019/20, in partnership with The American Legion, the American Legion Auxiliary will have raised brand awareness and brand loyalty.

**Strategies (What we must accomplish to achieve our goals):** Strategies are our roadmap to achieving the five (5) goals. These may change as needed over time.

**By 2019/20, the American Legion Auxiliary will have achieved these five (5) goals:**

**Goal 1 – Enhance Membership Strength**

- Invest in opportunities to attract, engage, and retain members
- Create multiple pathways to serve
- Excel at communication
- Expand internal and external alliances
- Achieve membership that represents the diversity of our U.S. military

**Goal 2 – Create an Internal Culture of Goodwill**

- Enable members at all levels to demonstrate goodwill to internal and external audiences
- Define and cultivate and sustain best practices to fulfill the ALA core values
- Build trust within the American Legion Auxiliary and with The American Legion
- Empower members
- Implement best practices to achieve cultural change
- Create actionable and relevant reward systems for positive behavior

**Goal 3 – Develop Leadership at All Levels**

- Remove barriers for considering and selecting leadership
- Define expectations and build leadership capacity
- Invest resources in identifying and developing leadership
- Reward innovative leadership recruitment and development practices

**Goal 4 – Strengthen Departments and Units**

- Build capacity of all departments
- Invest in training at all levels
- Support Departments in the development of their strategic plans
- Collaborate with Departments in developing innovative ways to improve organizational and financial performance
- Optimize mission delivery (assess number, relevance, structure of current programs)

**Goal 5 – With The American Legion, Build Brand Loyalty**

- Define our brand identity and promise
- Build awareness and preference for the ALA brand
- Recognize brand loyalty and excellence in promotion of The American Legion Family brand
- Invest in internal and external marketing communications (promotion)

**Initiatives (What are the actions to be taken to accomplish a strategy):**

Initiatives are the “tactics” or “actions” for each strategy to achieve the five (5) goals. Initiatives are the measurable steps to get you to the expected outcome that achieves the strategy. Developing initiatives is guided by the goal and vision. New ones may be added or modified over the course of the strategic plan. The outcome, then, is that the initiative gets done, not necessarily in practice by every member, but that it’s been completed collectively by the group working on it.

The strategic goals will be supported by an implementation plan, and performance measures make sure the plan is on track and not being derailed by activity that does not support achieving the strategies.

At the national level, implementation of the strategic plan is led by goal champions, a national leader paired with an ALA National Headquarters director, and strategy captains committed to ensuring that the plan is implemented. Without an implementation plan and tracking progress, a strategic plan is just words on paper. If we believe the ALA needs to be here for another generation, we all have a stake in helping achieve the five (5) nationwide goals of the ALA.

## Section 2

### Develop Department/Unit-Strategic Plans Based on the Five National Goals

#### A Strategic Plan Contains

1. Mission statement: Why we exist.
2. Vision statement: What we want to be in the future.
3. Core Values: Our founding purposes
4. Goals: What we need to accomplish
5. Strategies: What we will do to accomplish our goals

#### How to Develop a Strategic Plan

**NOTE:** The American Legion Auxiliary National organization is publishing a helpful guide for departments: **“How to Develop, Write, and Implement a Multi-Year Strategic Plan at the Department Level.”** The Department-level Strategic Planning Guide (anticipated publication late 2016) will be provided to every ALA Department, included in the ALA Department Operations Guide, and posted on the ALA National website.

The ALA National organization has provided to departments strategic planning tools and resources prepared with assistance from the National Center for Strategic Planning, which guided the National organization in developing the ALA 2014-2019/20 National Centennial Strategic Plan. These can be found on the ALA national website via the Members Section under Resources, Strategic Planning.

The ALA National organization also published the ***American Legion Auxiliary Organizational Effectiveness Assessment***, a 37-page report on the findings of the ability of the American Legion Auxiliary to achieve the national goals and the organization’s capacity to deliver our ALA mission. The assessment was professionally and comprehensively conducted by Johnson, Grossnickle & Associates to ensure objectivity, non-bias, and widespread input. The collective findings in the report are representative of all levels of the ALA, based on interviews and surveys of some 9,000 members.

Also, it is important to understand the difference between the ALA Strategic Plan and the **“American Legion Auxiliary Annual Programs Plan”**, aka the ALA Plan of Action. The annual programs plan is an action plan for serving the ALA’s mission through our many outreach programs. The ALA Annual Programs Plan should support the goals and strategies of the ALA Strategic Plan. The annual programs plan is designed for program committees whose leaders and members commonly change from year to year. The ALA Strategic Plan is a strategic action



plan for improving the organization over a multiple-year period of time. Organizational change takes considerable planning and focused action over several years. If the ALA Strategic Plan is not achieved, there will be no need for an annual programs plan.

Department/units are strongly advised to read and utilize these resources in developing and implementing your strategic plans.

In general, the following steps are essential to developing and implementing a strategic plan:

1. Plan an organizing meeting. Appoint a working committee - a Strategic Plan Team – that includes members of different ages, levels of experience in the organization, social status, ethnicity, leadership, staff, and members. Some team members may change from year to year, but plan with the expectation that a strategic plan committee or team should serve multiple years, and, therefore, many of its team members remain on the committee for the duration of the strategic plan, to maintain focus and consistent efforts across several ALA administrative years.
2. Educate your committee about the strategic planning process.
3. Take the necessary time to gather information, share ideas, and agree on what needs to be accomplished. This takes time, effort and undistracted work over multiple meetings, but it is essential to focus on what really matters to ensure the future of the ALA.
4. Commit the necessary quality time and energy to the process, and invest adequate resources such as meeting space, and travel costs to insure your department/unit understands and supports the importance of having a focused strategic plan to save the organization.
5. Discuss what your department/unit needs to achieve to succeed in the future. Be sure that different points of view that don't always agree have input into the discussion. The overarching need is to change the culture of the ALA to be more enjoyable so that new members join and current members stay. Reach a consensus on the major needs and opportunities to move forward to achieve the five (5) national strategic goals.
6. Commit to the multiple-year plan, and agree to make planning an organizational priority, involving commitment by your conventions and governing boards to keep the strategic plan a priority over several ALA administrative years.
7. Determine if someone in the organization has facilitation skills to serve as the coordinator of your efforts, or if there is money for an outside consultant to guide the process.
8. When developing your Department/Unit strategic plan, you can simply mirror the national strategic plan that includes membership growth, the development of leaders at all levels, civility and respect for all, and developing a positive relationship with The American Legion.
9. Write the actions needed to carry out the plan, and assign members to teams to develop strategies for these actions. Strategic plan teams should represent diversity of age, ethnicity, and geographic areas. Individuals, in addition to those attending the organizing the meeting, will be needed to serve as strategy team members to generate enthusiasm and action. Make sure everyone involved understands the expectations and process for achieving the strategies.
10. Determine how you will report and monitor progress, and share results achieved.
11. Develop a communication plan and decide how, when, and what to communicate. Good communication to members is critical to successful strategic planning.

12. Monitor progress on strategies and initiatives at least quarterly, and review the overall plan on an annual basis. Focus on the accomplishments and determine any changes needed.
13. Based on what succeeded in the current year, prioritize strategies for the coming year.
14. Celebrate success.

Developing your Department/Unit strategic plan should not be daunting. ALA NHQ has helped your Department get started by developing goals and strategies at the national level and providing strategic planning tools. Departments/Units are encouraged to use the national plan as your model and to make additions or modifications to your own strategic plan based on your department-level needs. You may certainly develop and adopt strategies and initiatives based on your department's specific needs and circumstances. Remember, the organization's mission and vision statements are established and remain the driving force of the ALA at all levels.

Mirroring the national goals, you can approach developing your Department/Unit strategic plan by:

1. Reviewing the 2014-2019/20 ALA National Centennial Strategic Plan and the strategies listed under the five (5) goals.
2. Adopting those strategies that pertain to your Department. You can modify, eliminate, or create a strategy to suit the needs of your Department.
3. Developing initiatives to accomplish the strategies, all aimed at achieving the five (5) goals.

After you have established your strategic plan, you need to remain committed to its success, make sure everything your department is doing is aimed at achieving the strategic plan, and monitor your progress via a set process at least quarterly to keep focus and momentum on action results. If a strategy is experiencing success – share the good news with your members. If a strategy is stalled, take corrective action to fix or abandon whatever isn't working well, and enhance those things that are working well.

The American Legion Auxiliary must succeed in achieving the goals of the ALA Strategic Plan in order for the organization to be here for another generation of veterans who will need a strong American Legion Auxiliary able to fulfill our enduring mission. We are needed. We must change and achieve the five (5) goals to ensure we are around to meet our mission's needs.

### **Section 3**

#### **Selecting the Strategic Planning Committee**

When considering the make-up of your Department Planning Committee, don't be restricted in appointing the best people to serve on your department strategic planning committee should your bylaws state that leaders can only serve in one position or that they may only serve one year. Bylaws address appointed positions to standing committees or annual positions as may be listed in the Department's Constitution & Bylaws and Standing Rules. A Strategic Planning Committee is a special committee. Special committees are "special" because they serve a special purpose and require the special talents and expertise needed for that special committee to adequately fulfill its purpose.

In addition to the Department President's appointments to standing committees and recurring department leadership positions, any department president or department governing board (DEC) can establish a special committee. Appointments to special committees are aside from "regular"

appointments and are not restricted to the rules in Department governing documents that limit the number of standing or designated appointments a person may serve simultaneously.

A person who may be serving on a standing committee, or serving as an officer, or serving in a one-year appointed position that recurs every year (e.g. Sergeant-At-Arms or Distinguished Guest Chair) may also be appointed to serve simultaneously on a special committee.

When selecting your Department strategic planning committee:

- Yes, a Department chairman can be confirmed by the Department Executive Committee (DEC) to serve on your strategic plan committee
- Yes, an upcoming leader can be confirmed by the DEC to serve on your strategic plan committee
- Yes, a member of your DEC may be confirmed by the DEC to serve on your strategic plan committee
- Yes, a department officer may be confirmed by the DEC to serve on your strategic plan committee

So, please don't limit yourselves to who is appointed to serve on a special strategic planning committee by misinterpreting your department governing documents if they state that a member can only serve in one chairmanship or leadership role.

Remember, a Strategic Planning Committee is a special committee and needs to have people serving on it who are dedicated to implementing your strategic plan.

They must understand achieving the department strategic plan requires working with other people who may not always agree with each other. That is how we grow.

Also, it is important these members serve a multi-year appointment to provide for continuity in the execution of your Department strategic plan.

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 8:**

**Membership**

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## CHAPTER 8

# MEMBERSHIP

### Executive Summary

As a membership-driven, nonprofit patriotic service organization, the American Legion Auxiliary could accomplish very little without its members and their individual dedication to our mission. The very fact that we have nearly 750,000 members carries tremendous influence and clout as we lobby for veterans' issues along with the rest of the Legion Family. Through our various programs, our dedicated members impact the lives of veterans, military, and their families, as well as the general public. The future of the ALA and the continuation of our great works depend on our ability to recruit and retain members. In short, without our members, the ALA could not exist.

This chapter offers information on who is eligible, guidance on recruiting and retaining members, membership processing procedures, and other veterans service organizations. The ALA Code of Ethics is referenced and included in the Appendix since civility is critical to maintaining an environment attractive to members.

This chapter contains the following sections:

**Section 1 Membership Eligibility**

- Authorized Forms of Membership
- Membership Recruitment and Retention

**Section 2 Membership Processing**

- Membership Application (Traditional)
- Paid Up For Life Membership (PUFL)
- Membership Renewal Program
- Membership Dates and Deadlines
- Membership Cards
- Organizing New Units/New Charters

**Section 3 Civility and Code of Ethics**

**Section 4 Joining Other Organizations**

**Section 5 Other Veterans Service Organizations (VSOs) - The ALA's Competitive Advantage**

- Nonprofits in General
- Congressionally Chartered and Other VSOs
- Recommended Best Practices for VSOs

**Section 6 Frequently Asked Questions (FAQs)**

## Section 1

### Membership Eligibility

Membership in the American Legion Auxiliary is defined in the National Constitution under Article III, Section 1. Each unit of the ALA is responsible for verifying eligibility and deciding its membership, as provided in the National Bylaws. However, this responsibility is subject to the restrictions of the national governing documents.

Once eligibility is established, female applicants who meet the eligibility requirements may become members of an Auxiliary unit. A member of a unit is also a member of the department and the national organization. By payment of dues to the unit, a member also contributes to the support of her department (state) and the national organization.

Membership in the American Legion Auxiliary shall be limited to:

- the grandmothers, mothers, sisters, wives, and direct and adopted female descendants of members of The American Legion;
- the grandmothers, mothers, sisters, wives, and direct and adopted female descendants of all men and women who were in the Armed Forces of the United States during any of the following periods: April 6, 1917 to November 11, 1918; December 7, 1941 to December 31, 1946; June 25, 1950 to January 31, 1955; February 28, 1961 to May 7, 1975; August 24, 1982 to July 31, 1984; December 20, 1989 to January 31, 1990; August 2, 1990 to the date of cessation of hostilities as determined by the Government of the United States; all dates inclusive, or who being citizens of the United States at the time of their entry therein, served on active duty in the Armed Forces of any of the governments associated with the United States during any of said periods, and died in line of duty or after honorable discharge; and
- those women who of their own right are eligible for membership in The American Legion.

On June 26, 2015, the United States Supreme Court issued a landmark decision in the case of Obergefell v. Hodges. The Court's ruling requires a State to license a marriage between two (2) people of the same sex and to recognize a marriage between two (2) people of the same sex when their marriage was lawfully licensed and performed out-of-State.

In a female same-gender marriage, if one (1) of the female spouses is a member of The American Legion (or who is eligible for membership in The American Legion and becomes a member of The American Legion, (same as the membership requirement for any spouse of a wartime veteran meeting the Legion's eligibility criteria), then the other female spouse is eligible for membership in the Auxiliary.

The June 26, 2015 Supreme Court decision requires all states to recognize same-gender marriages. The Legion and the Auxiliary will continue to accept into membership those individuals who meet membership eligibility criteria regardless of the gender of their spouses.

The Auxiliary is incorporated as an all-female organization; males are not eligible for membership. The recent Supreme Court ruling begets the question also now being asked by some about the eligibility of individuals undergoing medical/surgical changes to become physiological females.



Gender is determined by the gender specified on the person's driver's license or other legal document verifying gender at the time the ALA applicant's membership eligibility is determined. A person's gender-specific physical body parts determine gender. If the person has not undergone the complete sex-change medical/surgical transformation and there are no official documents attesting to the person's gender at the time of application, then the person is not yet eligible for membership. The person becomes eligible for membership at such time as the gender transformation is completed and, other ALA membership eligibility criteria having been met, the person can produce documentation attesting that the person is legally classified a female.

Other factors to consider when determining membership eligibility:

- When a request for ALA membership is based on the military service of a family member who is still living, that family member must be a member of The American Legion before the female relative may join.
- When a request for ALA membership is based on a deceased veteran who was not a member of The American Legion, the prospective member will be asked to provide verifying documentation that proves her eligibility (*see acceptable documentation below*).
- When a woman veteran applies to join the ALA without being a member of The American Legion, she is eligible to join if her service dates fall within one (1) of the eligible service periods as described in the National Constitution, Article III, Section 1. However, should her family members wish to join the ALA or the Sons of The American Legion through her service, she must first become a member of The American Legion. The Legion will verify the woman's eligibility.

The following documents are acceptable to verify membership eligibility in the ALA:

1. DD214 discharge papers (not issued until after the Korean War)
2. Official military orders
3. Official military service citations/awards
4. Letters related to the veteran's military service. Must be on official government letterhead.
5. Certificate from the VA records center in St. Louis
6. Data from the back of older discharges

It should be noted that discharge papers or copies of official military orders are not always easily available to the veteran, especially to those United States (U.S.) citizens who served in allied forces during military conflicts in a common area with the U.S.

In one such example cited by an American Legion source, a U.S. citizen who was visiting Europe at the beginning of WWII was trapped behind enemy lines, and because of German heritage, he was drafted into the German army. Later, he wound up separated from his German unit near the Russian front (Russia was an ally of the U.S. in WWII) and was soon fighting with the Russians against the Germans. Following the war, he returned to his hometown, Chicago, Illinois, and wanted to join The American Legion. His verification of service was Russian documents (translated) and commendations. He was allowed to join The American Legion.

Another example, where pictures established active-duty service, might be sailors or Marines in uniform while on liberty in a foreign port.

Key elements to review on any documentation, whether discharge papers or military orders, are dates of service and the character of the service (i.e., honorable or dishonorable). The American Legion does not research to verify the details behind the DD214 unless it appears to be falsified. Any falsified DD214 or military orders should be referred to the FBI. If the discharge is listed as “non-characterized,” you should refer those to the national secretary, who will ask Counsel General to review the coding listed.

Information on a veteran’s service record can be obtained by contacting the National Archives and Records Administration at 1-866-272-6272 or [www.nara.gov](http://www.nara.gov).

### **Authorized Forms of Membership**

The only authorized form of membership is active membership, of which there are two (2) classes: Senior and Junior. Granting special or honorary membership for any purpose or reason whatsoever is prohibited.

Senior members are those who are age eighteen (18) or older and those under the age of eighteen (18) years and married.

Junior members are those under the age of eighteen (18) years, and whose activities are supervised by Senior members. Upon reaching eighteen (18) years of age, Junior members are automatically admitted into Senior membership with full privileges. Junior members conduct their own meetings and perform their own special activities, planning their own community service projects and supporting unit projects. Junior members may hold honorary national officer positions. These young volunteers follow in the footsteps of Senior ALA members by donating thousands of hours in service to our veterans.

Once accepted as Senior ALA members, these women may continue their membership from year to year, whether or not their veteran relatives continue membership in The American Legion. The fact that a member’s service relative is no longer a member of The American Legion does not compel the ALA member to lose her ALA membership, as long as she does not have a lapse in dues payments.

The phrase “died in the line of duty,” applies to all persons who were killed in action, died of wounds or disease, were killed by accident or otherwise came to their death other than as a result of their own misconduct. In case of doubt, the Adjutant General of the Army, or the Navy Department, Washington, D.C., can advise if the person was considered to have died in the line of duty.

Any woman who legally marries a member of The American Legion at any time is eligible for membership in the ALA. A woman who is the *legal* wife of a male or female Legionnaire is eligible for membership in the ALA.

Widows from legal marriages (male/female or female/female) are also considered wives for membership.

Applications for membership must be completed for every applicant, and she must provide proof of her eligibility. (For instructions on completing the membership application, see the *ALA Unit Guide* on the national website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org)).

Paid Up For Life membership (PUFL): Any member in good standing whose membership dues are paid for the current year may become a PUFL member. The unit secretary must verify membership on the application. PUFL applications are available at [www.ALAforVeterans.org](http://www.ALAforVeterans.org).

### **Member Recruitment and Retention**

Recruiting and retaining a diverse, active membership is critical to our mission. Well into the future, veterans will need our support and advocacy to assist them at home and abroad, during war and peacetime, to receive the attention and benefits they deserve.

To ensure the American Legion Auxiliary continues to exist for a future of serving our veterans, military, and their families, our goal is to enhance membership strength by our centennial anniversary. Following is a sampling of the resources available on the national website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org) to assist you in achieving this goal:

1. *National Membership Plan of Action*
2. *Elevator Speech*
3. *How to Reach Target Groups*
4. *New Member Welcome Kit*
5. *The American Legion Family Membership Brochure*
6. *Unit Revitalization Guide*
7. *Volunteer Interest form*
8. *Valued Member Survey*
9. *ALAMIS Training PowerPoint*
10. *Membership presentations from national meetings*

It is important for department officers, board members and other leaders to become familiar with the tools available as your units work to increase the ALA's positive visibility to attract and retain members. Letting members know that their contributions are valued, along with welcoming, respectful treatment goes a long way toward creating a positive experience and an appealing environment for both current and potential members. Department officers are encouraged to mentor unit leadership with these ideals.

## **Section 2**

### **Membership Processing**

#### **Membership Application (Traditional)**

See the *Unit Guide* on the national website for proper completion of the membership application. Units may obtain membership applications from their department headquarters or download from the national website. Completed membership applications, along with payment of department and national dues, are sent by the unit to department headquarters.

The American Legion National Judge Advocate/ALA Counsel General advises that since eligibility for membership can be challenged at any time during the life of the member, eligibility information should be retained indefinitely, as long as the member is alive. Only the eligibility information needs to be securely retained, and records can be digitized to save space and provide a more convenient way to retain the information. Units are advised to have access to a locked file cabinet in the post or other secure place for record retention.

Counsel General notes that in the past four years, the IRS has been more stringent about demanding to see eligibility records when they are doing field audits of posts, units and departments. The fact that the IRS has escalated its audits of Legion and ALA entities in recent years may lead to confusion about the length of time for retaining IRS records versus the length of time for retaining eligibility verification records. Counsel General has advised that tax returns need be kept for only seven (7) years, but eligibility records should be retained for the life of the member.

Effective with the 2017 membership year, new members can complete the membership application and pay their dues on the national website. They will be required to complete an affidavit affirming their eligibility. It will be up to departments to confirm that the new member meets ALA eligibility requirements.

When joining the American Legion Auxiliary via the national website, the member will receive a welcome email and be placed in the Department Headquarters Unit. Departments are encouraged to run a "new member report" on a weekly basis to identify new members, to confirm each member's eligibility, and to send a Department welcome to the new member. The Department is obligated to promptly provide a membership card to all eligible new members.

**NOTE:** The following is taken directly from the ALA National Standing Rules, Section X., Units:

*A new member joining the American Legion Auxiliary prior to the annual National Convention must pay full current annual dues to be eligible for full membership rights, privileges, and benefits.*

*A new member joining after the National Convention may be given by her Unit full membership rights, privileges, and benefits from the date the dues are received through December 31st of the following year.*

### **Paid Up for Life Membership (PUFL)**

#### **PUFL Membership:**

1. Is the Auxiliary's national paid-up-for-life membership program.
2. Is purchased by the member with a lump sum payment. If the PUFL membership is a gift, the cost is paid by the gift giver.
3. Was established by resolution adopted at the 2/18/1981 National Executive Committee Meeting in Washington, D.C.

#### **PUFL Eligibility:**

1. Traditional members in good standing (having a valid membership card for the current year) may become PUFL members.
2. Members whose dues are not paid for the current year are considered delinquent and must pay current year dues before becoming eligible to become a PUFL.

3. Current year dues payments must be reflected in the national membership system (ALAMIS) before PUFL applications can be processed.

#### **Cost of PUFL Membership:**

1. Is based upon two factors:
  - Age of the member at the time the application is submitted.
  - The total unit dues amount at the time the membership is purchased.
    - Unit dues consist of department dues per capita, national dues per capita, and the dues amount retained by the unit.
    - The dues amount used to compute the cost of a PUFL membership may not be less than the sum of department dues per capita and the national dues per capita; units have the option of waiving their portion of dues.
    - Use the rate chart on the back of the PUFL application to determine exact cost of a PUFL membership.
2. Dues paid in advance may be deducted from the total PUFL fee only until December 31st of the year in which they were paid in advance.
  - For the deduction to be recognized when processing the application at National Headquarters (ALANHQ), the following is required:
  - The completed and certified PUFL application must reach ALANHQ no later than December 31st.
3. PUFL members will never be obligated to pay any additional amount if there is a dues increase.
4. PUFL fees are non-refundable.

#### **PUFL Trust:**

1. Is maintained by ALANHQ.
2. Money from the trust fund can be used only to support the PUFL program and to pay annual dues per capita each year to the unit, department, and national organization.
3. The interest income from the trust fund is used to cover the cost of dues increases at the national level.

#### **Annual Payments to Units and Departments:**

1. Annual payments will be made from ALANHQ in the fall for all PUFLs on record for the current membership year.
2. The PUFL member's unit and department will always receive the amount of annual unit dues per capita and department dues per capita in effect at the time the member joined the PUFL program.

***NOTE: If the unit chooses to waive its portion of dues, the unit will not receive annual payments for that member.***

#### **Completing the PUFL Application:**

1. Applicant: *(must have paid dues for the current membership year)*
  - Completes in full Section 1 of the application form (See PUFL form on national website)
  - Using rate chart on back of the application, determines her PUFL fee.

- Attaches appropriate payment: (check or money order made payable to American Legion Auxiliary, National) or provides all charge card (VISA or MasterCard) information requested on the application.
  - Submits application to her unit secretary for certification.
2. Unit secretary:
- Verifies that the applicant has accurately and fully completed Section 1 of the application.
  - Verifies that the member is in good standing (either has a valid membership card for the current year or is current with dues as verified in the national membership records database).
  - Completes, accurately and in full, Section 2 of the application.
  - Records the applicant's member ID number.
  - Lists the amount of current annual unit dues.
  - Verifies that the applicant has listed the correct PUFL fee based on her current age and the current amount of unit dues. (If applicant has listed the fee incorrectly, work with her to correct before sending to National Headquarters.)
  - Indicates if unit is waiving its portion of dues, thus reducing the amount on which the fee is based.
  - If applicant has paid dues in advance (by December 31st of the previous membership year) and is reducing her fee by that amount, ensure that the department has transmitted her dues in time to be reflected in the national membership system (ALA MIS) by January 15th. (Advance dues payments cannot be deducted after January 1st of the current membership year.)
  - Provides her address and phone number.
  - Certifies, with her signature, that the application is complete and that all information on the application is accurate.
- NOTE: Applications lacking sufficient information, payment, or certification will be returned to the unit secretary.*
- Makes a copy of the application for unit and/or department records.
  - Forwards original certified application, along with payment, to National Treasurer's Office, Attn: PUFL, 8945 N. Meridian St., Indianapolis, IN 46260.
  - May obtain current PUFL application forms from department headquarters or on the national website.

### **Identifying PUFL Members:**

1. After the PUFL application and payment are processed at National Headquarters, the PUFL member will be issued a PUFL card. (Allow thirty (30) days to receive PUFL card.)

### **PUFL Members Transferring to Another Unit:**

1. Relatively simple to initiate, particularly between units within the same department. (Some departments offer their own state life membership program, so check first if the transfer will be to a unit in another department.)
2. A unit accepting the transfer must agree to accept the unit dues per capita amount established by the former unit at the time the PUFL application was processed.

### **PUFL Member Versus Honorary Life Member: . . . (They are not the same)**

1. PUFL membership is purchased and requires completing an application issued by National Headquarters.
2. Only a unit can bestow honorary life membership.
  - The unit pays dues for their honorary life member each membership year.
  - National Headquarters does not provide applications for, nor can it process, honorary life memberships.
  - All honorary life membership records are maintained at the unit and/or department level. Departments should mark the member's record as an honorary life member (HLM) to discontinue the renewal notice.
  - Honorary life memberships are valid only within the unit bestowing the membership.
  - If an honorary life member transfers to another unit, or the unit disbands, the honorary life membership becomes void.
  - Honorary life membership cards and pins can be purchased through the Emblem Sales Division of The American Legion; purchase of a pin requires the approval of the Department Secretary.

**PUFL questions?** If your questions about the PUFL membership program have not been answered here, please contact the Membership Division at National Headquarters at (317) 569-4500.

### **Membership Renewal Program**

National Headquarters emails and/or prints and mails membership renewal notices directly to all Senior members except those in foreign units. Junior members do not receive a renewal notice. The personalized notice includes the amount of the annual unit dues and the name and address of the individual within the unit to whom the dues are to be paid. The national organization underwrites the entire cost of the membership renewal program.

#### **Payment:**

1. Although the notices are emailed or mailed by National Headquarters, the unit member may pay her dues directly to the person receiving dues at the unit – either in person or by mail or via credit card on the national organization website. Members who choose to pay their dues on-line will receive a receipt and have the ability to print their membership card.
2. If payment is made by mail, the member must enclose her check, along with the remit portion of the renewal notice, in the window envelope provided in the renewal notice mailing.
3. If a Senior member wants to pay dues for a daughter, granddaughter, or another person, she must provide that person's name, complete address, and member ID number on the back of the renewal form. This form, along with appropriate dues payment, may be mailed along with the Senior member's dues in the window envelope. This procedure must be followed to ensure proper credit.

*Note: Unit dues represent the total of three amounts: the unit portion, department portion, and national portion. The unit retains its portion and transmits the balance to the unit's department headquarters which keeps its portion and transmits the national dues amount to ALANHQ.*

### Renewal Notice Mailing Schedule:

<u>Notice</u>	<u>When Mailed</u>	<u>To</u>
1st	September	all Senior members
2nd	January	all Senior members for whom dues were not received by National Headquarters by December 15

**Note:** Units should check with their department for actual department deadlines in order to meet National Headquarters' deadlines.

**Emailed renewal notices will typically be sent in September.**

**Note:** Members can opt out of emailed renewal notices by contacting their Department headquarters or the Membership Division or ALA MIS Help Desk at National headquarters.

### Membership Dates and Deadlines

Please refer to the ALAMIS calendar on the national website for dates and deadlines for dues rate changes, renewal notices, membership cards, PUFL disbursements, etc.

### Unit Data Form – Direct Billing:

To ensure that the information printed on renewal notices is accurate, each unit must complete, and forward to her Department Secretary, a Unit Data form or similarly designed department form.

1. The deadline for receiving Unit Data Forms is set annually by each department. Contact your department headquarters for instructions.
2. It is imperative that National Headquarters has complete and correct information to ensure that renewal notice data is accurate.

**Prompt Processing of Dues:** Prompt processing of dues at the unit and department level is extremely important; National Headquarters must receive dues well before the dates listed in the *Renewal Notice Mailing Schedule* to prevent mailing unneeded notices. However, because delays do occur, it is of equal importance for unit and department leaders to educate their members that some may receive a renewal notice although their dues have been paid. In such cases, please inform them to disregard the notice.

**NOTE:** If a unit is paying dues for/on behalf of a member, (honorary life members), make sure those dues are submitted on the first transmittal of the membership year.

**Deadline to Run Expires:** National Headquarters will run all expires of the previous year's members on January 31st of the following year. The membership year is from January to December. *Example:* On February 1, 2017, unpaid 2015 members will move to "expired," and unpaid 2014 members are moved to "former" members, all of whom will have their continuous years and join date reset to zero.

### Dues Statements:

1. Should be used to renew Junior members. Junior members **DO NOT** receive membership renewal notices from National Headquarters.



2. Units may issue dues statements for any Senior member requesting a reminder to pay dues, in addition to the renewal notice sent by National Headquarters.

## Membership Cards

### Membership Cards Will:

1. Be shipped to most department headquarters in time for the department's annual convention.
2. Include approximately fifteen percent (15%) of each department's previous year total membership at 12/31 in blank cards to be distributed at the department's discretion.
  - Complete one of the "extra" blank cards for any missing renewal member cards.
  - Complete a blank membership card for new members. Upon payment of dues, promptly provide card to member to reflect that her current year dues have been paid. Card must be fully completed and signed by a unit officer to be valid.
3. Be sorted by unit, including Membership Roster, and shipped directly to each department headquarters for distribution.

### IMPORTANT NOTES:

1. **Do not** borrow cards from other units. Contact your department headquarters for more card stock.
2. **Do not** confuse honorary life membership or department life membership with PUFL membership.
  - Honorary life membership cannot be processed at National Headquarters. Honorary life membership is paid by the unit and must be processed as a regular renewal.
  - The department pays department life membership, and dues should be submitted to National Headquarters. See PUFL membership for further explanation.
3. **Do not** submit duplicate dues payments on members. If the Unit Membership Roster is used appropriately, units will know which member's dues have already been transmitted to their department.

### Card Reprints:

If card reprints are needed, units should contact their department headquarters. All unit requests must be in writing to their department headquarters. Request for reprints, or any other "Service Orders," can only be accepted at National Headquarters from the Department Secretary. Department headquarters will forward requests to National Headquarters.

**NOTE:** Reprints are done only if the unit loses the cards or the cards are destroyed. For a name change or transfer, use a blank card to prepare and issue a card with current information.

## Organizing New Units/New Charters

Organizing a new unit is exciting and a good way to build membership. Many Legion posts in each department are without the benefit of an Auxiliary unit. Check with your Legion department headquarters for a list of those posts. Familiarize yourself with the information contained in *How to Organize a Unit*, and then contact the posts to determine their interest in chartering a new unit.

## Procedures for New Charters

1. Print the full name and address for each charter member, along with the unit number, on the charter application and on membership cards.
  - A minimum of ten (10) Senior members is required to form a unit.
  - Transferred members may be designated as charter members.
  - Junior members currently cannot be counted in the original ten (10) applicants for unit charter, but can be charter members.
  - All new members must file individual membership applications as proof of eligibility.
  - Immediately distribute signed cards to all paid-up members.
  - Retain a listing of all charter members for unit records.
2. Prepare list with the total dues amount for Seniors and Juniors and who will receive the dues at the unit.
3. Prepare "Application for Unit Charter of the American Legion Auxiliary." Obtain charter applications from your department headquarters. Forward the following to your department headquarters:
  - All three copies of the signed charter application. (All copies must be signed by the Post Commander and attested by the post adjutant.)
  - Name, number, and location of unit must be identical to the post.
  - Completed information on amount of dues and member who will receive the renewal notices.
  - A check for \$10.00 per new charter.
    - Checks for charter fees and dues payments can be submitted together.
  - Membership applications for each new member. (Names and addresses on the charter application and new member applications must correspond.)
  - A typed list of names as they are to appear on the charter roll, if an inscribed roll is requested.
    - Set up fee for each inscribed roll is \$10.00 for 20 names and \$.50 for each additional name.

*NOTE: The department must verify that all required information, forms, and payments are correct before forwarding items listed above to:*

American Legion Auxiliary National Headquarters  
**ATTN: Membership Division**  
8945 N. Meridian St.  
Indianapolis, IN 46260

Each completed charter will be forwarded from National Headquarters to the appropriate department headquarters office.

Allow ten (10) business days after the charter is *received* in National Headquarters for the charter members to be counted in membership reports.

### Section 3

## Civility and Code of Ethics

The *ALA Annual Programs Plan* includes a section on *Membership*, aka the *ALA Annual Plan of Action for Membership*, which emphasizes “Appeal to fellow citizens utilizing core character concepts to exemplify the behavior of our organization. Encourage the use of civility, leadership, and volunteerism as the basis for recruitment.”

As the world’s largest women’s patriotic service organization, it behooves us to put our best foot forward in the national spotlight and in our everyday one-on-one interactions with one another. Kindness and respectful, civil behavior was once commonplace in society, the norm rather than the exception; however, with the ever-increasing pace of life today, civility sometimes appears to have flown out the window. Still, we stop to listen when the news announcer tells of incidents where good Samaritans leave gold coins anonymously in Salvation Army kettles or stories of *paying it forward* by paying for another person’s meal in the drive-through of a fast-food restaurant, and it touches our hearts. On the flip side, the saying that if you please one person, one person knows of your good deeds, but if you anger one person, that anger is increased tenfold as they vent to others about how they were mistreated.

People do still care, and, as a nonprofit organization established to help others, we need to share our story through acts of kindness, treating others with respect and honoring other’s service with our thanks, whether that is the returning veterans or our own members who donate their time volunteering to help others.

Remembering the basic tenant of the Golden Rule - treating others as you wish to be treated - can accomplish a wealth of personal satisfaction while portraying our organization as one that cares and where membership and volunteerism is valued and appreciated.

American Legion Auxiliary members are expected to comply with the organization’s governing documents and adhere to the highest ethical standards to earn and protect the public’s trust in our performance to carry out the ALA’s mission, uphold rigorous standards of conduct, and be good stewards of our resources.

The organization for which a Code of Ethics is adopted must also establish the procedures/process for handling complaints about alleged ethics violations. Department violations must be addressed by the department.

As an example, at the National level of the organization, there are policies adopted by the national governing board – the National Executive Committee – for whistleblowers and conflicts of interest among others. The policies and forms are available to members as resources via the Members Section of the national website, [ALAforVeterans.org](http://ALAforVeterans.org).

At the National organization level, any member may report a suspected violation of the various Ethics policies, or an allegation of abuse of authority, or an allegation of negligence of duty committed by a national officer, national director (member of the NEC) or national leader serving in an appointed position confirmed by the NEC. There is no special form for making an inquiry, complaint, or allegation.

To exactly whom the complaint or allegation is submitted depends on what position the person who is the subject of the complaint holds. For example, any allegations of Code of Ethics violations about NHQ staff would be directed to the National Secretary. Any allegations about any officer, NEC member, national committee chair or national committee member, or any

special national appointee who was confirmed by the NEC could be reported to either the national president, national vice president, national secretary, national treasurer, or any combination of these four (4) officers.

The reason there is not a specified form or detailed protocol for how to report an Ethics violation allegation is so there is no real or perceived barrier to “blowing the whistle” or reporting an allegation of wrongdoing. Members need to feel unintimidated, unafraid, and unencumbered to do so via whatever manner is practical – a phone call, email, written note or letter. And because a member who feels compelled to report a suspicion of wrongdoing needs to feel confident that the allegation will be taken seriously, she should feel free to report it to a national officer whom she trusts. The expectation of confidentiality is paramount in any situation wherein a member feels compelled to report an allegation or suspicion of ethics violations or wrongdoing.

The same concerns apply to departments. For example, if a member suspects a department president is abusing her authority, and further suspects that the president is doing so “in cahoots” with another department leader, that member should not be hampered by strict rules and procedures for reporting the alleged abuses which might require the member to submit some required form to the very person about whom the member suspects is committing some wrongdoing.

Regardless of via what means and to whom the allegation was reported, the allegation of wrongdoing needs to be investigated by a small group (recommend more than one but no more than three) led by the officer or governing board member to whom the allegation was presented. The investigation should be done confidentially and lawfully. At the point where the small group has investigated the allegation and believes there is merit to the allegation, then that small group would take the reported allegation to the disclosure level and the matter would then have to be handled by the governing board (at the department level usually known as the DEC).

The DEC has the authority to discipline, suspend, or remove an elected officer, governing board director (DEC member), or department leader who was confirmed by the department governing board. The procedure by which the DEC must do this is governed by due process. An overview of the process for a department to mete disciplinary action is included in the ALA National Standing Rules. If the allegation is serious enough to warrant disciplinary action beyond a DEC verbal or written reprimand, such as removing an officer or appointee from her leadership position in the organization, then due process must be followed to protect the organization, including providing proper notice, holding a recorded hearing, and recording the disciplinary decision by the DEC.

If an outcome of removal from office or leadership position is anticipated, or if a criminal report or civil court action is anticipated, then the DEC is strongly advised to consult an attorney knowledgeable about that state’s law for guidance. In some departments, the Legion Department Judge Advocate may do this. In other departments, it may be more advisable to consult outside counsel. If the allegation involves a suspected criminal act, then the allegation must be reported to the appropriate law enforcement agency/police department. If the allegation involves suspicious activity regarding department finances, then a forensic external audit may be needed; the DEC would be strongly advised to make a special appropriation of funds for an external audit and/or forensic audit. If the matter is an emergency, the department president, department secretary, or department treasurer would be exercising defensible duty of care to proceed with engaging an attorney and/or external auditor and submitting the costs to the DEC at the earliest appropriate time.

Of note, all these scenarios described fall under the purview of the department governing board; not a department's finance committee.

The Code of Ethics, adopted by the National Executive Committee and incorporated into the ALA National Standing Rules, is provided in the appendix of this Guide. It is strongly recommended that all chartered entities and affiliated organizations at all levels adopt a Code of Ethics and conduct themselves accordingly.

## Section 4

### Joining Other Organizations

#### **Dual Membership in American Legion Auxiliary and The American Legion:**

There is no prohibition against any woman, who by right of her own service in the Armed Forces of the United States joins both The American Legion and the ALA. Although the Auxiliary and Legion are separate organizations, a qualifying woman may belong to both organizations. (See *chapter on Auxiliary Protocols & Etiquette*.)

#### **Unit/Department Membership in Other Organizations:**

ALA departments and units may be interested in joining other organizations or associations to gain some benefit or access to additional resources. Examples include their state or local chamber of commerce, professional leadership organizations (e.g., chapters of the American Society of Association Executives, Association of Fundraising Professionals, etc.), historical societies, and local nonprofit associations or registries.

The American Legion's national rules prohibit the Legion joining other organizations.

The ALA national governing documents do not address the subject; therefore, there is no express prohibition. In general, ALA subordinate organizations may join outside organizations or associations, but there are critical considerations that departments and units must keep in mind.

The primary consideration is that the membership rules of the non-ALA organization must not contradict or conflict with the articles of incorporation, constitution, bylaws, charter, or any rules or policies of the national ALA organization, department, or unit. In order to maintain the integrity of the ALA's trademarks and the group tax-exempt status for subordinate organizations, the national organization must maintain supervision and control of the trademarks.

If you join an outside organization, and by virtue of that membership are considered to have adopted or are required to follow any policy which contradicts those of the national ALA, be aware that you may lose the right to display any ALA trademarks (emblem, name, etc.) as well as lose your tax-exempt status under the national IRS group exemption. If you wish to join any non-ALA organization, you should carefully examine its membership requirements to determine if they contradict either national or department policies or rules. Contact your department or ALANHQ with questions about possible contradictions. You should not join a non-ALA organization whose relationship allows it to control the ALA's decision-making.

Consider if your membership in another organization is in line with your responsibilities as a veteran-focused nonprofit. If your membership in another organization causes you to drift away from acting in a nonprofit capacity, serving veterans, fulfilling the ALA mission, or creates liability

for your organization or other encroachment issues, you are highly advised not to join. Also consider if the relationship would be simply one of general membership or a partnership. If, for example, you are required to share costs (beyond membership fees) or provide services in a joint project, you may be creating legal liability for your own organization. Do a background check of any organization you want to join to be sure they are legitimate and fit the ALA's mission and goals.

Further, consider the public relations issues of joining an outside organization. Many chambers of commerce and other associations engage in extensive lobbying efforts, and some of their positions may conflict with those of The American Legion and the Auxiliary. Therefore, you are advised to consider the potential for negative reaction to such activities by your members or the general public. If the outside organization discriminates on a racial or religious basis, such discrimination violates ALA rules and might create a disastrous public relations situation. Also, other organizations may endorse or support partisan political candidates which is in violation of the national constitutions of both The American Legion and Auxiliary, and can result in loss of your tax-exempt status.

Consider the costs of joining another organization and how those costs might be perceived by members who may not see the benefits of associating with another group. Present the notion of joining another organization to your ALA membership for discussion and vote before joining.

Many times, other organizations want access to the name, emblem, and membership lists/numbers of the ALA. Access to the name and emblem is controlled by the national organization, and written permission from the national secretary is required. Another organization's use of ALA's membership information can result in privacy law violations. If the other organization advertises or presents its membership as including the ALA unit or department or their membership, you are strongly advised to sever all ties.

If an organization requests a list of the unit's or department's ALA members, the request should be very carefully considered as to intent and purpose. A list of ALA members must not be granted without the execution of a List Protection Agreement, available from the ALANHQ.

Finally, before deciding to join another organization, consider the alternative of working collaboratively with the organization in lieu of membership.

## Section 5

### **Other Veterans Service Organizations (VSOs) - The ALA's Competitive Advantage**

Throughout this Guide, reference is made to the fact that the American Legion Auxiliary (ALA) is the world's largest women's patriotic service organization with some 700,000 members. If you have read the chapter on the ALA strategic plan, you are aware that the first national strategic goal is to enhance membership strength.

In order to reach that goal, we need to know and understand our competition – not just competition for potential members' time, but the competition that also desires them as members. We are in competition for members from other VSOs as well as other nonprofit membership organizations (e.g., Kiwanis, Lions, etc.).

With this in mind, we can better communicate what we offer to prospective members that other organizations may not be able or willing to do. The ALA needs to give prospective members a

good reason to pay to belong, such as the fact that we provide a meaningful, personally rewarding experience. We need to show that we are proud of what we do for veterans/military, their families, and America's youth, our excitement about participating in programs that better the positions of those we serve, and how fulfilled we are to be proud supporters of ALA programs. We need to show what we can offer that which the competition can/does not.

According to the *2012/2013 Directory of Veterans and Military Service Organizations and State Directors of Veterans Affairs (VA)*, published by the office of the Secretary of Veterans Affairs, there are 144 VSOs listed. Of that 144, forty-seven (47) are Congressionally Chartered and **only thirty-six (36) have been recognized for the purpose of preparation, presentation, and prosecution of claims under the statutes administered by the VA.** The American Legion can be found in this listing of thirty-six (36) VSOs. (*Note: The ALA is not listed in this directory since we fall under The American Legion's listing.*)

According to this directory, "For an organization to be listed (*in this publication*) it must be a Non-Profit that is National in scope, of good reputation, in existence and involved with Veterans for a minimum of three (3) years, dedicated to a wide range of Veteran's issues with a membership of at least 1,000 or be Congressionally recognized."

### Nonprofits in General

According to the *IRS Data Book for 2012, Table 25*, there were 1,080,130 charitable and religious tax-exempt organizations as of the fiscal year ending September 2012. Of these, there are more than twenty-seven (27) types of tax-exempt organizations and only one type, 501(c)(3), are either public charities or private foundations. Thirty-three percent (33%) of these organizations are human service organizations, where the VSOs would fall.

In 2009, the charities filing form 990 with the IRS reported approximately \$1.4 trillion in revenue and reported holding nearly \$2.6 trillion in assets.

The following "Myths about Nonprofits" are quoted from the National Council of Nonprofits website ([www.councilofnonprofits.org](http://www.councilofnonprofits.org)):

1. **Myth: Nonprofits can't earn a profit** – Reality: Nonprofits can make a profit; however, a nonprofit organization cannot distribute its profits to any private individual. This is because charitable nonprofits are formed to benefit public, not private, interests.
2. **Myth: Nonprofits don't have paid staff; they only use volunteers** – Reality: Nonprofits employ 13.7 million Americans, or about ten percent (10%) of the workforce. In fact, if the nonprofit sector were a country, it would have the seventh largest economy in the world. In 2010, 9.2% of all wages and salaries paid in US were from nonprofit organizations and the nonprofit sector represented 5.5% of the GDP in 2012.
3. **Myth: Nonprofits can't lobby** – Reality: Every charitable nonprofit can and should make its voice heard on issues that are important to its mission and to the people or cause they serve. As advocates, nonprofits are sometimes required to speak up about policies, laws, and regulations that affect the charitable nonprofit community and their individual mission. However, partisan political activity, such as endorsing a candidate for public office, is prohibited conduct for charitable nonprofit organizations.

4. **Myth: A well-run nonprofit should have low “overhead” costs** – Reality: Core operating costs, such as paying utility bills, rent, salaries/wages, and other indirect costs of delivering a nonprofit’s mission are in fact necessary, and have no relation to the level of effectiveness or the outcomes a charitable nonprofit may deliver.
5. **Myth: Nonprofits get most of their funding from foundations** – Reality: Foundation grants represent only a small part of the total revenue for the charitable nonprofit community as a whole. Private philanthropy, which includes both donations from individuals and grants from private foundations represent only 13.3% of the total annual revenue to the charitable nonprofit community and of that, the majority is from contributions from individuals.
6. **Myth: The charitable giving incentive benefits only wealthy individuals and elite institutions** – Reality: All charitable nonprofits benefit from public support and donations, and most depend on private donations to serve their communities. While the individual taxpayer typically receives only a partial tax benefit for their donation, the community served by the nonprofit receives the full value of every dollar. Any cap on the giving incentive negatively affects the community served by the nonprofit more than any one individual.
7. **Myth: Most nonprofits are large and have many resources** – Reality: In fact, most nonprofits are small in both budget size and numbers of employees. While large, national nonprofits like the American Red Cross have high visibility, such organizations are not representative of the community as a whole. In 2010, 82.5% of all reporting public charities had annual revenue of less than \$1 million.

As you can see, the ALA is not the only avenue for American women looking for a way to give back. In truth, all VSOs have heavy competition for members from the pool of nonprofits in the United States.

### **Congressionally Chartered and Other VSOs**

#### **1. Current or Former Military Background Required for Membership:**

This group of VSOs includes major organizations such as the following that are recognized by the VA for the purpose of preparation, presentation and prosecution of veterans’ claims with the VA:

- The American Legion (*NOTE: The national charter capitalizes “The” only when referring to the national organization unless at the beginning of a sentence. According to General Counsel, The American Legion’s National Judge Advocate, the words “The American Legion” by themselves refer only to the national organization and may only be used when referring to the national organization. Department addresses should be “American Legion Department of XXXX.” This capitalization of “The” has been used to clearly delineate between national and subsidiary groups in legal filings.*)
  - Headquartered in Indianapolis, Indiana, and Washington, D.C.
  - Made up of 55 departments
  - Has approximately 14,000 local posts
  - Has more than 2 million members
  - Organized on March 15, 1919
  - Congressionally Chartered on September 16, 1919, under Public Law Number: PL 66-47



- Membership open to current military servicemembers and veterans serving during the timeframes of foreign conflicts regardless of whether deployed
- Website: [www.legion.org](http://www.legion.org)
- The American Legion established a women's Auxiliary in 1919 – the American Legion Auxiliary. The American Legion Auxiliary is a separately governed corporation, unlike the other VSO's whose auxiliaries are programs of and controlled by their respective VSL. (NOTE: *The American Legion's federal charter capitalizes "The" in front of American Legion. At the department level, The American Legion generally uses a lower case "the" because most Legion departments are incorporated without "the" being capitalized. The American Legion Auxiliary does **not** use a capitalized "the" in front of American Legion Auxiliary because we are incorporated as "American Legion Auxiliary" without the word "the." Therefore, "the" is only capitalized in front of American Legion Auxiliary when it is at the beginning of the sentence.*)
- Veterans of Foreign Wars of the United States (VFW)
  - Headquartered in Kansas City, Missouri, and Washington, D.C.
  - Has approximately 1.7 million members which includes its VFW Auxiliary members as reported on its website. The VFW Auxiliary is a program of the VFW.
  - Organized in 1899
  - Chartered by Congress on May 28, 1936, under Public Law Number PL 74-630
  - Membership open to those veterans who actually served in conflict of foreign wars as evidenced by a campaign medal for overseas service or served 30 consecutive (60 non-consecutive days) in Korea.
  - Website: [www.vfw.org](http://www.vfw.org)
- Disabled American Veterans (DAV)
  - Headquartered in Cold Spring, Kentucky, and Washington, D.C.
  - Has approximately 1 million members
  - Organized in 1921
  - Congressionally Chartered on June 17, 1932, under Public Law Number: PL 72-186
  - Membership open to disabled veterans of foreign conflicts
  - Website: [www.dav.org](http://www.dav.org)
  - The DAV has an Auxiliary, which is a program of DAV and whose membership numbers are included in the DAV's 1 million members but not reported separately in its directory
- AMVETS (aka American Veterans)
  - Headquartered in Lanham, Maryland
  - Has 250,000 members of which over 30,000 are in its Ladies Auxiliary as reported on its website. The AMVETS Ladies Auxiliary is a program of AMVETS.
  - Organized on December 9, 1944
  - Chartered by Congress on July 23, 1947, under Public Law Number PL 216-80
  - Membership open to all veterans and active-duty military
  - Website: [www.amvets.org](http://www.amvets.org)

These are the four (4) largest Congressionally Chartered VSOs (in terms of membership) listed in Part I of the *2012/2013 Directory of Veterans and Military Service Organizations and State Directors of Veterans Affairs* (directory). There are thirty-two (32) other VSOs listed in Part I, and all are recognized by the VA for the purpose of providing support to veterans in the prosecution of their claims with the VA. It is understood that the Auxiliaries of these groups may also assist with representing veterans with their claims. A non-membership organization in this listing is the Wounded Warrior Project, headquartered in Jacksonville, Florida. While it does not have a Congressional Charter, it received VA accreditation on September 10, 2008.

Part II of the directory lists other Congressionally Chartered VSOs that are not recognized by the VA for the purpose of preparation, presentation, and prosecution of veterans claims only. They represent the interest of American veterans. There are eleven (11) VSOs listed in Part II. American Gold Star Mothers Inc., American War Mothers, and Blue Star Mothers of America Inc. are names of nonprofit organizations you may recognize from this group.

Part III of the directory lists other service organizations NOT Congressionally Chartered or recognized by the VA for the purpose of veteran claims representation; but that represent the interest of American veterans. Some of these VSOs are not actually membership organizations. Names you might recognize from this listing:

- American Military Retirees Association
- Iraq/Afghanistan Veterans of America (IAVA)
- National Association of American Veterans (NAAVETS)
- National Society of Daughters of the American Revolution (DAR)

## **2. Membership Based on Familial Relationship to Veteran/Military:**

VSOs based on familial relationships that may or may not be women listed (all in Part III) in the directory:

- National League of Families
- National Military Family Association
- Society of Military Widows
- Tragedy Assistance Program for Survivors Inc.
- Veterans and Military Families for Progress

There are six (6) familial organizations that appear to be women-based listed in the directory:

- American Gold Star Mothers Inc.
- American War Mothers
- Blue Star Mothers of America Inc.
- Daughters of Union Veterans of the Civil War
- Gold Star Wives of America Inc.
- National Society Daughters of the American Revolution

As evidenced by the above list, a woman wanting to volunteer with other women to help veterans has plenty of organizations from which to choose. To find the American Legion Auxiliary on the VA website, she would have to drill down through the parent organization, The American Legion, to find us.

This is just one example of why it is important for leaders at all levels to encourage our members to tell our story -- the story of service to veterans, military, their families, the community and youth. With nearly 750,000 members, we are the largest all-female VSO, but we are certainly not alone in our mission to serve veterans and our communities. If we want to remain the largest and grow, we must make our stories known.

### **3. Membership Not Based on Veteran or Family Connections:**

While most of the 144 VSOs listed in the *2012/2013 Directory of Veterans and Military Service Organizations and State Directors of Veterans Affairs* are membership organizations based on either being active-duty military, a veteran of military service, or a familial relationship to a veteran, there are several that do not require a military connection. For example, the American Red Cross is considered a VSO by the VA, as is the Wounded Warrior Project.

These two (2) alone, with their national advertising campaigns, are stiff competition for other VSOs. Even if we had campaigns on the scale of these two organizations, competition requires us to be Legion Family brand advocates, leveraging the long history and good reputation of The American Legion Family of organizations working continually to raise community awareness in every possible way.

#### **Recommended Best Practices for VSOs**

Following are two of the most important best practices for any charitable nonprofit to remember:

##### **Non-Partisanship**

Partisan political activity, such as endorsing a candidate for public office, is prohibited conduct for charitable nonprofit organizations. (See the *Nonprofits in General* section.)

To be Congressionally Chartered, a nonprofit has to state unequivocally that they will not take part in partisan politics. The American Legion's Congressional Charter is no different, and, since the ALA falls under that charter, we are bound by that statement as well. To do otherwise risks the revocation of the American Legion's Congressional Charter and with it their tax-exempt status, along with the Auxiliary's.

As a reminder, if your unit or department wishes to invite a political candidate to speak at an event, you are advised to issue invitations at the same time to all candidates for said position so that all sides can be heard and the organization maintains its impartiality. All candidates should be treated with the same hospitable decorum.

Department leaders should make sure that all members fully understand the negative repercussions of representing a particular political candidate while at the same time representing the ALA. The ALA representation might be as simple as wearing ALA clothing, pins, or cap while attending a political event supporting a political candidate. The press and media can very easily jump to the conclusion that the organization is supporting the candidate. As they say, a picture speaks a thousand words and photos/videos can be taken by anyone today with a smartphone and posted anywhere. The best thing to remember is that if you think wearing an Auxiliary shirt, pin, or other regalia to a political event will be questioned, then don't do it.

## Transparency

As discussed in the chapter on Financial Operations, charitable nonprofits at all levels are required to file Form 990 with the IRS and state agencies annually. The 990 is the government's way of assuring transparency in financial dealings within the nonprofit.

Going beyond the mandatory 990 filings in our transparency is recommended to attract members and donors. Officers and board (DEC) members need to understand how we fund our programs, the percentage of donations that go directly to the intended program, and be able to communicate that information to anyone who asks. For instance, if a potential donor learns that 100% of their donation to the ALA will make its way to a military family, vs. only 80% of that given to the American Red Cross due to their overhead costs, most donors would contribute to the Auxiliary.

If 100% of your fundraising overhead costs are covered by membership dues, be sure to indicate such in your fundraising materials so the donor knows that 100% of donations received will be used toward the intended program/project or to the ALA Foundation for future projects. We want the potential donor to choose us over the 1.08 million other charitable nonprofits<sup>1</sup> from which they have to choose for their charitable donations. We have nothing to hide, so be transparent!

<sup>1</sup> Source: *IRS Data Book for 2012, Table 25* or 144 other VSOs (Source: *2012/2013 Directory of Veterans and Military Service Organizations and State Directors of Veterans Affairs*)

## Section 6

### Frequently Asked Questions (FAQs)

#### **FAQ 1: Equal membership for females.**

Since there is a Sons of The American Legion, why can't there be a Daughters of the American Legion? It appears that the only place where the female gender has equal membership opportunity is as a veteran/member or Legion Rider. You might just find this idea has more merit and benefit than holding on to outdated traditional values. Not to mention the possibility of members paying for membership in multiple organizations, thus increasing Americanism support and interest by taking a more active part in The American Legion community. If not, then re-organize the American Legion Auxiliary (as the name implies: everything else) to include all non-veterans, male and female, and have the SAL and Legion Riders as subservient to it.

**RESPONSE:** Both The American Legion and American Legion Auxiliary are veterans service organizations whose membership eligibility is limited based upon the criteria specified by Congress. Neither the Legion nor the ALA are social clubs – an IRS classification for which no tax-exempt status is assigned.

The ALA effectively has a "daughters of the ALA": its ALA Junior members. The ALA has two (2) classes of membership: Seniors – adults, and Juniors – females under the age of 18 who must meet the same eligibility criteria as adult females.

The ALA is incorporated as an all-female organization whose members are eligible for membership by being married to or directly related to a wartime veteran eligible for membership in The American Legion according to the criteria defined by Congress. As such, the ALA cannot arbitrarily reorganize itself to expand or alter its membership eligibility without an Act of Congress. A Congressional bill to expand ALA membership would have to be proffered by The American Legion whose federal charter provides for the exclusive membership criteria to which both organizations are legally bound.

Females who do not meet eligibility criteria and who want to assist the ALA can become supporters and volunteers.

The American Legion and American Legion Auxiliary annually receive many suggestions to expand membership eligibility. The Legion established a study committee which concluded that the Legion could not expand membership because of the limitations of eligibility imposed by Congress in the Legion's federal charter. Both the Legion and ALA are federally tax-exempt because of the Legion and ALA's exclusive membership eligibility. Expanding membership eligibility jeopardizes the tax-exempt status of both organizations. Neither the Legion nor the Auxiliary desire to expand membership eligibility contrary to the restrictions specified by Congress, which would in turn jeopardize our tax-exempt status assigned by the IRS.

#### **FAQ 2: Female same-gender marriage eligibility.**

In a female same-gender marriage, if the female spouse wartime veteran who is a member or eligible to be a member of The American Legion, is the female wife eligible for membership in the Auxiliary?

**RESPONSE:** On June 26, 2015, the United States Supreme Court issued a landmark decision in the case of Obergefell v. Hodges. The Court's ruling requires a State to license a marriage between two (2) people of the same sex and to recognize a marriage between two (2) people of the same sex when their marriage was lawfully licensed and performed out-of-State.

This decision requires all states to recognize same-gender marriages. The Legion and the ALA will continue to accept into membership those individuals who meet membership eligibility criteria regardless of the gender of their spouses.

The Auxiliary is incorporated as an all-female organization; males are not eligible for membership. Gender is determined by a person's gender-specific physical body parts at the time that membership eligibility is determined.

**FAQ 3:** A unit accepted a member several years ago with the person who signed her up (member 1) knowing that the new member's (member 2) eligibility was questionable. Now there is a personality conflict between member 1 and member 2 and member 1, who was aware of the questionable eligibility, saying that member 2 is not technically eligible for membership and wants the unit to revoke member 2's membership. Unless member 2 has been disloyal, shown neglect of duty, been dishonest or shown conduct unbecoming a member (per the *Unit Guide*), the unit can't reject her as a member now; can they?

**RESPONSE:** Any member can challenge the membership eligibility of another member by presenting the challenge to the unit to whom the member being challenged belongs or to whom the person's membership application is being presented for consideration.

The unit has the responsibility for responding to the challenge of membership ineligibility and for making a determination on that person's eligibility. If the unit determines that the member is not eligible, the member may appeal to the department. If the unit determines that the member is eligible, the person challenging that member's eligibility may appeal to the department. The department is the final authority on determining an individual's membership eligibility.

A member can challenge another member's eligibility to belong, and a member can also challenge another member's appropriateness to remain a member based on that member's conduct. In the example you cited, the issue being presented to the unit is that of the member's eligibility – not the member's conduct. The personal nature of the circumstances leading to the challenge of eligibility is not relevant. The personal circumstances may be common knowledge and unpleasant, but they are not a factor in the unit's responsibility to investigate and make an eligibility determination in response to the member's challenge. That determination needs to be made based solely upon proof of eligibility.

Also note that a unit's or department's decision regarding an individual's membership eligibility is not appealable to the national organization. The national organization only has authority to consider an appeal from a unit regarding the department's action to suspend, cancel or revoke the unit's charter. The national organization has no authority to consider eligibility or discipline appeals from members. The department is the final authority on eligibility and discipline.

**FAQ 4:** A woman veteran, who is eligible for membership in The American Legion but has not joined that organization, is a member of ALA and now her daughter wishes to join the ALA. Can the daughter join the ALA based on her mother's service?

**RESPONSE:** No, the daughter can only join the ALA based on her mother's service and membership in The American Legion. If the mother were to join the Legion, then the daughter would be eligible for membership in the ALA.

**FAQ 5:** Is there any circumstance where a woman could join the ALA without having a relative as current member of The American Legion? Is verification required by the Post Adjutant if the Veteran is deceased?

**RESPONSE:** **There are two circumstances** when a woman can become a member without having a relative as a current member of The American Legion. **The first** circumstance would be when the woman has served in the military during the requisite dates. She may join the ALA without being a member of the Legion. **The second** circumstance is when a woman's membership is based on a deceased veteran who was not a member of The American Legion;

however, the prospective member will be required to provide verifying documentation of the deceased relative's service dates to prove her eligibility.

**FAQ 6:** If an ALA member works for an assemblyman, can she run for county/district office in the ALA? My understanding was you cannot run for any office if you are an elected official in some capacity in local, county, or federal government. Is this in writing anywhere?

**RESPONSE:** There is no written prohibition that a person wishing to hold an ALA office cannot do so because of her place of bona fide employment or her position as a government elected official. There is no inherent conflict solely because the person is serving in public office. There are no national ALA or Legion restrictions from holding public office or working for a public official and holding an ALA office.

If your department or district rules place such restrictions, then you would need to abide by those bylaws or policies. If there is a conflict other than the person is an elected official or works in public service, then you would need to address the specific conflict and vote to handle it accordingly.

**FAQ 7:** As my department's Constitution & Bylaws chairman, I've been asked a question regarding the new wording under eligibility as it relates to dependents. The question is, "What about stepchildren and Reserves? Are they eligible to become members?"

**RESPONSE:** The eligibility information stated in the ALA National C&B has never mentioned step-relatives. This eligibility matter is not contained or addressed anywhere in The American Legion's national governing documents. While such membership eligibility descriptions represent a longstanding practice in the ALA, this eligibility practice has never been stated in the Auxiliary's C&B and cannot be stated in writing in the ALA's governing documents because: a) the ALA eligibility wording cannot conflict with the Legion's federal charter; and b) because of how both national organizations are classified by the IRS for tax exemption. The national ALA governing documents have always and must continue to remain silent on step-relatives. Departments are the final authority for determining the eligibility of its members; therefore, a department's determination of an individual's ALA membership eligibility is not appealable to the national organization.

Women serving in the Reserves, or the wives of those serving in the Reserves, are eligible for membership in the ALA provided that the servicemember has served at least one (1) day of active duty at the call of the federal Armed Forces.

**FAQ 8:** Regarding the change to allow only "direct and adopted female descendants" eligibility for membership: What was the rationale for this change?

**RESPONSE:** The wording does not represent any substantive change. The wording added "adopted" to clarify that adopted children are indeed legal members of the family and, therefore, descendants. The word "descendants" includes all the future generations of the original eligible member, therefore eliminating the need to amend the C&B in the future to allow for great-great, then great-great-great...and so on.

**FAQ 9:** The Auxiliary Unit no longer has an American Legion Post, so who would sign the Auxiliary membership application?

**RESPONSE:** According to Chapter II of the *American Legion Auxiliary Unit Guide*, which can be found on the Auxiliary's national website [www.ALForVeterans.org](http://www.ALForVeterans.org), the signature of a post officer should be on every application of those applying for membership by reason of relationship to a Legion member or a deceased veteran. If the post officer's signature cannot be

obtained, a letter from the Department Adjutant in which the service relative has his/her Legion membership will be accepted in lieu of the post officer's statement. A copy of this letter must be attached to the application.

A resolution passed at the 1943 Auxiliary national convention states that satisfactory proof of a veteran's service shall have been established when the post adjutant certifies that he has examined the records and documentary evidences of the deceased veteran and, based upon his examination thereof, declares it to be his opinion that the applicant is eligible for membership. A subsequent membership committee report explains that in cases when an application is received with the applicant making application on the record of a deceased veteran and no service record accompanies the application, the attestation of the post adjutant is needed.

**FAQ 10:** How long must units retain membership applications?

**RESPONSE:** The American Legion National Judge Advocate/ALA Counsel General advises that since eligibility for membership can be challenged at any time during the life of the member, eligibility information should be retained indefinitely, as long as the member is alive. Only the eligibility information needs to be securely retained, and records can be digitized to save space and provide a more convenient way to retain the information. Units are advised to have access to a locked file cabinet in the post or other secure place for record retention.

Counsel General notes that in the past four years, the IRS has been more stringent about demanding to see eligibility records when they are doing field audits of posts, units and departments. The fact that the IRS has escalated its audits of Legion and ALA entities in recent years may lead to confusion about the length of time for retaining IRS records versus the length of time for retaining eligibility verification records. Counsel General has advised that tax returns need be kept for only seven (7) years, but eligibility records should be retained for the life of the member.



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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 9:**

**Programs and Committees**

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## CHAPTER 9

# AMERICAN LEGION AUXILIARY PROGRAMS AND COMMITTEES

### Executive Summary

The American Legion Auxiliary (ALA) has three (3) types of committees: mission outreach/program; member and organizational support; and special purpose. The ALA's mission outreach or program committees support the organization's founding purposes. The member/ organizational support committees are administrative committees that support the organization's principles of good governance and management. The ALA's special committees address important timely needs of the organization. The purpose and composition of national committees are specified in the ALA's National Standing Rules. The purpose and composition of department committees should be stated similarly in your department governing documents.

In the Auxiliary's National Constitution and Bylaws, the core national standing mission outreach committees are its four (4) founding program committees: Veterans Affairs & Rehabilitation (VA&R), Children & Youth (C&Y), Americanism, and National Security. In addition to the four (4) core program committees named above are six (6) additional national program committees: Community Service, Education, American Legion Auxiliary Girls Nation, Junior Activities, Legislative, and Poppy. Together, these ten (10) program committees comprise the mission outreach programs at the national level.

In the Auxiliary's National Constitution and Bylaws, the four (4) essential member/organizational support committees (also known as administrative committees) are Membership, Constitution & Bylaws, Finance, and Audit. In addition to the four (4) core support committees named above are these additional committees: Auxiliary Emergency Fund, History Committee, Leadership, Past Presidents Parley, and Public Relations.

The National organization also has special purpose committees that recur annually, including Advisory, Strategic Planning, Convention, Distinguished Guests, Scrapbook, or as frequently as needed such as Human Resources and Anniversary/Centennial Celebration.

Most departments follow the lead of the national organization and have a similar committee/program structure. Departments are to have core programs similar to those included in the National Bylaws and Standing Rules. Departments may create additional committees as needed to meet the needs of the department. It is recommended to revisit the committee makeup every ten (10) years or so to make sure they are still relevant to the organization's goals and the community's needs which can change over time.

This chapter contains the following sections:

- Section 1 Committee Appointments, Meetings**  
Background Screening for Volunteers Working with Youth
- Section 2 Mission/Program Committees**
- Section 3 Member/Organizational Support Committees**
- Section 4 Special-Purpose Committees**
- Section 5 Code of Ethics for Program Committees**

**Section 6** How National and Departments/Units Interact in Relation to Programs

**Section 7** Program Resources

**Section 8** Frequently Asked Questions (FAQs)

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## Section 1

### Committee Appointments, Meetings

Your department bylaws should specify the appointment and confirmation authority for committee appointments. At the department level, the chairmen and members of all committees are appointed by the department president, in keeping with her authority as the chairman of the department's governing board, and must be confirmed (also referred to as ratified) by the department's governing board, commonly known as the Department Executive Committee or the department board.

When a vacancy occurs on a committee, the department president appoints a member to serve the remainder of the unexpired term. Appointments to fill vacancies also require confirmation by the department governing board (e.g., DEC or department board). Chairmen and committee members serve until their successors are appointed.

If the department's governing documents so provide, the department president may be considered an ex-officio member, additionally, of all committees. The National Bylaws so provide that the national president shall be considered an ex-officio member, additionally, of all committees.

The composition of each committee and the number of members and their terms should be included in your department governing documents and should address how any amendments thereto shall be handled. In the ALA National Standing Rules, amendments to add or delete a committee other than a special committee or to change the composition of a committee other than a special committee require action by convention delegates.

Meetings of committees shall be approved by the department president. It is advised that your Department Standing Rules also specify if there are any requirements regarding when or the number of times any particular committee should meet. For example, the National governing documents specify that the Finance Committee must meet at least once a quarter, and the meetings can be held electronically (by email) or telephonically (via conference call).

When a committee chairman or member is authorized by the department president to officially represent the department at a meeting or event, the department is advised to require a written report be submitted to the department president.

Committee chairmen are advised to maintain records of their activities during their administrative year and share their records with their successors and the appropriate department headquarters staff.

### Background Screening for Volunteers Working with Youth

American Legion Auxiliary departments are strongly advised to conduct background checks on staff and volunteers who are involved in youth programs (i.e. ALA Girls State) and Junior member activities.

Both ALA Girls State and Junior Activities are programs that primarily serve minors; therefore, it is extremely important that your department has a background screening process that covers all employees and volunteers. With ALA Girls State, it is critical to remember that the department is assuming responsibility for and the custody of someone's under-age daughter for a week.

National Headquarters staff does background checks on national committee members and volunteers who work in the American Legion Auxiliary Girls Nation and the national Juniors' meeting. In addition to conducting hiring screenings, the American Legion Auxiliary National Human Resources division conducts background checks on all staff members who spend a significant amount of time at those programs.

If a background check reveals anything that gives a program leader cause for concern about an individual, that individual should not participate unless the cause for concern is resolved. If the cause for concern is of a nature that cannot be resolved or ignored, then that individual cannot participate.

There is no one law that covers whether background checks are required for employees or volunteers or states how extensive those background checks must be; instead, there is an overlay of federal and state laws. You should also remember that there can be both civil and criminal liability for failing to conduct background screenings. Some states may require screening for employees but not volunteers; other states may require them for both employees and volunteers.

Organizations that primarily serve children are often held to the strictest standards in regard to background screening, and you should be aware of which laws apply to your program. Even if there are legal requirements or only limited requirements for background screening, there are other compelling reasons for mandatory screens:

- Protecting a vulnerable population
- Avoiding public backlash
- Reassuring donors
- Limiting liability

Applicants' backgrounds may be screened in a variety of ways, and your state department should approve your policy. A typical policy would include requiring a national criminal history check, a sex-offender registry check, and a social security check. If the person would be transporting minors by motor vehicle, a screening check with your state department of motor vehicles is recommended. Numerous reputable companies provide background checks, often at a reduced rate for nonprofits. Some nonprofits ask potential volunteers to provide personal references. If you use a third-party screener, it might require you to obtain the potential employee or volunteer's written consent before conducting the search, and it is often good policy to let volunteers know they will be screened.

In regard to junior counselors or volunteers younger than 18, there typically is no legal requirement to perform a background check and, since juvenile criminal records are usually sealed, a typical background check of a minor would not likely be effective. Social media sites and web-based search engines such as Google are viable ways to help evaluate whether a minor volunteer would represent your program in a positive way, as would asking for and checking references, including any employment history. Demanding that a minor open a private



social media account to your scrutiny is not recommended, but an account viewable to the public is considered an open record.

Again, there typically is no legal requirement to screen minor volunteers, but doing so can help maintain the quality of your program. The results of background checks should be kept confidential, to avoid leaking personal information about the employee or volunteer.

We understand that cost can be a factor in determining the number of background checks ordered by departments. Through a nationwide agreement between The American Legion and Protect Youth Sports (PYS), one of the nations' premier background screening providers, Auxiliary departments have the opportunity to order background checks at a significantly discounted rate. Each department will be responsible for contracting separately with PYS for their background screening services. The Legion's negotiated discounted pricing in some states is some 60-75% less than other screening companies charge for such services. To learn more about Protect Youth Sports and discount pricing, contact them at (877) 319-5587.

A basic background check screening includes:

- SSN verification and address history trace
- National Criminal Database Search with re-verification of positive records
- National Sex Offender Registry Search including a national search of all alias names

Some states require more expensive background screenings that include the information listed above plus county or statewide court search(es).

## **Section 2**

### **Mission/Program Committees**

The National Bylaws established the four (4) core mission outreach program committees: Veterans Affairs & Rehabilitation (VA&R), Children & Youth (C&Y), Americanism, and National Security. The additional mission outreach program national committees are Community Service, Education, American Legion Auxiliary Girls Nation (ALA Girls State at the department level), Junior Activities, Legislative, and Poppy. The overall purpose of each committee is as specified in the National Standing Rules, and the purpose of each committee is as described in the American Legion Auxiliary National Plan of Action.

These ten (10) program committees comprise the mission outreach programs at the national level.

Due to the organization's large number of committees, and recognizing that it can be difficult for smaller departments and units to sufficiently support every program committee, many departments and units began combining mission outreach program committees into groups (also known as "pods") – Veterans/Military Support & Advocacy programs, Youth Development programs, and Family Support programs. Grouping mission outreach programs allowed units to have fewer chairmen, each responsible for a group of similar mission outreach purposes, and choosing appropriate activities for each group from the ALA annual national program plan, the "Plan of Action," updated each year.

Each of the program committees has a section in the ALA's annual Plan of Action specifying the year's objectives and strategies as outlined by the national president and her appointed national

chairmen. This national program plan guides the ongoing efforts of ALA members carrying out the mission in departments and units across the country and around the world, in a way that is consistent but flexible enough to fit the needs of units in small rural communities as well as large urban areas.

The ALA's annual national Plan of Action is updated each summer and is available on the national website at [www.ALForVeterans.org](http://www.ALForVeterans.org) prior to the installation of the year's new national president, though the annual program plan officially does not go into effect until after the installation of officers at the end of national convention in late August or early September.

#### Core Mission Outreach Committee Purposes:

*Veterans Affairs & Rehabilitation:* The purpose of the Veterans Affairs & Rehabilitation Committee is to promote programs and services that assist and enhance the lives of veterans and their families, ensuring restoration and/or transition to normally functioning lives.

*Children & Youth:* The purpose of the Children & Youth Committee is to work collaboratively with The American Legion to promote programs that protect, care for, and support children and youth, especially those of our military and veterans.

*Americanism:* The purpose of the Americanism program is to promote patriotism and responsible citizenship.

*National Security:* The purpose of the National Security Committee is to promote a strong national defense.

#### Other Mission Outreach Committee Purposes:

*Community Service:* The Community Service committee's purpose is to strengthen our local communities with uniquely identified opportunities of service by providing volunteer leadership, encouraging the stewardship of its patriotic citizens, acknowledging our country's military history, and supporting the families that have sacrificed for our freedom.

*Education:* The Education Committee's purpose is to promote quality education for children and adults through classroom activities, literacy programs, scholarship promotion, and support of education beyond high school, especially for military children.

*American Legion Auxiliary Girls State:* The purpose of the American Legion Auxiliary Girls State program is to develop civically responsible teenage girls to become the future leaders of our states and nation through a weeklong immersive learning experience modeling the roles of elected and appointed government officials to teach the fundamental purpose and structure of state government. The ALA Girls State program is trademarked by The American Legion. *The American Legion Auxiliary Girls State Program and Operations Guide* was adopted by the National Executive Committee and contains certain rules that must be followed as well as guidance for operating the hallmark program which has a high risk for liability, particularly trademark laws and regulations pertaining to Girl State logos (please see Chapter 6, Branding, Marketing and Communications).

*Junior Activities:* The purpose of the Junior Activities Committee is to develop lifelong relationships with the Auxiliary's young members under age 18 so that they can carry on our mission as adult members.

*Legislative:* The Legislative Committee's purpose is to support and promote the legislative priorities and initiatives of The American Legion, and train and inform members to become

community-based advocates for veterans and their families with local, state, and national elected officials.

*Poppy:* The Poppy Committee's purpose is to educate our membership and the public about the symbolic significance of the poppy as the visual image of the sacrifice of service made by our veterans, and the financial benefit realized by our nation's veterans as a result of its distribution.

Purposes of committees not specified in the Standing Rules are as assigned by the department president or as provided for in the annual action plan or other published national guides.

### Section 3

#### Member/Organizational Support Committees

The National Bylaws establish these four (4) essential member support and organizational support committees: Membership, Constitution & Bylaws, Finance, and Audit. In addition to these four (4) core support committees, the National organization has established the following Member/Organizational support committees: Auxiliary Emergency Fund, History Committee, Leadership, Past Presidents Parley, and Public Relations. (The national organization also has a Liaison to The American Legion Child Welfare Foundation Committee.)

The overall purpose of each committee is as specified in the National Standing Rules, and the purpose of each committee is as described in the American Legion Auxiliary National Plan of Action.

#### Core Member/Organizational Support Committee Purposes:

*Membership:* The Membership Committee promotes the benefits of membership and promotes retaining and recruiting a diverse, active membership to carry out the American Legion Auxiliary mission and programs.

*Constitution & Bylaws:* The Constitution & Bylaws Committee assists and educates members about the need to have proper governing documents at all levels.

*Finance:* The Finance Committee oversees the development and implementation of general financial policy subject to approval or ratification by the department's governing board (commonly known as its Department Executive Committee or department board) and provides oversight of the budget and reports any significant variance to the department governing board.

*Audit:* The Audit Committee provides risk assessment and oversight assistance to the department governing board in fulfilling the board's responsibilities regarding accounting and reporting practices, reliable systems of internal control, corporate responsibility, and the quality and integrity of the Auxiliary's financial reporting. The Audit Committee engages the external audit firm that will conduct the external audit or review. Audit Committee members must be financially literate, and the chairman shall have the necessary background to be considered an "audit committee financial expert" in matters of accounting and auditing. Note: An audit committee is **not** an auditing committee. The Audit Committee does not review the department's financial reports or financial recordkeeping. The Audit Committee makes sure proper financial recordkeeping practices are in place. The Audit Committee operates at arm's length from the rest of the organization, and its members should not hold other department leadership positions.

#### Other Member/Organizational Support Committee Purposes:

*History Committee:* The History Committee organizes, preserves, and manages the display or safekeeping of historical artifacts and documents of the organization.

*Leadership:* The Leadership Committee promotes ways to attract and develop leaders in the organization.

*Past Presidents Parley:* The Past Presidents Parley, comprised of Past Department Presidents, conducts special projects and/or assists the current president as requested.

*Public Relations:* The Public Relations Committee promotes awareness of the organization and promotes brand loyalty to the organization. The Public Relations Committee uses a variety of media outlets including TV, radio, print, and social media to make the public aware of who we are, what we do, and why the ALA matters.

*Auxiliary Emergency Fund:* At the National level, the Auxiliary Emergency Fund provides grants to American Legion Auxiliary members who qualify for specific types of emergency assistance. The three-member national review and processing committee consists of the national secretary, the national treasurer, and a national staff member of The American Legion Children & Youth Commission.

Purposes of committees not specified in the Standing Rules are as assigned by the department president or as provided for in the annual action plan or other published national guides.

### **Section 4**

#### **Special-Purpose Committees**

Provided your Department Constitution/Bylaws allow, the department president may appoint special committees as she deems advisable to further the mission of the organization, subject to ratification by the department's governing body (commonly known as the Department Executive Committee or department board).

The National organization also has special purpose committees that recur annually, including Advisory and Strategic Planning -- both of these are also described in the National Standing Rules -- Convention, Distinguished Guests, and Scrapbook. Other special committees may be appointed as frequently as needed such as Human Resources and Anniversary/Centennial Celebration.

#### Special-Purpose Committee Purposes:

*Advisory:* An Advisory Committee may be appointed for the purpose of researching or reviewing various projects, policies, or practices at the request of the department president.

*Strategic Planning:* A Strategic Planning Committee identifies and analyzes the purpose and needs of the organization over a multi-year period of time, identifies the future vision of the organization, and identifies the major goals needed to achieve the multi-year vision. The Strategic Planning Committee develops the long-range strategic plan for review and adoption by the department governing board. A Strategic Planning Committee generally meets annually to review and track the progress in achieving the multi-year plan.

Purposes of committees not specified in the Standing Rules are as assigned by the department president or as provided for in the annual action plan or other published national guides.

## Section 5

### Code of Ethics for Program Committees

Because of the vital role each ALA volunteer performs in the successful implementation of our programs, the national Veterans Affairs & Rehabilitation Committee developed a Code of Ethics for program service. The following Code of Ethics for program service was adopted by the American Legion Auxiliary:

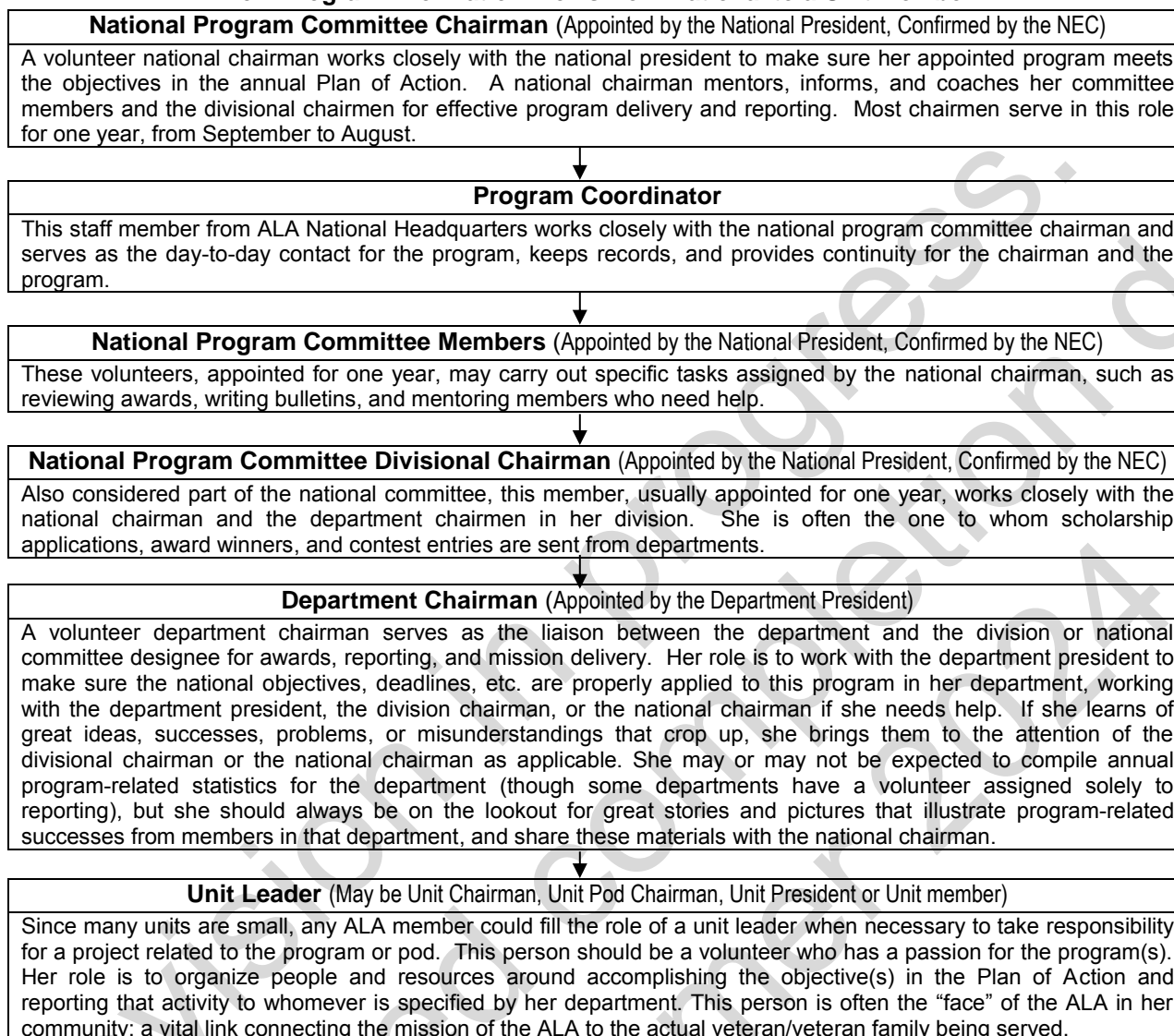
1. **Confidentiality:** Volunteers work with veterans, our military, our youth, their families, other volunteers, and staff persons. In the course of performing volunteer service on behalf of the American Legion Auxiliary, members will become aware of personal information about others' medical conditions and personal circumstances. Such information about patients, those we are helping, and other volunteers and staff must be held in strictest confidence and shared with no one.
2. **Professional Behavior:**
  - **Following Rules & Assignments:** As a volunteer, you are required to accept and follow rules and instructions as given by the authority of the facility or venue.
  - **Working with Staff, Patients and other Volunteers:** Do not publicly criticize anyone. If there is a reason for criticism, privately bring it to the attention of the facility representative or appropriate person to be handled through proper channels.
  - **Compensation Discussion:** It is never appropriate to discuss pension or compensation issues with a patient, veteran, servicemember, or individual. Such matters or questions are to be referred to the appropriate resource within the facility, organization, or venue.
3. **Dress and Attitude:** It is expected that all ALA volunteers will dress appropriately according to the code of the facility or venue where they are volunteering their service. Volunteers are expected to be pleasant, cordial, helpful, and positive as they go about their volunteer duties.
4. **Compassion, Dignity, and Respect:** ALA volunteers, under all conditions and circumstances, are to treat those we are assisting and serving with the compassion, dignity, and respect they have earned and they deserve.

## Section 6

### How National and Departments/Units Interact in Relation to Programs

There is no rule that prevents a member from contacting a national chairman or a member of the National Headquarters staff with a program question, but the ALA's organizational structure is designed to facilitate the handling of questions at the local level first. ALA departments operate independently under the National brand umbrella – not all units or departments operate the same way – so a local person is better equipped to provide a helpful answer. In addition, there are nearly 33,000 members for every one staff member at National Headquarters, so national resources are designed to be focused on national-level issues.

### How Program Information Flows from National to a Unit Member



**Together, the total volunteer service provided by the American Legion Auxiliary to veterans in 2013 was worth \$1.85 BILLION!**

## Section 7 Program Resources

### Basic Program Resources

The American Legion Auxiliary national website at [www.ALforVeterans.org](http://www.ALforVeterans.org).

**National Plan of Action**, the ALA's annual program plan, is available for free download at [www.ALforVeterans.org](http://www.ALforVeterans.org), or a printed copy may be purchased from Administrative Services at National Headquarters by calling 317-569-4500.

**Mission Training** is generally a weekend workshop held at various locations across the country, where *any member* can register and learn more about how the ALA functions. Training is from national chairmen and each year new locations are announced.

**Department Training** is a customized opportunity requested by department leadership who choose among available topics pertaining to the department's needs. Training is scheduled annually and is provided by national chairmen and leaders following a schedule and program provided by the department (fall meeting, for example).

**National Convention/Guide Annual Report** is part of the registration packet at national convention. Following convention, any extra copies are sold through Administrative Services at National Headquarters by calling 317-569-4500.

Brochures and some guides must be ordered through the department headquarters office. Departments order available materials through Administrative Services at National Headquarters by calling 317-569-4500.

### **Program-Specific Resources**

Each mission outreach program has its own page on the American Legion Auxiliary national website at [www.ALforVeterans.org](http://www.ALforVeterans.org), where you will find program-specific documents including many how-to sheets with step-by-step instructions.

**ALA Girls State Program and Operations Guide** is available for free download on the ALA's national website at [www.ALforVeterans.org](http://www.ALforVeterans.org), or a printed copy may be purchased through Administrative Services at ALA National Headquarters by calling 317-569-4500.

**Junior Activities Handbook** is available for free download on the ALA's national website at [www.ALforVeterans.org](http://www.ALforVeterans.org), or a printed copy may be purchased through Emblem Sales at [www.emblem@legion.org](mailto:www.emblem@legion.org) or (888) 453-4466 between 8 a.m. and 5 p.m. ET.

**American Legion Auxiliary Legislative Advocacy Guide** is available for free download on the ALA's national website at [www.ALforVeterans.org](http://www.ALforVeterans.org). You will also find numerous resources on the Legislative program page on the Auxiliary's national website.

**The American Legion's Legislative Action Center** has many resources pertaining to the Legion's legislative priorities. Members are urged to sign up for the Legion's Legislative Action e-List at [www.legion.org](http://www.legion.org). Search: Legislative Center.

A **Poppy Program Guide** is available through Emblem Sales at [www.emblem@legion.org](mailto:www.emblem@legion.org) or (888) 453-4466 between 8 a.m. and 5 p.m. ET. See the Frequently Asked Questions (FAQ) document on the Poppy Program page of the ALA website at [www.ALforVeterans.org](http://www.ALforVeterans.org).

**Veterans Affairs & Rehabilitation: A Guide for Volunteers**, often called the "volunteer guide," is available for free download on the ALA national website at [www.ALforVeterans.org](http://www.ALforVeterans.org). Printed copies of the revised guide, updated to incorporate changes brought by the resolution combining Home and Field Service hours, are available by calling Administrative Services at National Headquarters at 317-569-4500.

## Section 8

### Frequently Asked Questions (FAQs)

#### **FAQ 1: Issuing 1099s to veterans who make poppies and receive other government subsidies.**

We understand the importance of obtaining Social Security Numbers and sending out 1099s to people who earn more than \$600 for making poppies; however the veterans who make poppies in our department live in veterans' homes. These veterans are scared and suspicious that the income reported will impact not only their tax status but their ability to continue to live in a government-funded facility. Will turning in the 1099s have an impact on their ability to remain in the veterans' homes? Will it have any impact in terms of having to pay taxes, since most of them earn \$2,000-\$4,000?

**RESPONSE:** A department that pays a veteran more than \$600 in a calendar year for making poppies must issue a 1099 to that veteran. Departments must comply with the federal and state law and IRS rules regardless of the ramifications to the recipient(s). Every employer is required to send a 1099 to an individual who receives \$600 or more in income from that employer.

If veterans making poppies receive government subsidies, including living in government subsidized housing, those earning \$600 or more from making poppies will need to be issued 1099s, and they will need to determine what the income threshold rules are to continue to receive subsidized housing. Rules can vary by state and by federally funded entities providing subsidized housing. 1099 recipients also need to determine what the maximum income threshold is for Social Security and other government subsidies or pensions. If the veterans making poppies live in U.S. Department of Veteran Affairs subsidized housing, they may find guidance on income thresholds by contacting their state's VA information officer to obtain these answers.

#### **FAQ 2: What is a stand down?**

**RESPONSE:** Named for a military term for a combat unit's time to rest and recover while at war, a stand down today is a grassroots effort to offer the same services to homeless veterans. Stand downs typically include food, shelter, clothing, health screenings, benefits counseling, and job counseling and referral services. The philosophy of a stand down is to give homeless veterans a hand up, not a hand out. Stand downs are organized by self-appointed community coalitions that take on the task of holding the event. Any group can decide to hold a stand down. American Legion Auxiliary members participate in stand downs as a part of our community services programs.

#### **FAQ 3: What is the Legion's Poppy Day Publicity Policy?**

**RESPONSE:** The American Legion's Poppy Day Publicity Policy, which was adopted by the 1948 National Convention as Resolution No. 491, is as follows:

Resolved by The American Legion (TAL) in national convention assembled in Miami, Florida, October 18-21, 1948, That in any publicity and advertising for The American Legion Poppy Day and other memorial tributes to our war dead, that if religious symbols are used that symbols of all religious faiths, which are recognized and used by the United States Graves Registration Service be incorporated in such publicity and advertising.



It states that if religious symbols are to be used in publicity and advertising of Poppy Day, then the symbols of all religious faiths recognized and used by the United States Graves Registration Service are to be used.

The TAL policy only specifies Poppy Day publicity. It does not address and, therefore, does not specifically require the use of all religious symbols on all TAL publications where a religious symbol is being used. The intent appears to be that in remembering our veterans who fought in a war, we honor all of them and all the faiths they represented. This is why the resolution specified Poppy Day promotions/ advertising.

Also, the rule is for TAL and ALA publicity. This policy would not apply to children expressing themselves through art, such as the Poppy Poster contest. Therefore, that requirement does not apply to Poppy Poster contest rules. However, if a winning poppy poster includes one religious symbol but does not include religious symbols of all faiths, then that poster cannot be used singularly as the feature art of any Poppy Day publicity/advertising piece the ALA creates.

This policy was introduced in TAL two (2) years after the end of World War II, with the intent that TAL not be one-denominational. Since the policy is so specific to "Poppy Day", the ALA can be respectful of the intent in other non-Poppy ALA publicity/promotional pieces by using Judeo-Christian symbols without having to use the symbols of every religious faith, given that Judaism and Christianity were the predominate faiths of our US WW II veterans. This practice of including Judeo/Christian symbols has been followed in recent year's publications without complaint. In fact, the only criticism received has been for using images in our publications that show we **are** being inclusive of all faiths.

**FAQ 4:** Our Girls State program is separately incorporated from the Department. Why must it still comply with the Department?

**RESPONSE:** Every Girls State program, whether incorporated separately from the Department or under the same EIN as the Department, is a subordinate program, or subsidiary program, of the Department. Therefore, all Girls State operations and financial transactions must go through the Department. Remember - one successful lawsuit wipes out the ALA Girls State program forever.

**UPDATE HISTORY:**

<b>#</b>	<b>Date</b>	<b>Author(s)</b>	<b>Description (Substantive or Proofing)</b>
01	07/21/2014	NHQ Communications	Proofing: Cover added, footers edited
02	11/17/2016		Updates: Executive Summary; Sec. 1; Sec. 2; Sec. 3; Sec. 8

Revision in progress.  
Anticipated completion date:  
Summer 2024



**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 10:**

**Fundraising & Development**

Revision in progress.  
Anticipated completion date:  
Summer 2024

## CHAPTER 10

# FUNDRAISING & FUND DEVELOPMENT

### Executive Summary

No organization can accomplish its mission without money. This is especially true for nonprofits. As a large volunteer-based membership organization, the American Legion Auxiliary cannot accomplish our good work without financial support. Mission requires money. Growing the organization to reach a million members requires resources, and resources require money.

You will find references to fundraising throughout this Guide and on the Auxiliary's national website, [www.ALForVeterans.org](http://www.ALForVeterans.org) and the American Legion Auxiliary Foundation's website [www.ALAFoundation.org](http://www.ALAFoundation.org) which is also accessible via the ALA national website and vice versa.

Donors – both current and potential – expect the majority of the funds collected by a nonprofit organization to be used to support the mission of the organization through its programs. At the national level, 89% of the American Legion Auxiliary's budget directly supports our mission outreach delivery; only 11% supports operational and fundraising expenses. This is a remarkable record; the best practice standard is for nonprofits to maintain a ratio of 75% mission or program expenses and 25% combined administrative and fundraising expenses.

As a membership organization, revenue from member dues is expected to cover our annual member services, program and operating expenses, while other resources such as donations, grants, and corporate sponsorships, etc. help to underwrite our growing mission-based programs. Fundraising expenses need to be budgeted along with program services and administrative expenses.

Fundraising is necessary, and when people believe in your mission they will willingly give as they are able if they are only asked. It's both humbling and exhilarating to realize "who we are" and "what we do" indeed "DOES matter" and makes a profound difference in the lives of others. Asking is critical, as is thanking those who give.

The sections in this chapter are written for departments, but also apply to units; intermediate bodies such districts, counties, councils; and all subsidiaries of the department.

This chapter contains the following sections:

- Section 1 Fundraising Large Scale and Small Scale**
- Section 2 Charitable Gaming Funds**
- Section 3 Candidate/Upcoming Leadership Fund**
- Section 4 Public and Media Relations**
- Section 5 Donating to the ALA National Organization and to the ALA Foundation**
- Section 6 Auxiliary Emergency Fund (AEF), *from Plan of Action, How-To Guide***
- Section 7 Poppy Program, *from Plan of Action, How-To Guide***
- Section 8 Planned Giving, *from Plan of Action, How-To Guide***  
Use of ALA Funds as Cash Gifts to Individuals

**Section 9 Acknowledging Donations to the American Legion Auxiliary**

When a Donor Acknowledgement is Optional, Desirable, and Required  
Providing Timely Acknowledgments

**Section 10 Frequently Asked Questions (FAQs)**

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## Section 1

### Fundraising – Large Scale and Small Scale

As the world's largest women's patriotic service organization with mission-based programs directly benefitting our U.S. veterans, military, youth development, and family support, our cause is big and much needed. We need to continue getting our message out so we can maximize our fundraising potential. Whether a fundraiser is as small as a unit bake sale or as large as a wealthy benefactor leaving a major gift as part of her estate, these funds accumulate to make a big difference in our ability to serve our mission by serving others. No matter the size of the fundraiser or the amount of donations received, the American Legion Auxiliary needs the additional resources that go directly toward our mission outreach efforts.

Fundraising is not difficult, but it is not simple and requires planning, time, and personal commitment. According to the National Council of Nonprofits, it is a myth that nonprofits get most of their funding from foundations. Most of the non-dues funding comes from individual donations. People who believe in what we do will willingly donate to support what we do.

It is imperative for leaders at all levels of the ALA to understand the need for continued fundraising. In order to grow and further serve our mission through our programs, members must work diligently to get our message out to those would-be benefactors in order to ensure that the ALA and our programs survive.

Conducting fundraisers is a widely used way to raise money and requires planning and following rules. Whether the planned fundraiser is a large one or a small one, departments and units should follow these minimum guidelines:

1. The governing body should approve all fundraiser events and programs.
2. All funds raised should be promptly processed through the department's treasury (or district's or unit's, whatever applies.)
3. No member shall individually solicit funds for the organization without the consent of the respective governing body.
4. The department or unit must comply with the state or local government's licensing and regulations regarding fundraising events. Note that most states have charity gaming laws with special regulations and state reporting requirements for games of chance including bingo, pull tabs, and raffles which usually require a special license.
5. Departments and units are advised to purchase liability insurance when the general public is present at sponsored events. Liability insurance may be purchased jointly with The American Legion or separately for a specific period of time or for a single event.

The National Council of Nonprofits also states that it is a myth that charitable giving incentives only benefits wealthy individuals and elite institutions. In reality, all charitable nonprofits benefit from public support and donations, and most depend on private donations to serve their communities. And while the individual taxpayer only receives a partial tax benefit for his or her donation, the community served by the nonprofit receives the full value of every dollar. Any cap on the giving incentive negatively affects the community served by the nonprofit more than any one individual.

As department officers and leaders, fundraising and fund development are essential functions of the job of every leader. While your department may opt to hire an individual or a company to assist you with fundraising efforts, it is the responsibility of the governing board and officers to

ensure that the department is adequately funded, and that responsibility includes setting dues at an amount that will sustain the department's operations plus raising additional funds through donations.

The following are essential job functions of a Development Manager. This list provides a good basis for understanding what can be done to further the fundraising and development efforts of your department:

1. Planning:
  - Develop and implement a comprehensive written annual resource development plan with strategies for donors and prospects in each constituent group including individuals, Auxiliary leaders, organizations, corporations, etc., to be approved.
  - Provide quarterly reports to the executive director/national secretary and other leadership which measure progress toward achieving the plan.
  - Broaden ALA's fundraising by developing approaches such as planned giving and endowment programs.
  - Participate in long-range planning and annual budgeting.
2. Planned Giving:
  - Identify planned gift prospects.
  - Organize communications and materials for targeted solicitation.
3. Grant Writing Requests and Administration:
  - Assist executive director with researching and writing grants.
  - Ensure timely reporting and compliance required by grant award documentation.
  - Maintain a comprehensive schedule of grant opportunities, deadlines, follow-up activities and reporting requirements for grants received.
  - Work collaboratively with executive director/national secretary to prepare quality grant requests.
4. Gifts Cultivation:
  - Identify and pursue new sources of corporate and foundation funding.
  - Create and implement strategies for donor development and cultivation; major gifts program, planned giving program and volunteer giving program; and solicit or coordinate the solicitation by other volunteers as appropriate. Create and update collateral materials to support gift cultivation. Develop and implement all aspects of direct mailings, appeal letters, and other donor mailings as needed.

## **Section 2**

### **Charitable Gaming Funds**

Charitable gaming proceeds cannot be used for any purpose other than charitable mission delivery. All states have a gaming commission whose responsibilities include overseeing charitable gaming activity (raffles, bingo, etc.). Contact your state's gaming commission for licensing, requirements, and regulations.

Most states:

- a. Require that charitable gaming funds be managed in a separate account unique to the charitable gaming license;
- b. Prohibit the co-mingling of charitable gaming funds with any other funds/accounts; and



- c. Impose significant penalties if funds are not used for the exact purpose stated in the license granted, or are co-mingled with other funds.

A charitable gaming license states the exact purpose for which the license is granted. The license may specifically state that proceeds will benefit a specific charitable project (e.g. XYZ scholarship, Operation Comfort Warriors, a specific homeless veterans shelter, etc.), or it may state that the proceeds will benefit the mission programs of XYZ charitable organization.

If the awarded license under which the charitable gaming takes place states a specific use, then those gaming proceeds cannot be used for any other purpose, charitable or otherwise. And if for some reason the stated purpose no longer exists or the state has some other reason to question the handling/disbursement of gaming proceeds, then the person/entity to whom the charitable gaming license was issued must consult the state's gaming laws. The government office issuing the license (usually a state's gaming commission) will determine how the proceeds can be distributed. Most states will assign the matter either to an administrative court and/or assign a government official to oversee the distribution of funds under such situations.

If the license attached to the authorized charitable gaming states that proceeds will support the organization's mission outreach (however worded), then the proceeds must be used for services and mission programs of the organization, and not for administrative purposes/operations costs (e.g. office supplies, non-gaming event related postage, organization staff, office rent, utilities, etc.). The charitable gaming license application process usually involves submitting a detailed budget that is reviewed prior to the license being issued. It's extremely unusual that gaming funds can be used to augment an organization's administrative budget or underwrite office expenses. Generally, the only exceptions are for specific expenses detailed in the gaming license that will be incurred solely because of the charity event itself. For example, if an organization plans to hold a charity gala that requires hiring a gala event planner, then the license application budget would include a detailed explanation of the personnel/consultant cost as a budgeted line item expense directly needed in order to conduct the event. States require regular reports about the charitable gaming licensed activities, funds received, and funds disbursed, etc. Also, if an organization has a bingo license and also wants to conduct a raffle, that usually requires two (2) separate gaming licenses, and, in turn, a separate bank account and organizational fund account for each licensed gaming activity.

As described above, charitable gaming proceeds must be used for the exact purpose specified in the individual charity gaming license granted to the nonprofit by the state government office that oversees and enforces gambling and charitable gaming laws in that state.

Unless so ordered by a court or state regulatory trustee, under no circumstances can charitable gaming proceeds from a licensed activity for a specified purpose (e.g. a scholarship fund, foundation, Operation Comfort Warriors, specific homeless veterans shelter, etc.) be used for a department's administrative/operations costs, nor for a member's candidate campaign fund. Likewise, neither a department's administrative/operations costs (general fund) nor a candidate's campaign fund can receive proceeds from charitable gaming under a license that states the proceeds are for mission delivery (by any such wording). Unless so specified as an allowable expense in the charitable gaming license (which would be highly unusual), it's highly unlikely that either the IRS or the state's gaming commission would allow use of charitable gaming funds for office operations or campaigns.

It might be acceptable for charitable gaming proceeds realized under a gaming license for mission service to be contributed to a leadership development fund. The interpretation of

allowable use of gaming proceeds is entirely up to the state's government. A steward of a unit's/post's/intermediate body's/department's charitable gaming proceeds is advised to consult with the state's gaming commission about distributing proceeds and prior to any distribution.

### Section 3

#### Candidate/Upcoming Leadership Fund

The appropriateness of using ALA department/intermediate body/unit funds to support ALA candidacies is complex, depending on how the fund is established and structured. Using department, intermediate body, or unit funds for ALA candidate-specific campaign funds has come under the scrutiny of both ALA members and the IRS; therefore, how the fund is structured and the disclosure of appropriations to such funds is important. It is now strongly advised that a fund established for the benefit of a future candidate(s) be called a "leadership fund" or "leadership development fund"; not a candidate campaign fund, which has been interpreted by the IRS to connote a partisan campaign fund. Since the ALA is a non-partisan organization, future candidates should refrain from labeling a fund to support her leadership readiness preparation as a campaign fund.

There is a difference between:

- a. a candidate-specific account, i.e. a non-ALA entity bank account in which the candidate is named on the account (e.g. "Friends of Sue Smith", "Campaign to Elect Sue Smith", or "Sue Smith for President" campaign fund; and
- b. a general geography-centered candidate support fund, which was not created for a specific person(s).

Regarding candidate-specific funds: If Jane Smith is a declared candidate running for a specific office, it is not advised that her campaign fund be managed by the ALA entity (department/intermediate body/unit). While there may not be anything contrary to law to do so, the IRS is questioning nonprofits about using membership dues and general funds to support a specific candidate, even if the candidate is an endorsed member of the nonprofit organization.

The IRS does not distinguish between campaign activities that are external (partisan political party candidates seeking public office) and internal (ALA members seeking leadership position within their departments/intermediate bodies/units). While the Legion and ALA disagree with the IRS' position that ALA candidate campaigns constitute "political campaigns", the IRS, nonetheless, has taken the position the two (2) types are not dissimilar, and, in a recent IRS field audit of a unit, cited the unit's donation to a national Legion candidate campaign as improper.

Regarding non-candidate specific funds: If your department has or is planning to have a "Department YY national officer campaign fund" (by any such name), the authority to manage the fund or establish policy regarding the fund would be under the purview of the department governing board (Department Executive Committee), not the Finance Committee. Some states have such funds, and their existence is included in the budget as an identified category or "line item". Since the information about the funds is disclosed, reviewed, and the fund listed in the budget adopted by the DEC, using members' dues to fund such a fund cannot be considered a "coerced contribution" because the budget item is disclosed upfront, and the adopted budget is in turn available to any member to review upon request.

The purpose of a department fund to support its national candidate(s) would be to support future candidates emanating from the department (and similarly for any such fund at the intermediate body or unit level). Distributions could then be made from a department's generic national candidate fund to a national candidate-specific fund. Because of the IRS considerations described above, the candidate-specific fund needs to be managed by a person/committee independent from the department.

In discussing with Counsel General the intended use of funds in an ALA national candidate campaign account, Counsel General advised that a department establish a "national leadership development fund". The department and the leader(s) endorsed to become a national officer can solicit donations to this fund for the purpose of national candidate training and leadership development. A unit/intermediate body/department could then appropriately donate entity funds to a national leadership development fund, such as "The Smith Leadership Development Fund" or the Department of XYZ National Officer Leadership Development Fund", because the account would be established as a separate fund solely for the purpose of national leadership training and development. The department DEC could then make disbursements from the department national officer leadership development fund (e.g. "The Smith Leadership Development Fund" or the Department of XYZ National Officer Leadership Development Fund"), to the national officer candidate's separate fund (e.g. "Team 2019 Campaign" or Smith for National President Campaign") and to which individuals and outside groups could also contribute.

It is advisable that a department name its campaign fund for future national officers "Future National Officer Leadership Development" or "Future National Leadership Development". Expenditures from the fund would appropriately be restricted to endorsed department leaders aspiring to a national office. Then, when a department leader becomes a department endorsed candidate seeking a national office, the department can make an expenditure from the department national leadership fund to the national candidate committee's leadership fund. Doing so in this manner appropriately separates ownership and control from the department and the national candidate's leadership development activities.

#### **Section 4**

#### **Public and Media Relations**

The February 2014 issue of *Auxiliary* magazine highlighted the importance of public relations in sustaining the organization with its article "How Could 800,000 Women Be Hidden in Plain Sight for 94 Years?" The American Legion Auxiliary: the world's largest women's patriotic service organization most people have *never* heard of!" The article asks: "How will they join us if they don't even know we're here? And answers: "By raising awareness through powerful public relations!"

How can we best raise funds for our programs? First and foremost is by getting the word out about the good things that we do on behalf of veterans, the military, and their families; then, by educating others on the wonderful youth development programs the ALA sponsors (i.e., Girls State/Girls Nation); and also by putting our faces out in the communities we serve and help.

The primary goal of any ALA public relations effort is to create positive publicity for events, programs and mission. We can do this through effective public and media relations campaigns. The national ALA website ([www.ALAforVeterans.org](http://www.ALAforVeterans.org)) has a wealth of public relations information for departments and units. There are sample messages (scripts) to send to local

media on any number of topics, including fundraising, and templates for letters to the editor, news releases, speeches, and media alerts.

Also available are DVDs that can be purchased and shared with media in your area, including a 60-second commercial about the ALA. You will even find downloadable labels to put on Pringles cans to collect money for the AEF as well as downloadable pamphlets explaining our programs and why it is so important to give (e.g., Auxiliary Emergency Fund, ALA Foundation, Giving Opportunities, etc.). Sharing these pamphlets with prospective donors lets them know how vital our mission is and how the money they may donate can benefit the most deserving individuals.

If you are planning a fundraising event, these same resources are there for you along with advice on contacting the local media, what to say, how to say it, and how to promote the event “to get the most bang for the buck.” It is important in all of your communications to let others know exactly where all of the money raised will go – toward the cause being promoted. If the event raises funds for the ALA Foundation, it is important to let the public know that their donations will be going to a nonprofit charitable organization designated by the IRS as a 501(c)(3), as many companies will contribute only to a 501(c)(3). Donations to the ALA as a 501(c)(19) and the ALA Foundation as a 501(c)(3) are both tax-deductible to the donor as allowed by the IRS.

ALA fundraising events also make great human interest stories that the local media will want to know about so they can cover them.

## Section 5

### Donating to the ALA National Organization and to the ALA Foundation

Individuals, members, departments, and units can use the ALA Donation Form (found under Finance in the Appendix of this Guide) to make donations by check or credit card to ALA National Headquarters. The ALA Foundation is a 501(c)(3) foundation, and donations made are tax-deductible.

Donations may be made to the following National funds that support the ALA mission:

1. **ALA National Scholarship Fund** comprised of:

**Children of Warriors National Presidents’ Scholarship Fund:** Supports the children of our nation’s heroes – our veterans – through endowed gifts. These scholarships are awarded to fifteen (15) students annually who excel in academics and volunteer in their communities.

**Spirit of Youth Scholarship Fund:** Supports four (4) separate scholarship opportunities:

- American Legion Auxiliary Junior members;
- Honorary National Junior President;
- participants in the ALA Girls Nation program; and
- Non-Traditional Student Scholarships supporting people who are part of the Legion Family pursuing a college degree later in life or allowing them to pick up where they left off when their studies were interrupted.

2. **Auxiliary Emergency Fund (AEF):** When a sudden financial crisis befalls an eligible Auxiliary member, the AEF may be able to provide temporary emergency assistance when no other source of help is available.
3. **American Legion Auxiliary Foundation:** As a 501(c)(3) public benefit corporation, the ALA Foundation provides ways for individuals and corporations to support the ALA's charitable and educational outreach programs through endowed gifts, grants, and sponsorships that require donations go to a 501(c)(3). The ALA Foundation secures our legacy of service for future generations of veterans, military, and their families.

As more money is given to the ALA Foundation, more money can be granted back to units and departments through the granting process.

The ALA Foundation supports the mission of the ALA and receives donations for:

1. **ALA Mission Endowment Fund** – a long-term fund where earnings from the endowment's principal support the ALA forever. A robust endowment greatly diminishes the need for constant fundraising.
2. **ALAF Veteran Projects Fund** – a fund where donations can be received and then granted to benefit ALA national programs, departments, and units through:
  - Small grants being made to help departments and units accomplish emergent mission program needs (an emergent need is a new need appearing, arising, occurring, or developing for the first time). Departments and units must demonstrate that they will be funding part of the project for which a small grant is sought, and they must go through a grant application process to be considered.
  - Grants awarded from the ALAF Veteran Projects Fund will be in small amounts that specifically support special, short-term mission-outreach projects directly benefiting veterans, military, and their families, consistent with the scope of the ALA Plan of Action.
  - Grants from the ALAF Veteran Projects Fund CANNOT be used for national/department/unit operations or administrative needs.
  - Supporting National and Local Veterans Creative Arts Festival(s) that showcase the artistic achievements of veterans being treated at VA facilities. The ALA is the national presenting sponsor of the event. ALA Foundation micro-grants support local creative arts festivals.

Note that for the American Legion Auxiliary and American Legion Auxiliary Foundation to raise money across the United States, we must be registered as a charity in all of the states that require charity registrations, currently about 40 states, and each with a different form and registration process. ALA National Headquarters must renew these charity registrations annually.

## Section 6

### Auxiliary Emergency Fund (AEF)

*The AEF Plan of Action How-To Guide* offers ideas on how to inspire departments to increase AEF donations. Some of the fundraising suggestions for units:

1. Hold a dinner/silent auction:
  - The goal would be to have an event with a significant number of people who can and/or will bid on donated items in a silent auction in order to raise funds.
  - Partner with a local civic organization, engage members of your community to attract additional people for your event, or plan your fundraising auction within an existing event.
2. Solicit local businesses for monetary or in-kind donations:
  - Generate a list of local businesses that members of your unit can approach for donations.
  - Solicit business for monetary or in-kind donations to your unit for AEF using the AEF fact sheet.
  - In-kind donations (such as canned goods and paper products) can be used for your unit's food pantry.
3. Set up an ALA information booth at local events.
  - While discussing the mission of the ALA, explain what AEF is and why it is so crucial.
  - Solicit donations.
  - Keep an AEF donation Pringles can on your table. Circulate it at regular unit/district/department meetings.

Fundraising suggestions for the unit, district, and department levels:

1. Fundraising ideas for units:
  - Bake sale
  - Donate money for your years in membership at one meeting
  - Cake walk
  - Raffle
  - Salad luncheon
  - AEF donation Pringles can
  - A dinner with all proceeds going to AEF
2. Fundraising ideas for districts:

At a district function, have members donate items for a silent auction chaired by the district AEF chairman.
3. Fundraising ideas for departments:

At a department function, have a combined silent auction, bake sale, theme basket sale, book sale, etc., with items donated by The American Legion Family. This event would be chaired by the department AEF chairman.

All of these ideas are proven ways to raise money for the ALA's good causes.

## Section 7

### Poppy Program

The Poppy Program goes back to the end of World War I, and its significance stems from the large expanses of red poppies that began blooming amidst the newly dug graves of soldiers killed in battle in Europe. In May 2013, The American Legion's National Executive Committee adopted new poppy fund rules via the Legion's Poppy Resolution No. 20, which allows for alternative poppy makers when veteran-made poppies are unavailable (although veterans/military are the only ones who can be paid for making them), as well as additional poppy items for distribution. Poppies typically are distributed for donations in November (Veterans Day) and May (Memorial Day). Approximately \$2 million in donations is collected from communities annually.

Per The American Legion Resolution 20, effective May 8, 2013: "Funds derived from the distribution of The American Legion and the American Legion Auxiliary Poppy shall be used for the following purposes only:

1. For the rehabilitation of veterans honorably discharged from the United States Armed Forces after April 6, 1917;
2. For the welfare of the families of veterans of the above named period;
3. For the rehabilitation of hospitalized military service personnel returning home and awaiting discharge who require treatment in service hospitals;
4. For the welfare of veterans, active military personnel, and the families of veterans and active military personnel of the above named period where financial and medical need is evident;

With the new Poppy Program rules, new doors have been opened to increase donations. Now poppy items can be used to raise funds – there is no longer a restriction to use only the crepe paper poppy, and the tags on the poppies no longer need to have the calendar year stated. The ALA has greater flexibility in using the poppy in traditional and nontraditional ways to raise funds to support authorized programs for veterans. The February 2014 issue of *Auxiliary* magazine contains an article on the Poppy Program that offers more information and ideas to help you prepare for your next Poppy Day event.

In fact, the February 2014 issue of *Auxiliary* magazine may be one to keep as a reference for many of your fundraising questions, as it offers several very good points on this subject as well as public and media relations. You can reference past issues of *Auxiliary* magazine at [www.ALAforVeterans.org](http://www.ALAforVeterans.org).

## Section 8

### Planned Giving

Planned giving is the process of thoughtfully including a charitable gift to the ALA as part of your estate plans. It is simply a gift that you have planned to give upon your death as part of your estate – whether as a provision in your will or by designating the ALA as one of the beneficiaries of your life insurance policy. Some of the most common means of planned giving include gifts made through a will or trust, through retirement plans or through life insurance policies by naming an organization as your beneficiary.

If an individual makes a charitable gift to the ALA through his or her estate plans, those assets remain the individual's throughout his or her lifetime and pass only to the ALA upon the individual's death. The bequest can be directed to a particular ALA program, and if the person's estate is subject to estate tax, the gift is entitled to an estate tax charitable deduction for the full value of the gift.

Each of us as members and/or officers of the ALA, no matter whether unit, department, or national, can help potential benefactors as they plan the dispensation of their estates by informing these potential donors that the ALA is set up to receive any such gift they would like to direct to us and that these gifts will be used in the manner they request. The American Legion Auxiliary's *Planned Giving Guide* is an excellent source of information to share with these potential donors.

If your unit or department has been notified that the ALA has been named as a benefactor of a planned gift, we ask that you notify the national treasurer so that appropriate contacts can be made at the proper time.

### **Use of ALA Funds as Cash Gifts to Individuals**

While ALA entities receive donations that have been solicited as well as those that have not been solicited, the important determinant regarding appropriate use is not whether they were solicited or non-solicited donations, the important distinction is a) whether the donor designated or did not designate how the donation was to be used, and b) if the use falls within the scope of the ALA mission and the ALA entity's programs and purpose.

For example, the ALA National organization solicits donations throughout the year and also makes it convenient for an unsolicited donor to mail, bequest, or make a donation online. In either scenario, the ALA provides the donor with options for how the donor intends that the ALA use his/her gift. At the national level, the options include designating the gift be assigned to either:

1. American Legion Auxiliary:  
American Legion Auxiliary National Scholarship Fund;  
Auxiliary Emergency Fund; or  
Auxiliary Greatest Need
2. American Legion Auxiliary Foundation  
ALA Foundation Veteran Projects Fund;  
Auxiliary Mission Endowment Fund; or  
ALA Foundation Greatest Need

Note that the donor has the option to not specify a preferred American Legion Auxiliary or Foundation fund. When the donor allows the ALA to utilize the donation to meet our greatest need, we indeed do just that, and the donation would go into one of the funds established.

Poppy donations are a type of solicited donations that must be used for that specific and solicited purpose, in keeping with ALA and Legion policy. Poppy funds and the other designation funds mentioned above are restricted funds – donations to those funds may only be used for the purposes allowed by any of those ALA specific fund categories.



There are two key considerations:

1. Regardless of whether a donation was solicited or unsolicited, did the donor specify how he/she intended the donation be used by the ALA entity? If the ALA entity has received donations that were specified for a particular use, then the ALA entity may only use the donation for that purpose;
2. When an ALA entity has received donations that are not specified for a particular use, then the ALA entity may use the funds for an ALA need that is within the scope of its mission.

If the ALA entity has a community service program or project, then undesignated funds may be used for that purpose. The ALA entity's governing body must follow proper procedures to ensure an adequate audit trail for expenditures of donated funds to fulfill its community service project.

For example, a person contacts a unit or department asking for assistance to pay utility bills or purchase food and that person does not belong to the unit/department nor the organization, but has contacted the Unit/Department President. Is the unit/department able to allocate monies to this requestor?

The answer is "maybe, but not recommended". The final answer would depend on what rules and policies the ALA entity has in place. Does the ALA entity's governing documents and/or financial policies:

- a. Address how donations to non-ALA programs may be made by the ALA entity?, or
- b. Allow or prohibit donations from being made to a member and/or to a non-member?

To an auditor, this situation would fall in the category of a direct-aid grant to an individual. Does the ALA entity have a program for direct-assistance grants and a process in place for the public to apply for a grant from the ALA entity? Does the ALA entity have a grant review, grant award, and grant monitoring and evaluation process in place?

If the ALA entity's bylaws, rules, and/or policies are silent on these questions, then the ALA entity's governing body has the fiduciary responsibility to spend ALA money in keeping with the ALA mission. Our ALA mission statement states that the ALA..."honors the sacrifice of those who serve by enhancing the lives of veterans, military, and their families"...and that we "advocate for veterans, educate our citizens, mentor our youth, and promote patriotism, good citizenship, peace, and security." Conversely, our ALA mission does not include supporting the financial needs of individuals who are not veterans, military, or their family.

Unless the ALA unit's/department's governing body has adopted a community service program that includes/allows the Unit to provide financial assistance to non-members, then such requests are outside the scope of our ALA mission. It would then be inappropriate for the ALA entity to use donations to provide financial aid to a person who is not a member, not a veteran, not a member of the US Armed Forces, or not a family member of any of these.

There are also a number of other matters to consider that fall in the realm of "beware of unintended consequences". If the unit/department votes to give a gift of financial aid directly to an individual, how would the need be verified? How would the gift's use be monitored to ensure it was used for the purpose the unit/department intended? Is the unit/department prepared to field other requests for personal aid from other individuals once this precedent had been set?

Again, the main questions for the unit/department to consider are:

1. Does the request fall within some program or project the unit/department already has in place?
2. Would an external audit be able to verify the appropriateness of the grant and would the unit have documents verifying accountability for how the funds were actually expended by the recipient?

The ALA has an Auxiliary Emergency Fund (AEF) for ALA members, and members only, because the donation establishing the AEF was made specifically by the donor for the sole purpose of providing emergency help to ALA members. AEF monies cannot be used to help non-members under any circumstance. And AEF grants cannot be used to pay a member's medical bills. AEF funds are granted based on very detailed documentation of need by the AEF grants committee, which is entrusted with verifying the need and amassing detailed documentation thereof. The AEF grant award decision is then executed by making the grant payments directly to the member's utility or mortgage company, and not to the member.

In light of all the information here, it would be our recommendation that the units/departments find another way to assist non-members and those outside our stated mission through volunteer help (such as making and delivering a meal to the person, or volunteering to help clean their house or drive the person to a doctor's appointment) and not by making a financial gift to the individual. The unit/department would be establishing a precedent of being a source of money and could find itself receiving subsequent requests for cash gifts, and would, in turn, have a difficult time justifying saying no since it had done so in one instance that could be viewed as arbitrary. That would then open the door to the unit/department being accused of discrimination if it received future requests for cash gifts from individuals, and the unit was unable or unwilling to award future gifts.

The ALA Foundation specifically prohibits making gifts to individuals because of all the inherent problems with validating need and expenditures of direct-aid programs, not to mention how quickly funds would be exhausted.

## **Section 9**

### **Acknowledging Donations to the American Legion Auxiliary**

Acknowledging donations to the ALA fosters goodwill. It is a good practice to thank all donors at some time; it is essential to provide a donation acknowledgment to some donors before the end of the calendar year in order for them to be able to include their donation(s) as charitable deductions on their federal income tax forms.

With that said, there are times when it is a good practice to provide receipts for fostering good relationships with donors. The IRS now requires taxpayers itemizing charitable donations be able to produce a recognizable receipt on letterhead from the tax-exempt organization for single donations of \$250 or greater.

If a unit does not have a Taxpayer Identification Number (TIN) or its own Employer Identification Number (EIN), the donor may make the donation to the department and specify it is intended for the unit. The department would then accept the donation on behalf of the unit, send the donor an acknowledgment letter, and then remit the donation to the unit to fulfill the donor's intent.

## When A Donor Acknowledgment is Optional, Desirable, and Required

### Optional:

It is not required that any nonprofit recipient of a donation provide a receipt to the donor for a donation in an amount of less than \$250. For single donations of less than \$250, one's canceled check or credit card statement is the ultimate proof to a court of law or the IRS of a donation made under \$250.

### Desirable:

A good rule of thumb is to provide written thank-you acknowledgment letters that the donor can use for tax purposes when a donation is at a certain threshold level or made for a memorable purpose. For example, you might provide written acknowledgments for general (unrestricted) donations above a certain threshold, perhaps \$50 or higher. It is a best practice to provide written acknowledgments for special project (restricted use: e.g., Veterans Creative Arts Festival, Auxiliary Emergency Fund, etc.) donations above a certain threshold.

It is also a fund development best practice to provide written acknowledgments for all memorial donations, regardless of the amount. An acknowledgment letter that includes the donation amount should go to the donor. An acknowledgment letter should also go to the honored person(s) sharing with them that a generous donation was made in their honor or family member/friend's memory; this letter should not include the amount that was donated.

When soliciting prospective donors, clarify up front what your practice is for providing receipts by specifying in the letter that "all donations will be appreciated and your canceled check will serve as your receipt." Most donating small amounts will in turn track their smaller donations and not expect a written receipt or donation acknowledgment. For larger donations, follow the practices outlined previously in this chapter.

If a donor makes more than one donation to the ALA in a calendar year, the ALA recipient organization (i.e., National Headquarters, the recipient department, or the recipient unit) should provide a year-end letter acknowledging the multiple donations in the aggregate amount, especially if the aggregate amount is \$100 or more.

### Required:

For donations over \$250, you must provide an acknowledgment as explained below.

Detailed information about tax-deductible donations can be found in **IRS Publication 526: Contributions From Which You Benefit** under Contributions You Can Deduct. Key excerpts follow:

**Excerpts from IRS Publication 526:** An organization generally must provide a written statement if it receives a payment (contribution) that is more than \$75 and is partly a contribution and partly a donation of goods or services. Donors and organizations should keep a copy of the statement to satisfy recordkeeping requirements.

**Cash Contributions** – Cash contributions include those paid by cash, check, electronic funds transfer, debit card, credit card, or payroll deduction. Donors cannot deduct a cash contribution, regardless of the amount, unless they keep one of the following:

- A bank record that shows the name of the qualified organization, the date of the contribution, and the amount of the contribution.

Bank records may include:

- A canceled check,
- A bank or credit union statement, or
- A credit card statement.

- A receipt in the form of a letter or other written communication from the qualified organization showing the name of the organization, the date of the contribution, and the amount of the contribution.

### **Written Acknowledgments are Required for Contributions of \$250 or More, and upon Request from the Donor**

Anyone desiring a written receipt for a donation can request one. Their request need not be in writing. A nonprofit organization is obligated to provide a receipt in a timely manner upon request.

Donors can claim a deduction on their federal income tax return for a contribution of \$250 or more only if they have been provided an acknowledgment of their contribution from the qualified organization. If a donor makes more than one contribution of \$250 or more, she must have either be provided a separate acknowledgment for each donation or one acknowledgment that lists each contribution, the amount and date of each contribution, and shows the total contributions.

Note: In figuring whether a contribution is \$250 or more, donors should not combine separate, smaller contributions. For example, if a donor contributes \$25 each month, she need not combine her monthly payments. Each payment is a separate contribution. If contributions are made by payroll deduction, the deduction from each paycheck is also treated as a separate contribution. A written acknowledgment is required for single contributions of \$250 or more.

The written acknowledgment must include:

1. The amount of cash contributed.
2. Whether the American Legion Auxiliary provided any goods or services to the donor as a result of her contribution other than certain token items and general membership benefits. For example, if a donor pays \$75 to attend a fundraising dinner at a banquet facility and the donor is served a meal that costs the Auxiliary \$27, then the donor has received goods or services valued at \$27 and in turn can only legitimately claim \$48 as a tax-deductible contribution. The letter of acknowledgment from the ALA must include a statement that “the amount of goods and services received for this donation is \$27.” This information can be stated at the bottom of the acknowledgment letter.
3. A description and good faith estimate of the value of any goods or services provided or received.

### **Providing Timely Acknowledgments**

The ALA must provide the acknowledgement of a donation in a timely fashion so that the donor receives it before the earliest date one can file a return for the tax year in which the contribution is made.

All acknowledgment letters for donations made by the end of a federal income tax year (December 31<sup>st</sup>) should be mailed by January 20<sup>th</sup> of the new year.

If the acknowledgment does not show the date of the contribution, the donor must be able to provide to the IRS substantiating documentation such as a bank record or receipt, as described earlier, that does show the date of the contribution. If the acknowledgment does show the date of the contribution and meets the other tests just described, the donor does not need any other records.

In addition to providing the required acknowledgment letters that serve as the donor's receipt for income tax filing purposes, the best practice is to provide a letter of acknowledgment to a donor as described above and in circumstances where the gift is known to be personally significant to the donors' ability to give. Doing so strengthens the relationship between the donor and the American Legion Auxiliary.

**See Appendix** for a sample donation acknowledgment letter.

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## Section 10

### Frequently Asked Questions (FAQs)

**FAQ 1: Can a unit use a department or national TIN/EIN to accept donations?**

I have a potential donor for the summer military kid's camp program, and I was asked to find a recipient for their donation. Since my unit doesn't have a tax ID number, can I use the tax ID of either the department or national?

**RESPONSE:** If the unit does not have its own TIN or EIN, the unit **needs to obtain its own TIN/EIN**. The department may offer to receive the donation on behalf of the unit, and, in consultation with its attorney and/or tax advisor, determine an appropriate way to pass the donation on to the unit in keeping with the donor's intent. In such case, the department must send the donor an acknowledgment letter, in keeping with fulfilling the donor's intent and provide a copy to the unit.

Donations have tax consequences. The department is advised to seek legal and/or tax counsel on matters of large monetary donations and unusual donations such as artifacts and tangible goods. The entire issues of donations are subject to many specific and detailed tax rules that must be followed to avoid extreme adverse consequences.

See the sample donation acknowledgment letter in the Appendix.

**FAQ 2: What is the mission endowment fund?**

**RESPONSE:** When you give to the ALA Foundation mission endowment fund, your money remains endowment principal and continues to grow in perpetuity. Interest dollars earned from endowed investments are then used to support the ALA programs directly benefitting our veterans, military, and their families.

**FAQ 3: Why does the ALA have a national foundation?**

**RESPONSE:** The American Legion Auxiliary Foundation Inc., established in 2007 as a 501(c)(3) not-for-profit, is a subsidiary corporation created by the American Legion Auxiliary. It operates exclusively for the benefit of the ALA. Donations to the ALA Foundation's mission endowment fund grow over time, in the long run reducing the amount of fundraising needed. The Foundation's interest earnings will eventually ensure the continuation and viability of the American Legion Auxiliary's mission to serve U.S. veterans and military families, supporting national programs for generations to come.

**FAQ 4: A member is promoting and accepting money for a button she is making with the ALA emblem on it. She did not go through the department. How should this be handled and who gets the money she receives?**

**RESPONSE:** If a member undertakes a promotional venture to benefit the department or ALA entity (unit, district, etc.), then yes, the member should work with and through the department or entity. If she is offering the items for a donation, then the donations should be remitted to the department or ALA entity. The beneficiary purpose and recipient of the donations must be established at the onset of the member's undertaking to avoid the opportunity or appearance of fraud.

The situation is different if she is incurring costs and selling or requiring a specified donation amount for the items. Any member can enter into a promotional venture to benefit the ALA without going through her unit or department if the outcome of the venture benefits the ALA beyond the department or unit. If a member is doing something "in the name of" or

representative of the ALA, permission to use the emblem must be granted by the National Secretary and her contact information/vendor info must be provided along with items/quantity etc., same as with any other vendor using the ALA emblem.

If the member is operating a business venture for personal gain, or if the venture has the potential or appearance of the potential to generate personal gain, then she must report her venture as a potential conflict of interest. If the venture benefits an ALA entity subordinate to the department, then the conflict of interest must be disclosed to the department. If the venture is conducted beyond her own department, she must report the potential conflict to the national organization.

For example, when a national chairman embarked on a button project as national chairman to promote the mission of her national committee, she worked through NHQ. When that person was no longer the national chairman of that national committee, she incorporated in order to continue offering the buttons for sale because she then became a vendor of ALA branded merchandise which she (then her company) was selling. She also has to fill out a Conflict of Interest Disclosure Form every year. Another national committee member has a business that supplies goods to ALA departments and she too has to get permission to use the emblem/logo etc. and has to complete a Conflict of Interest Disclosure Form annually. Both these examples are acceptable ventures because proper accounting and disclosure compliance measures are in place.

**FAQ 5:** Is there a way to make the cards some of us receive with a request for a contribution available for sale?

**RESPONSE:** The cards included in the fundraising mailings are considered “premiums” offered in hope for donations. They are exclusive to the fundraising campaigns and are not otherwise offered for sale. There is an opportunity for those who have made donations via the direct mail fundraising campaigns to receive additional cards for an additional donation by emailing the requests to: [Development@ALAforVeterans.org](mailto:Development@ALAforVeterans.org).

Those not receiving the direct mail fundraising packets can be added to the fundraising mailing list by emailing the Development address listed above. People who donate annually to the direct mail fundraising appeals will remain on the list. Those who do not donate are dropped from the mailing list. By tailoring the mailing lists to those who like the premiums and donate in this way, the ALA realizes a good return on this approach to fundraising. If people stop donating in this way, it would no longer be cost-effective to have the company offer the cards in anticipation of the donations, and the ALA itself cannot afford to get into the greeting card production and distribution business.

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**UPDATE HISTORY:**

#	Date	Author(s)	Description (Substantive or Proofing)
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02	11/17/2016		Updates: Executive Summary; new Secs. 2 & 3 (subsequent sections renumbered); Sec. 8; Sec. 10

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 11:**

**Developing Leaders**

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## CHAPTER 11

# DEVELOPING LEADERS

### Executive Summary

There is a big difference between leading and commanding. Leadership is the art of influencing others to shape attitudes and behaviors of individuals and groups. Being a good leader is very different from giving orders. Leadership is not bossiness. Leadership is about working with others to accomplish the strategic direction of the organization established by the governing board. Good leaders are respectful of others, stay focused on the needs of the organization, and help cause positive changes in organizations that are stagnant or poorly functioning.

There are leadership roles in governance and leadership roles in management. Good leaders understand that governance and management are not the same, and respect that both functions are equally important, and that the people serving in both must work together with mutual respect in order for an organization's mission to succeed. Good leaders inspire, motivate, and build lasting trust. Trust is built by honesty and integrity.

One of the five goals of the centennial strategic plan is "Developing Leadership at All Levels." The objectives identified:

- Remove barriers for considering and selecting leadership.
- Define expectations and build leadership capacity.
- Invest resources in identifying and developing leadership.
- Reward innovative leadership recruitment and development practices.

Content for this chapter is being developed by the strategy teams working on ALA Centennial Strategic Plan Goal 3 – Developing Leadership At All Levels. The goal teams for the ALA Centennial Strategic Plan are reporting their activity in monthly reports shared with departments.

This chapter will be updated in the future when material on developing leadership is finalized as a result of the work being done by the strategic plan goal teams.

This chapter contains the following sections:

**Section 1 Appointments Process for National Committee Chairmen and National Committee Appointments**

**Section 2 Candidacy and Election Process for Annually Elected National Officers**

## Section 1

### **Appointments Process for National Committee Chairmen and National Committee Appointments**

The American Legion Auxiliary National Constitution & Bylaws provides that the national president of the organization has national appointing authority. Each year, the national president of the American Legion Auxiliary (ALA) appoints and presents for confirmation to the national governing board of the ALA, the ALA National Executive Committee (NEC), some two hundred (200) members to serve in national leadership roles on some twenty (20) national committees. The eight (8) core national standing committees are as described in the American Legion Auxiliary National Bylaws. The other national mission outreach, member/organizational support, and special purpose committees are as described in the ALA Standing Rules.

The American Legion Auxiliary national appointments process officially begins with the *Call for ALA National Appointment Applications* in broadcast announcements starting in the fall of the year following the election of the ALA National Vice President. The deadline for ALA National appointment applications each year is approximately one month prior to the ALA's annual national midwinter Washington DC Conference. The national appointments application process is done entirely online.

The ALA National Call for Applications is widely broadcast in a variety of ways. The announcement is included in each edition of the ALA's monthly electronic newsletter, *ALA eNews*, from approximately October 1 through January 1; is posted prominently on the homepage of the ALA national website, [ALAforVeterans.org](http://ALAforVeterans.org), through the deadline date; is included in a prominently placed article in the 4<sup>th</sup> quarterly issue of *Auxiliary* magazine (the November issue, which is mailed to every ALA adult member as well as to every Legion Post); is sent via emails to the departments, including a deadline reminder email sent in late fall/early winter from the National Secretary; and is posted on ALA social media sites (such as Facebook) from fall through early January.

During the application period, the ALA national appointment application document is accessible via the homepage on the ALA national website. Those members interested in being considered for an appointment to a National committee or appointed position for the upcoming administrative year are required to apply using the online application. All information disseminated by ALA National Headquarters about the Call for National Appointment Applications emphasizes that a) any member in good standing is eligible to apply, and b) the process is not limited to those who have served in leadership positions at department or a higher level. Following the deadline to submit applications, the ALA National Vice President is provided all the applications, sorted alphabetically within the ALA geographic divisions.

Prior to the national ALA Washington DC Conference, there is a great deal of preparation and background work done to vet applicants for national appointments. The ALA National Vice President requests that each national chairman submit a review of current committee members. She requests committee members to review their national chair. She also seeks input from the ALA National Headquarters staff members who work closely with each national chairman, e.g. program directors and program coordinators, as well as from others who would have had interaction with the anticipated pool of applicants such as current and former national leaders and strategic planning or other consultants who may have worked with the national chairmen and national leadership.

Members of a department may offer constructive input on a current or past National appointee by submitting the information to the National Vice President. During the time of the ALA Washington DC Conference, the National Vice President meets with her National Appointments Advisory Committee. In recent years this committee is generally comprised of the ALA National Vice President who appoints and chairs the committee, the ALA National President, a representative from each of the five (5) National Divisions, the current National Veterans Affairs & Rehabilitation Chairman, the current National Children & Youth Chairman, and the ALA National Secretary. This advisory committee operates confidentially and with professionalism as an applicant screening committee or vetting committee with understood ground rules that discussions consider applicants' attributes and experience for prospective appointments.

At the National Appointments Advisory Committee meeting, each committee member is provided a listing of the applicants for national appointments. The longstanding tradition in the ALA is that the applicant appointed and confirmed to serve as chairman of the ALA National Children & Youth Committee is regarded as a leading contender to be appointed the following administrative year to chair the ALA National Veterans Affairs & Rehabilitation Committee, and then, as the future candidate for ALA national vice president and subsequently ALA national president. Because of this tradition, special attention is given to the consideration of applicants for this appointment. The resumes of several viable candidates for the appointment of national Children & Youth Committee chairman are reviewed by the National Appointments Advisory Committee, focusing on their leadership attributes, qualifications, and experience as evidenced by the previous leadership roles each has held and feedback from the national program committee members' reviews of the candidate's performance. At the conclusion of the national appointments advisory meeting, the National Vice President collects all applicants' information, and, via undisclosed balloting, each vetting committee member indicates the name of the applicant she recommends be appointed to chair the National Children & Youth Committee. Ballots are collected and tallied by the committee chair, and committee members commit to keeping all meeting information confidential.

The ALA National Vice President then determines the appointments of chairmen and members of all national committees along with special appointments for the upcoming national administrative year. She officially asks each appointee-designee to accept the intended appointment, which is now done online via an email to each appointee-designee. Customarily the ALA National Vice President also personally contacts applicants who she intends to appoint to chairmanship roles to ascertain their willingness to accept those positions prior to the formal appointment request and acceptance process.

Every ALA national appointee-designee is sent a formal appointment notification via email outlining the role and expectations for the position to which she will be appointed. The appointee must officially indicate her acceptance in writing via her e-signature on all the required formal acceptance documents included in the formal national appointment email. The required electronically signed acceptance documents generally include but are not limited to: Acceptance and Commitment form, Confidentiality Agreement, and Conflict-of-Interest Compliance Statement, and Conflict of Interest Disclosure Form. The signed forms are submitted to ALA National Headquarters and the responses reported to the ALA National Vice President. This formal appointment notification and acceptance process is all conducted and completed via electronic conveyance. Signed acceptance, commitment, and governance forms are required of every appointee. National chairmen appointees traditionally meet prior to the upcoming ALA administrative year for orientation and program planning purposes.

All ALA national appointees must be confirmed by the national governing board, the National Executive Committee (NEC). Confirmation of appointees occurs at the first meeting of the newly seated NEC for the new ALA national administrative year at the close of National Convention. That NEC meeting is presided over by the newly installed ALA National President (previously the National Vice President who determined the appointments following her meeting with the vetting committee). Most national appointments are for positions that serve for a single national administrative year. The ALA national governing documents provide that certain national appointments are for multiple-year terms, e.g. members of the National Finance Committee and National Audit Committee. A new appointment of a member to or removal of a member from a multiple-year term appointment requires action by the National Executive Committee prior to the appointment or removal taking effect. Changes to national appointments for positions that serve a one-year term may be made by the National President with approval before or as soon as practical at the next regular meeting of the NEC.

It's important to know that the ALA National organization is diligent about mitigating our exposure to risk and liability. Therefore, to protect the American Legion Auxiliary, the ALA National organization pays a professional firm to conduct background checks on volunteers serving in national leadership roles and/or who will likely be interacting with and/or be responsible for children or other vulnerable populations that many of our programs serve.

## Section 2

### **Candidacy and Election Process for Annually Elected National Officers**

The American Legion Auxiliary National Constitution establishes the following national offices and provides that each serves for a single one-year term: National President, National Vice President, National Historian, National Chaplain, and the five (5) National Division Vice-Presidents.

The process for seeking a term-limited national elected office in the American Legion Auxiliary (ALA) is open to any ALA member in good standing. Those ALA national officers elected by National Convention delegates are: National President, National Vice President, National Historian, National Chaplain, and the five (5) National Division Vice-Presidents.

Each February, ALA National Headquarters sends to each ALA state-level Department a *Call for Candidates for Election* that explains the process and deadlines for candidates intending to run for the national offices elected by National Convention delegates. Candidates who wish to have their national candidacy announcements included in the May issue of *Auxiliary* magazine are instructed to submit their information to National Headquarters by a designated date and in a required specific format. The May issue of *Auxiliary* magazine includes the profiles of those announced national candidates. Candidates who submit their national candidacy declaration information after the magazine publication deadline but prior to National Convention are included in the national candidate profiles posted on the national website.

It is a custom that candidates for the ALA national offices listed above seek the endorsement of their respective ALA departments. This practice is not required, is neither authorized nor prohibited, and has no bearing on the candidates' eligibility for or likelihood of being elected to a national office.

As specified in the ALA national governing documents, candidates for term-limited national offices present themselves to the National Convention body. National Convention delegates

elect the national term-limited officeholders. Any member in good standing may seek election to a national term-limited office. In accordance with the American Legion Auxiliary national election rules which are published in the *ALA Annual Convention Guide and Annual Report* and read aloud at each ALA National Convention, any member in good standing who has not previously announced her candidacy or who has not been endorsed by her department may seek election to a national term-limited office by being nominated from the floor. The ALA national election rules are also included verbatim in the published proceedings of each annual National Convention. Both the *ALA Annual National Convention Guide/Annual Report* and Convention Proceedings publications are posted on the ALA national website [ALAforVeterans.org](http://ALAforVeterans.org).

ALA elections for national term-limited offices are conducted at National Convention via electronic ballot, and the outcomes are announced to the Convention Body as verified by the National Tally Committee. Note: as provided in the ALA's national governing documents, the offices of ALA National Secretary and ALA National Treasurer are not term-limited; those positions serve executive roles at ALA National Headquarters and are confirmed annually by the national governing board, the ALA National Executive Committee (NEC).

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02	11/17/2016		Updates: Executive Summary; new Sec. 1 and Sec. 2

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**Chapter 12:**

**Parliamentary Procedure**

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## CHAPTER 12

# PARLIAMENTARY PROCEDURE FOR IN-PERSON AND VIRTUAL MEETINGS

### EXECUTIVE SUMMARY

This chapter contains information to assist department officers in conducting the business of the ALA in formal meeting settings, both in person and as virtual meetings. The information contained herein is based on *Robert's Rules of Order, Newly Revised* and has been gleaned from various sources, including, but not limited to, *Robert's Rules of Order, Newly Revised*; *Proper Parliamentary Points*; and *Let's Be Proper*, a report originally prepared by Past National President Helen Lee Gilbert. It is recommended that members who are in roles requiring them to lead formal meetings obtain and become familiar with *Proper Parliamentary Points*.

Governments and boards of directors in most businesses rely on parliamentary rules to handle business matters effectively without unnecessary delays. The use of standard parliamentary rules in conducting meetings greatly diminishes the potential for chaos that might otherwise ensue without proper rules for conducting and orderly meeting.

Officers and leaders of the ALA at all levels are strongly encouraged to understand the importance of properly using parliamentary procedure. Article XI, Section 1, of the American Legion Auxiliary's National Constitution, Bylaws and Standing Rules, revised and adopted at the 2013 National Convention states, "The rules contained in the current edition of Robert's Rules of Order, Newly Revised shall govern this organization in all cases in which they are applicable and in which they are not inconsistent with applicable state statutes, the National Constitution and Bylaws, Standing and Special Rules."

This chapter contains the following sections:

**Section 1 Fundamental Principles of Parliamentary Procedure**

Basic Parliamentary Principles

**Section 2 Common Definitions**

**Section 3 Roles of Those Leading and Attending a Meeting**

**Section 4 Types of Motions: Motions, Resolutions and Amendments**

Motions

Resolution Process

Amendment Process

How to Write an Amendment

**Section 5 Juniors Participating in ALA Adult/Senior Member Meetings and Holding Senior Leadership Roles**

**Section 6 Conducting Electronic Meetings**

**Section 7 Frequently Asked Questions (FAQs)**

## Section 1

### Fundamentals of Parliamentary Procedure

#### Basic Parliamentary Principles

Parliamentary procedures exist to facilitate efficiently conducted meetings that protect the rights of members. The fundamental principles of parliamentary procedure are:

1. Fairness of process and courtesy for all.
2. Only one thing, speaker, motion, or action at a time.
3. The majority rules.
4. The minority must be heard.
5. Each proposition is entitled to a full and free debate.
6. The purpose is to facilitate action, not to obstruct it.

## Section 2

### Common Definitions

1. **Parliamentary procedure:** The rules by which meetings of deliberative assemblies, societies, boards, clubs, etc., are formally conducted. They are used by governments and businesses alike to ensure that formal meetings run in the most effective manner possible. Per the national ALA Constitution & Bylaws, all ALA meetings will be conducted using parliamentary procedure based on *Robert's Rules of Order, Newly Revised*.
2. **Chair:** The presiding officer, generally the president, who should be addressed as "Madam President" or "Madam Chairman." The same address should be made to the vice president if presiding instead of the president unless the president is present.
3. **Parliamentarian:** An expert trained in parliamentary procedure who is appointed by the president to provide impartial guidance and impartial expert advice on questions regarding the proper procedures for conducting the meetings of the organization. A qualified and impartial parliamentarian helps achieve the confidence and trust of members.
  - She need not be an elected officer and is appointed by the president.
  - When requested to do so, she is to give advice to the president or any member when a question about proceedings may affect the rights of any member or do potential harm to the organization.
  - She must be able to perform her/his duties with complete impartiality; therefore, the parliamentarian may not make motions, participate in debate, or vote on any question except in the case of a ballot vote if she is a voting member. The parliamentarian rarely speaks unless offering expert advice on meeting procedures.
  - The parliamentarian is akin to an official in a sports game; she know the rules (bylaws, standing rules and parliamentary procedure) and quietly assures that everyone plays by the rules (abides by the rules of parliamentary procedure).
4. **Quorum:** The minimum number of members who must be present for the valid transaction of any business. The number required for a quorum should be established in the organization's bylaws.

Examples:

- At ALA National Convention, a quorum exists when sixty percent (60%) of the departments are represented by having paid their National Convention registration fees.
  - A majority of the voting National Executive Committee (NEC) members shall constitute a quorum of the NEC.
  - In other words, without sixty percent (60%) of departments being duly registered at a given National Convention, no actions can be voted upon or transacted. The same would apply if a majority of the NEC were not on hand for a NEC meeting.
5. **Division of the Question:** Will allow a motion that is complex and has two or more parts, to be divided into sections and to vote on each in succession. The motion for a division of the question requires a second and is carried by majority vote.
6. **Division of the Assembly:** When the outcome of a vote is unclear, a “division of the assembly” is used to call for a rising vote unless it is used as a delaying tactic. A call for a division of the assembly, however it is stated, requires an immediate call for a rising (standing) vote, or in small assemblies, a show of hands. No second or vote on the request is necessary.
7. **Ex-Officio:** Means “by virtue of office.” An ex-officio member of a board or committee serves by virtue of the office she holds, is designated as such within the bylaws, has the same rights as any other board or committee member, but is not obligated to attend those meetings of the board(s) or committee(s) on which she serves “ex-officio” and is not counted as part of the required quorum. Ex-officio members have the right to vote unless there is a bylaw provision preventing the ex-officio member from doing so. For example, the ALA national president is an ex-officio member of all standing committees of the ALA national organization by virtue of her office.
8. **Motions:** A motion is a request that business be brought before the assembly.
- A main motion introduces the action “I move that...”
- Only one main motion may be addressed at a time.
  - A motion must receive a second to have discussion on the motion.
  - If no second motion is received, the motion dies.
  - If a second is received, after discussion, the presiding officer repeats the motion and calls for a vote. The vote is then taken.
- A subsidiary motion is the amending of a motion.
- A motion may be modified, but the main idea of the motion may not be changed.
  - Each amendment must be voted on before action can be taken on the main motion.
- An incidental motion is the business to be disposed of before an action can be taken on a main motion. Examples:
- Withdrawal of a motion may be requested by the maker of the motion. Without objections, withdrawal is allowed.
  - Point of order is made to immediately question a parliamentary action or decision of process that just occurred.
  - Appeal from the decision of the chair is made if a member disagrees with the presiding officer’s decision. The assembly then may vote either to sustain or overrule the chair’s decision. An appeal is usually debatable.

A privileged motion deals with any or all issues specifically related to a meeting or to the comfort of members in attendance. They're called privileged because, even when other business is pending, the real needs (regarding time, comfort, or other special needs) of the people in the meeting are considered important enough to be dealt with immediately.

Examples:

- To take a recess.
- To adjourn.
- To fix a time and place to adjourn.

9. **Resolutions:** A resolution is merely a fancy motion. In the ALA, a resolution is a written motion that follows a standard format and is used for matters such as proposing a change to a policy or for special recognition of people, organizations, or events, often referred to as "courtesy or ceremonial" resolutions. A resolution is distinguished from a "regular" motion in that a resolution provides the reason(s) for the motion via the "whereas" clauses, and provides a "date-stamp" for the motion via the "takes effect" provision in the resolved clause. See Resolution Process section below.
10. **Amendments:** An amendment is a specific proposal to modify an organization's entity/governance documents. In the ALA, an amendment is a proposal to modify the entity's Constitution, Bylaws, or Standing Rules. See Amendment Process section below.

### Section 3

#### Roles of Those Leading and Attending a Meeting

In order to understand the parliamentary process, one must first understand the roles of those responsible for the process of conducting the business of a meeting. For conventions and board meetings, those individuals generally are your elected officers, except in the case of the parliamentarian who may be appointed by the president. Committee meetings are conducted by the chairman of the committee, usually appointed by the organization's president.

1. **Chair:** The presiding officer, usually the president (or vice president if president is unavailable), and is responsible for:
  - Keeping the meeting on schedule and within time limits.
  - Remains neutral by not entering into the discussions.
  - Expedites the transaction of business by preparing the agenda and keeping order during the meetings.
  - States motions that are in order or rule them out of order; ask for discussion, ask for a second to the motion, put motion to vote, and declare the result of the vote.
  - Chair does not vote unless the vote is by ballot or roll call.
  - If president wishes to speak during a debate, she should place a vice president in the chair by stating, "The vice president will assume the chair," and then the president may speak to the question. She cannot resume the chair again until after the vote has been taken and declared.
  - The president is an ex-officio member of all standing committees, but never of the nominating committee.
2. **Vice President:** Will preside in the absence of the president or whenever the president temporarily vacates the chair (e.g., so she can join a discussion regarding a motion). First

vice president becomes president in case of illness, resignation, or death of the president, for the unexpired term, unless rules specify how vacancies shall be filled.

3. **Parliamentarian:** Appointed by the president, she serves as the expert on parliamentary procedure.

**Duties of the parliamentarian before a meeting:** Review the agenda with the president to be familiar with the business and possible procedural problems that may arise. Review and know the bylaws and standing rules of the organization. Work with any committee members who request assistance in preparing reports for the meeting.

**Duties of the parliamentarian during a meeting:**

- Arrive early to counsel as needed and remain after the meeting for further counsel.
- Have a copy of the governing documents at the meeting.
- Keep track of the motions to assist the presiding officer.
- Be as inconspicuous as possible.
- Provide advice when requested, and communicate with the president tactfully and discreetly.
- Remain impartial, and be prepared to cite references if needed.
- **During a convention**, the duties of the parliamentarian include those listed for meetings. Should also be prepared to advise convention committees on topics such as resolutions, credentials, rules, and elections. Review the script with the presiding officer, and stay focused, steady, patient, and fair.

4. **Secretary:** In the absence of president and vice president, the secretary calls the meeting to order and entertains a motion for temporary chairman.

The secretary sees that minutes of the meeting are taken – whether taken by herself or her designee – including recording the type of meeting (regular, special, etc.), place, date, hour, presiding officer, all motions and their disposal, names of makers of motions.

- The names of those who second the motion are not required to be recorded in the minutes, but may be included, and probably should be when business is being conducted at a convention or meeting of the governing board and a verbatim transcript will not be made.
- Not included in minutes are discussions, opinion, points of order, or questions of privilege.
- The minutes are never rewritten after they are presented to the assembly and approved. The secretary should place corrections on the margin of the minutes.

5. **Treasurer:** Custodian of funds of the organization; receives and disburses them upon authority from the organization.

The treasurer reports on budget performance and the financial health of the organization to the assembly. If the treasurer is also an employee of the department, the budget and financial reports should always be prepared and reported by a finance committee chair or outside finance professional.

- The budget is adopted by the governing body, commonly known as the Department Executive Board or the Department Executive Committee (DEC). It is **not** adopted by convention delegates. Convention delegates have no fiduciary responsibility or liability for the organization. Only the governing board, comprised of corporate

directors with fiduciary responsibility, can adopt or amend a budget or officially accept financial reports or audits.

- Financial reports are presented to and received by the governing body, commonly known as the Department Executive Board or the Department Executive Committee (DEC), and placed on file for audit. The proper motion for accepting the treasurer's report: "I move that the treasurer's report be accepted and filed for audit."
- The audited financial report is presented to and accepted by the governing body, commonly known as the Department Executive Board or the Department Executive Committee (DEC). It is not adopted by convention delegates. The proper motion for accepting the audited financial report: "I move that the audited financial report be accepted and filed."
- The department (and unit) treasurer should be bonded or have adequate financial liability insurance.

6. **Members:** All members whose current membership dues are paid are considered members in good standing and are entitled to all the rights and privileges of membership, including those aspiring to and holding office, and voting in the ALA.

- Rise and address the chair if you want to discuss the motion under consideration or to offer another motion.
  - Wait to be recognized by the presiding officer before beginning to talk after addressing the chair.
  - Say, "I move to..." or "I move that..."
  - Make a motion in an affirmative form, never in the negative.
  - Always address your remarks to the chair, never to another member.
  - Speak of another member by some expression other than her name, such as, "the member on my left..." or "the member who moved..."
  - Remain silent if you are ready to vote and the presiding officer says, "Are you ready for the question?"
  - Assist the presiding officer promptly by giving your name.
- Use the correct terminology.
- State facts rather than beliefs.
- Understand the types of votes:
  - Majority: the number greater than half the votes cast.
  - Plurality: issue or person receiving most votes, may be less than a majority, as in an election with three or more candidates.
  - Two-thirds vote: To determine a 2/3 vote quickly, double the negative votes cast, and if it is equal to or less than the affirmative votes cast, a 2/3 vote has been attained.
- Members should speak up while a motion is pending, not after the vote has been taken or after the meeting is over.

7. **Committees:**

- Members of committees have no authority except that which is granted by bylaws or by a vote of the assembly.
- Unless otherwise provided, the member first named to a committee or the one receiving the largest number of votes is the chairman of the committee.
- Members of committees should not conduct business of the committee without a quorum present. A majority of committee members constitutes a quorum unless the assembly orders otherwise.



- Motions and resolutions originating in committees need no seconding, if the committee members are also members of the governing body. They already have been seconded by committee action.

## Section 4

### Types of Motions: Motions, Resolutions, and Amendments

#### Motions

1. **Principal Motions:** Parliamentary motions fall into four groups, including:
  - a. **Main Motions:** Brings new propositions before the assembly. They are open to debate and usually require a majority vote to carry them.
    - A motion to rescind is a main motion requiring a 2/3 vote if previous notice has not been given.
  - b. **Subsidiary Motions:** Are attached to other questions for one or more of three purposes:
    - To modify (amend),
    - To delay action, and
    - To stop debate.
  - c. **Privileged Motions:** These are so important that they may break in at almost any time. Three are quite commonly used:
    - To take a recess,
    - To adjourn, and
    - To fix a time and place to adjourn.
  - d. **Incidental motions:** These are used to keep the business of an organization moving properly should matters become too complex and confusing. Only two or three are commonly used:
    - Withdrawal of a motion may be asked for by the maker, and if no one objects, withdrawal is allowed. If anyone objects, it is necessary to make a motion to permit its withdrawal.
    - Point of order is made to call attention to a parliamentary mistake.
    - Appeal from the decision of the chair is made if a member disagrees with the presiding officer's decision. The assembly then may vote either to sustain or overrule the chair's decision. An appeal is usually debatable.
2. **Steps in a Main Motion**
  - Motion is made, preferably in positive form, by saying, "I move that..."
  - Motion must be seconded to be considered.
    - At least two (2) people must wish to discuss a topic; therefore, the "second" is the second person.
    - If there is no second, the motion dies.
  - The chair repeats the motion, which opens the motion for discussion.
  - Debate/discussion.
  - Chair repeats the motion when discussion ends or time limit expires.
  - Chair calls for ayes and nays. Must always call for the negative vote, even if it appears the vote is unanimous.
  - Chair announces the result of the vote.

As mentioned previously, it is strongly recommended that those in the roles mentioned in this chapter become very familiar with the parliamentary process. A copy of the *Proper Parliamentary*

*Points*, from which much of this information was extracted, can be found in the appendix of this guide.

The following frequently used motions offer you some examples that may help you in your role(s):

### Parliamentary Procedure – Frequently Used Motions

To Do This:	You Say This:	May You Interrupt A Speaker	Do You Need A Second?	Is it Debatable?	Can It Be Amended?	What Vote?
Introduce new business.	"I move that..."	No	Yes	Yes	Yes	Majority
Amend a motion.	"I move to amend the motion by..."	No	Yes	Yes	Yes	Majority
Request information.	"I rise for a point of information."	Yes	No	No	No	No vote
Complain about noise, etc.	"I rise for a question of privilege."	Yes	No	No	No	No vote
Call for a brief intermission	"I move to recess for ___ minutes."	No	Yes	No	Yes	Majority
Postpone the question to a later time.	"I move to postpone the question until next week."	No	Yes	Yes	Yes	Majority
Refer the question to a committee for further study.	"I move to refer the motion to the ___ committee to study."	No	Yes	Yes	Yes	Majority
Put a limit on the debate.	"I move that debate be limited to 5 minutes."	No	Yes	No	Yes	2/3

**Parliamentary Procedures – Frequently Used Motions (continued)**

<b>To Do This</b>	<b>You Say This</b>	<b>May You Interrupt A Speaker?</b>	<b>Do You Need A Section?</b>	<b>Is It Debatable?</b>	<b>Can It Be Amended?</b>	<b>What Vote?</b>
End debate and vote.	“I move the previous question.”	No	Yes	No	No	2/3
Verify a voice vote by rising.	“Division.”	Yes	No	No	No	No vote
Want to do something, but don’t know how to do it.	“I rise to a parliamentary inquiry”	Yes	No	No	No	No vote
Reconsider an action	“I move to reconsider the vote on the motion to...”	No	Yes	Yes/No	No	Majority
Call attention to breach of rules.	“I rise to a point of order.”	Yes	No	No	No	No vote
Suspend the rules temporarily.	“I move to suspend the rules so that...”	No	Yes	No	No	2/3
Adjourn the meeting.	“I move that we adjourn.”	No	Yes	No	No	Majority

**Resolution Process**

**How to Write a Resolution**

1. A resolution is a formal, written motion. Resolutions are often used when the subject matter contains many details or amends the organization’s governing documents and to include the reasons for proposing the motion. A well-written resolution makes it easier for members to consider the proposal’s importance, and makes it easier to follow a lengthy or complex motion. Resolutions are also useful when a large assembly will be considering its motion.
2. A resolution has two sections – the resolving clauses and the clauses that state the reasons for the motion. Resolving clauses state the specifics of the proposal. The main

reasons a motion should be adopted are included in the “whereas” clauses. Neither section should include more clauses than are absolutely necessary to clearly articulate the reasons for the motion and the proposed outcome(s) if adopted.

3. The two sections of a resolution can be written in either sequence, but within the ALA it is a common practice to present a resolution with the reasons listed first – the “whereas” clauses, followed by the main motion – the outcome(s) proposed in the “resolved” clause(s). When drafting a resolution, it is beneficial to compose the main motion first (what you want adopted – the outcome or resolved” clause) and then write the reasons it should be adopted – all of the “whereas” clauses. This way, you first determine what is to be done and focus on the most crucial specifics essential in the motion. The motion should ideally be one or two main sentences, with a third sentence (i.e., a third “resolved” clause) that might include who is responsible and/or within what timeline the motion is to take effect.
4. When developing a written motion or resolution, it’s wise to consult with members who can be of assistance to improve the wording and whose support will assist in its adoption.
5. Once the main motion is determined, then develop three to five statements to support the adoption of it. These are worded as “whereas” clauses. These points should be the most important and least controversial arguments for the motion. Fewer than three points may not provide enough information to “make the case” to adopt the motion, depending on its nature, and too many “whereas” clauses may confuse the issue. Again, it is important to stay focused on the points that are strictly necessary. Other points that may be widely beneficial to those considering the motion can be included in the “rationale” section following the resolution.
6. ALA resolutions typically begin with the “whereas” clause(s), which merely provide background information as to why the motion is being made, then end with the “resolved” clauses. NOTE: The “whereas” clauses are **not** part of the resolution – they are only supporting information. The actual resolution is the motion itself. Therefore, when a resolution is adopted, only the “resolved” clauses stating the outcome are incorporated into governing documents. The resolved clauses **are** the motion and are the only part of the resolution legally adopted. They need to be reflected in any policies, procedures, rules, etc. that they affect. *Robert’s Rules of Order*, the most recently approved version, prescribes the proper format, capitalization, and punctuation. Again, it is a good idea to consult with members who can be of assistance and *Robert’s Rules of Order*, the most recently approved version, to ensure your resolution is correctly formatted.

For more examples of how to write and format resolutions, The American Legion has a detailed booklet on resolutions in PDF format at [www.legion.org/resolutions](http://www.legion.org/resolutions).

### **Amendment Process**

Neither a convention body nor a governing board can obligate a future convention or board from considering a topic. A governing body cannot impose rules that attempt to control decision on the merits of an issue in the future. A department cannot vote to prevent a topic from being brought back before the governing body, for instance, for ten (10) years.

The National Judge Advocate has determined the following:

1. A governing body cannot adopt a motion to forbid a future governing body from considering a matter that has been defeated by the current or past governing body.

2. A current governing body cannot obligate a future governing body to act or not act on topics that otherwise would be within the realm of the organization to consider.
3. The fact that a matter has been defeated previously, no matter how many times, does not constitute justification for preventing the matter from being considered by future voting delegates or governing board members.
4. A current governing body cannot take away the rights of a future governing body by restricting what a future governing body can or cannot address.
5. To do so is contrary to the basic tenets of our U. S. representative form of government.

### **How to Write an Amendment**

A properly written amendment must specifically state the current provision in the entity's Constitution & Bylaws or Standing Rules to be amended, specify the exact words to be stricken, and then specify the exact wording, if any, to replace the stricken wording, then restate the amended provision in the exact wording that would be in place if the amendment is adopted. For clarity and understanding, a proposed amendment should include an accompanying "rationale" that explains the purpose and reasoning for the proposed amendments.

## **Section 5**

### **Juniors Participating in ALA Adult/Senior Member Meetings and Holding Senior Leadership Roles**

The American Legion Auxiliary National Convention in 1930 adopted a resolution "establishing the voting age of eighteen (18) years for members of the American Legion Auxiliary".

ALA Junior members are a separate and special class of ALA members who are children under the age of eighteen (18). As a collective class of child members, not all members of the class have the same ability to participate as Junior ALA members as do adults. As a practical example, a 2-year old Junior member is not able to participate in the organization on the same level of maturity as a 17-year old Junior member. Yet both the 2-year old and 17-year old, with vastly different levels of physical and mental development and maturity are in the same class of membership. To allow Junior members to vote would entail extending that privilege to all members of the Junior membership class – ages 0 through 17. That is impossible and impractical.

Adults, as a collective class of Senior members age eighteen (18) and older, have legal rights under the law as adults that are not granted to children. In political subdivisions across the United States, a person under eighteen (18) is not allowed to vote. Persons under the age of eighteen (18) are classified as minors and dependents and are presumed to have not achieved the level of development and maturity to bear the legal responsibilities of adulthood.

That said, there is nothing in the national governing documents that prohibits a Junior member (presumably a high school aged Junior member) from serving in an administrative appointed or elected Senior position (e.g. a committee member, historian or chaplain) in a Unit, intermediate body, or department, such as a mission-outreach committee (i.e. Poppy or Community Service), because those positions operate under the guidance of a Senior member governing officer or leader. It is not advised that a Junior member be elected or appointed to serve in a policy-making/governance position (e.g. president, vice president, or governing board).

Some units have indeed done so, and have Junior members serving as unit historians and chaplains either due to the scarcity of willing candidates and/or to help develop a high school Junior member who is quite capable of fulfilling an administrative leadership role that does not entail making policy. For example, a high school Junior member might be able to do a good job in the role of chaplain or historian, or bring enthusiasm and a youthful perspective to a Poppy committee.

The American Legion Auxiliary Centennial Strategic Plan includes goals and strategies to create alternate pathways to serve, foster goodwill, and to develop leadership at all levels. The examples above support those strategies and do not inappropriately impact policy-making.

## **Section 6**

### **Conducting Electronic Meetings**

Electronic (email) voting was approved by the National Executive Committee (NEC) in February 2009. Seventy-five percent (75%) of the NEC must vote (to establish a quorum), and a majority of those voting must approve of the motion for it to pass. It should be noted that the policy adopted in 2009 allows for votes to be cast by “mail, telephonically, or electronically: within thirty (30) days.”

With that said, virtually conducting department business by voting by mail, phone, and/or email would have to be approved by that department’s governing body, the DEC. A department’s policy regarding virtual voting must comply with what is allowed under the laws of the state in which the nonprofit is incorporated. The ALA Department of Maine is incorporated in Main. Therefore, as a Maine corporation, the department’s rules for conducting its business virtually (e.g., voting by mail, telephonically, or electronically) must conform to what is allowed by Maine state law. The department will need to check with whatever state office of government oversees incorporation and state corporate filings, and then determine what its state law allows and requires for a corporation to hold an annual meeting and to conduct business electronically. Some states require corporations to hold an annual in-person meeting; some states strictly specify what constitutes adequate notice; and most states allow some form of virtual voting and specify what percentage of members must vote in order for an electronic vote to be valid.

In Indiana, for example, the state office of government that oversees incorporation and state corporate filings is the Indiana Secretary of State. The ALA National Headquarters confirms our virtual voting requirements with the Indiana Secretary of State. In Indiana, a corporation may conduct business virtually; voting by phone, mail, or email is allowed. The national organization, being incorporated in Indiana, complies with Indiana law and may conduct national voting by mail, participate in a virtual vote conducted by mail, email, or phone.

If state laws permit conducting business electronically, then that constitutes a virtual meeting, and minutes need to be kept, the same as if the meeting were held in person. The virtual meeting, then, needs to:

1. Properly convene with participants instructed that the special meeting is being convened to conduct business electronically;
2. State the business clearly;
3. State the legal authority for conducting the meeting electronically;
4. Specify the motion and instructions to respond via “Reply All” by a date/time certain;

5. When the business concludes (i.e., the voting has been completed), the convener responds again via “Reply All” the outcome of the vote, and
6. Creates minutes of the special virtual meeting, saves the emails as documentation, and then includes a summary of the virtual meeting(s) at the next face-to-face meeting of the governing body for the governing body to ratify for the record.
  - When a vote is conducted by email, the emails are documentation of the voting and should be saved. The minutes of the next regularly scheduled meeting should reflect the vote.
  - Information to be considered during the virtual meeting should be conveyed and attached as a PDF document so that the emailed wording cannot be manipulated.

Similar steps need to be established and followed when a meeting is held telephonically or by postal mail.

**An example of a virtual meeting of the NEC can be found in the appendix of this Guide.** In the example in the appendix, the meeting was called for a specific purpose, and the outcome was then ratified as part of the consent agenda at the next face-to-face meeting of the NEC. A special NEC confirmation of a multiple-year term appointment to a national committee was needed. The vote was conducted electronically; then, the appointments were confirmed at the next in-person NEC meeting and the virtual meeting action included in those minutes which are recorded subsequently adopted, and maintained in the files.

Also, an example of minutes from a virtual meeting is included in the appendix. All actions taken at a virtual meeting need to be confirmed or ratified by the department governing board at its next regularly scheduled in-person meeting and the actions recorded in the governing board’s meeting minutes.

## Section 7

### Frequently Asked Questions (FAQs)

#### **FAQ 1: Virtually conducting department governing body business – voting by mail, phone, email.**

I have a question regarding voting protocol for the Department Executive Committee (DEC). We do not have anything in place in our C&B or Standing Rules. Over the past decades, we have sent out motions that needed to be voted on. Since 2010, we have been also including email voting on motions. Can you offer guidance on allowing the DEC to conduct business electronically?

**RESPONSE:** A department's policy regarding virtual voting must comply with what is allowed under the laws of the state in which the nonprofit is incorporated (e.g., ALA Department of Maine is incorporated in the State of Maine). Therefore, as a Maine corporation, the department's rules for conducting business virtually, such as voting by mail, telephonically, or electronically, must conform to what is allowed by Maine state law). The department will need to check with whatever state office of government oversees incorporation and state corporate filings, and then determine what its state law allows and requires for a corporation to hold an annual meeting and to conduct business electronically. Some states require corporations hold an annual in-person meeting; some states strictly specify what constitutes adequate notice; and most states allow some form of virtual voting and specify what percentage of members must vote in order for an electronic vote to be valid.

In Indiana, for example, the state office of government that oversees incorporation and state corporate filings is the Indiana Secretary of State. The ALA national headquarters confirms our virtual voting requirements with the Indiana Secretary of State. In Indiana, a corporation may conduct business virtually; voting by phone, mail, or email is allowed. The national organization, being incorporated in Indiana, complies with Indiana law that allows corporations to conduct national voting by mail, electronically, or phone. Most states require a specific percentage of the governing body that must participate in a virtual vote conducted by email, often seventy-five percent (75%).

If state laws permit conducting business electronically, then that constitutes a virtual meeting, and minutes need to be kept, the same as if the meeting were held in person. The virtual meeting then needs to a) properly convene with participants instructed that the special meeting is being convened to conduct business electronically; b) state the business clearly; c) state the legal authority for conducting the meeting electronically; d) specify the motion and instructions to respond via "Reply All" by a date/time certain; e) when the business concludes (i.e., the voting has been completed, and the convener responds again via "Reply All" the outcome of the vote); and f) creates minutes of the special virtual meeting, saves the emails as documentation, and then includes a summary of the virtual meeting(s) at the next face-to-face meeting of the governing body to ratify for the record. When a vote is conducted by email, the emails are documentation of the voting and should be saved until the minutes of the meeting are approved. Information to be considered during the virtual meeting should be conveyed and attached as a PDF document so that the emailed wording cannot be manipulated.

Similar steps need to be established and followed when a meeting is held telephonically or by postal mail.

An example of virtual meeting and related documentation can be found in the appendix in this Guide.



## **FAQ 2: What is a Consent Agenda, and when is it used?**

**RESPONSE:** A consent agenda, also called a consent calendar in *Robert's Rules of Order*, is a standard good governance practice utilized by large organizations to expedite its business proceedings. The main purpose of a consent agenda is to bundle into a single action item the routine procedures, administrative details, and self-explanatory matters that the board normally approves without discussion or debate. A consent agenda allows the board to approve such items together without discussion or individual motions, freeing valuable time for the board to discuss more substantial agenda items.

A consent agenda is a single item on the board's meeting agenda, typically the first action item, and is voted upon with a single vote – to vote to approve the consent agenda by unanimous consent. Typically, the consent agenda contains items that are routine or procedural and generally noncontroversial, such as approval of the minutes; committee appointments requiring board ratification or confirmation, etc.

## **FAQ 3: What is the difference between a conference and a convention?**

**RESPONSE:** A conference is any gathering for a stated purpose (e.g., general meetings, educational, etc.). Generally, attendees of a conference are there for learning, unless the conference states that business will be conducted and who is empowered to act or vote on the business.

A convention is a formal gathering of delegates for the purpose of conducting business that directly affects all members (e.g., adopting or amending its bylaws, electing leaders, and establishing the amount of dues). Delegates are authorized voters representing smaller affiliated entities, authorized by the smaller group (e.g., units or districts) they represent. The process for determining the number of delegates should be written in the bylaws or agreed to in writing and recorded by the founders when the first bylaws are adopted.

## **FAQ 4: Can a Constitution, Bylaws and Standing Rules be adopted at a conference instead of a convention?**

**RESPONSE:** The authority for amending one's Constitution or Bylaws is as specified in the governing documents. If a complete revision is being proposed, then the body with the authority to amend, as specified in the department's governing documents, is the only body with the authority to adopt a revision. If the entity is new and adopting its initial C&B and Standing Rules, then the new governing documents should include a provision that addresses the initial authority to adopt and then the authority for amending the governing documents. The persons convening to adopt a C&B should be doing so in an official, recorded capacity (i.e., delegates to the first unit convention or delegates to the inaugural meeting of the founding board (founding governing body)).

## **FAQ 5: How is the office of parliamentarian filled? Can the parliamentarian participate in discussions of motions?**

**RESPONSE:** The office of parliamentarian is appointed by the unit/department/national president. The parliamentarian should be someone whom the president has confidence in since their duty, when requested to do so, is to give advice to the president or any member when an error in the proceedings may affect the rights of any member or do harm to the organization.

No, a member of the assembly serving as the parliamentarian has the same duty of the presiding officer to maintain a position of impartiality, and, therefore, does not make motions, participate in

debate, or vote on any question except in the case of a ballot vote. There is a saying that “the parliamentarian is seen and not heard.”

**FAQ 6: Can unit/department questions regarding parliamentary procedure be directed to ALA National Headquarters?**

**RESPONSE:** Department questions about parliamentary procedures should be directed to your department parliamentarian. If your department seeks advice on parliamentary procedure from the national organization, the questions should be directed to the national Constitution & Bylaws chairman as this falls under the purview of the national Constitution & Bylaws Committee. The national C&B program coordinator will consult with the national C&B chairman and respond. If neither the national C&B chairman nor the program coordinator can answer the question, the national secretary is notified and she will see that an answer is provided.

The national organization contracts with a professional registered parliamentarian to serve the national organization at national convention, and she may also serve from time to time at NEC meetings. If a department is anticipating a particularly emotional or highly controversial matter of business, the department may find it wise to seek the services of a professional parliamentarian outside the organization to ensure objectivity and impartiality.

**FAQ 7: What is a resolution?**

**RESPONSE:** A resolution is a description of a problem or situation that is then followed by a suggestion as to how to correct it. Each resolution should address only one issue or problem, and it consists of two parts: the preamble statement of facts (description of the problem – “whereas” clause) and the resolving clause (how the local post or even the national organization should solve the problem or support the issue). Resolutions set the course of the organization when adopted by their governing bodies.

**FAQ 8: Transitioning between “whereas” and “resolved” clauses.**

I’ve heard that when writing a resolution, it is one long sentence that only concludes following the last resolved clause. Is this correct, and, if so, how does one transition between whereas clauses and the resolved clauses?

**RESPONSE:** Yes, a resolution is written as one continuing sentence with the reasoning clause(s) first and the resolved clause(s) second. The format of the resolution should be in a font size large enough to be read (11 or 12 point Times New Roman or Arial fonts are common) and should be laid out as in the following example:

WHEREAS, (Reason 1 ... ); and  
WHEREAS, (Reason 2 ... ); and  
WHEREAS, (Reason 3 ... ); now, therefore, be it  
RESOLVED, By (approving body) in (type of meeting) in (location), on (date of meeting), That  
(the actual motion, i.e., the outcome that will be in place if the motion is adopted...)

Note that the words “whereas” and “resolved” are often indented, usually capitalized in each instance, and are followed by a comma. Following the comma, the next word begins with a capital letters, and at the end of the “whereas” clause before the “and,” a semicolon is placed with no punctuation following the “and.” Also note that on the last whereas clause, instead of “and,” one should always conclude the final reason for the motion (the final “whereas” clause) with “: now, therefore, be it” with no punctuation following before the resolved clause. The first resolved clause usually indicates the approving body, the type of meeting (i.e., regular meeting, DEC meeting, etc.), the location and the date of the meeting. Note also that the first word following this

information is capitalized and that **only** the last resolved clause is punctuated with a period at the end.

Other examples of resolutions can be found on both The American Legion website ([www.legion.org](http://www.legion.org)) and the ALA website ([www.ALForVeterans.org](http://www.ALForVeterans.org)).

**FAQ 9: Can resolutions of units or intermediate bodies be acted upon by the National Executive Committee (NEC)?**

**RESPONSE:** Yes, resolutions initiated and adopted by officially constituted subordinate organizations (i.e., units, districts, counties), which in turn have received favorable action by their respective department conventions or department governing board meeting (commonly known as the Department Executive Committee or department board) can then be presented in resolution form to the NEC which must then act upon the resolution at its next regularly scheduled meeting provided the NEC has received adequate notice of the resolution originating from a unit or intermediate body.

**FAQ 10: What happens to a resolution once the issue has been addressed and the mission accomplished?**

**RESPONSE:** A common problem in many organizations is the accumulation of motions that have been incorporated into various governing documents and over time have been accomplished, fulfilled, or otherwise become obsolete.

Once an issue that was the subject of an adopted resolution has been addressed either by accomplishing the goal or by the adoption of another resolution that supersedes the previous resolution, any appropriate committee (e.g. Americanism, Membership, etc.) may submit a resolution to the governing body to rescind the resolution that is now obsolete. A rescinding resolution may group more than one resolution that needs to be rescinded by that committee. The rescinding resolution should clearly indicate that the resolutions(s) to be rescinded have been accomplished or rendered obsolete by virtue of a superseding resolution.

**FAQ 11: When transcribing minutes, can the secretary summarize the discussion in her own words based on her interpretation of what happened, in order to clarify for others?**

**RESPONSE:** A transcription or transcript is a verbatim written document of everything that was said and acted upon at a meeting. Minutes need not be transcripts. Some large organizations publish the transcripts as the meeting “proceedings” – a tradition at the national level of the ALA and The American Legion, but that is not a legal requirement. The American Legion and American Legion Auxiliary both publish transcripts of each National Convention because a year transpires between each convention, convention delegates change from year to year, and it is simply impractical for convention minutes to be circulated and adopted by the National Convention delegates who attended the year before. Therefore, the National Convention proceedings are published verbatim.

Acceptable meeting minutes are summaries of what happened, and necessarily include summary statements of the business that transpired during the meeting. The reason minutes are circulated for review and approval by the board or committee for which the meeting minutes were taken is so that the minutes accurately reflect what the majority of the board or committee members understood the actions to have been. The members who participated have the obligation to review the summarization with an opportunity to amend and correct anything if needed. They then attest to their accuracy by casting their votes to “adopt” the minutes or amend the minutes for subsequent adoption. Minutes should be factual and reflect only what was discussed without the

secretary's opinion, favorable or otherwise, on anything said or done. The only time an opinion may be included in the minutes is when a board or committee member requests during a meeting that a statement be included in the minutes "for the record." The minutes then should include the statement and reflect who made it and requested it be "in the record."

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 13:**

**American Legion Auxiliary  
Protocols & Etiquette**

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## CHAPTER 13

# AMERICAN LEGION AUXILIARY PROTOCOLS & ETIQUETTE

### Executive Summary

The American Legion Auxiliary, like most companies and organizations, has required procedures for handling disciplinary matters. The ALA also has a variety of customary practices for conduct at meetings and events. These customs for conduct at meetings, events, and official ALA social gatherings are based on traditions and historical practices and have become known as ALA protocols and ALA etiquette. New members and ALA guests alike are often intimidated or feel excluded because they are not familiar with the ALA's customs for etiquette at ALA meetings and events.

It is important to know that customs and protocols are not lawful requirements. Members and guests who do not abide by the ALA's many customs are not violating laws and should not be made to feel belittled or demeaned for being unaware of ALA customs.

The purpose of this chapter is to help departments and units understand common ALA customs and to follow customary ALA etiquette. This chapter describes the most common ALA protocols or customs. There may be other customary practices unique to individual departments or units.

These norms/customs, while not legally required or established, are longstanding practices of the American Legion Auxiliary.

This chapter contains the following sections:

**Section 1 Meeting Etiquette**

- Advancement of Officers and Guests at Meetings
- Escorting Guests to the Podium
- Salute to Colors
- Customary Courtesy Protocols for Distinguished Guests and Attendees
- "Cutting the Colors" or "Cutting the Flags"

**Section 2 Dual Members – Cap Protocol**

**Section 3 Frequently Asked Questions (FAQs)**

## Section 1

### Meeting Etiquette

#### Advancement of Officers and Guests at Meetings

All Past Department Presidents precede the current officers while the department president, if present, is always last in line, just behind the National Executive Committee (NEC) woman if she is present.

Upon receiving a signal from the chair, the Distinguished Guest chairman will escort the guest down the aisle with the guest on the chairman's right. The guest of honor is always seated at the right of the presiding officer; the second most important guest is placed at the left of the presiding officer.

A section titled *Manual of Ceremonies* is provided in the appendix section of the *Unit Guide (aka Unit Handbook)*. This manual provides many suggested guidelines for conducting meetings, including installation of officers, initiation of members, dedication ceremonies and more.

#### Escorting Guests to the Podium

When escorting a Legionnaire to the podium for the purpose of introduction, greeting, or an address, the correct procedure is for the ALA escort to take the Legionnaire's left arm, with the Legionnaire on the escort's right, thus freeing the Legionnaire's right hand for the purpose of saluting the colors prior to advancing on the dais. Be sure to pause before the colors to allow time for this salute.

This same escorting process is to be used when escorting other guests, (ladies and gentlemen) and ALA members, with the pause to salute the colors.

There are some ALA members who appropriately pause and place their hand over their hearts, rendering the civilian salute to the colors. Federal law allows veterans to render the military right hand salute, even dressed as a civilian. The key factor is not how the salute is rendered, but that an appropriate salute is rendered.

#### Salute to Colors

The American Legion National Headquarters has advised the following on this matter. The *Post Officer's Guide and Manual of Ceremonies* asks that those Legionnaires who are entering or exiting a meeting salute the "station of the Commander." An acceptable protocol for those who approach the podium is to also properly salute the colors. The national organization appreciates the demonstration of patriotism and respect given the colors by our ALA members when they have stopped and saluted.

#### Customary Courtesy Protocols for Distinguished Guests and Attendees

1. Show special courtesies to Past National Presidents and Past Department Presidents that recognize and honor their past service to the organization.
2. Start all events on time because everyone's time is valuable.
3. At events and meetings, express recognition and give credit to the chairman and the committee(s) responsible for the arrangements for the meeting or dinner at some time during the program.

4. The ALA customary seating of officers, guests, and special chairmen is as follows:
  - The presiding officer is always at the center of the head table or right off-center at the first place, nearest the podium or microphone.
  - The guest of honor is always seated at the right of the presiding officer and takes precedence over any other dignitary.
  - Other guests may be seated right, left, right, etc. of the presiding officer, according to rank; or all guests of honor may be seated to the right of the presiding officer, and other dignitaries to her left.
  - If a special chairman is to present a program portion of the meeting, this person is usually seated at the left of the presiding officer when there is an honored guest at the presiding officer's right.
  - If there are quite a few honored guests, it is advisable to arrange for two head tables, but the guest of honor should always be kept at the presiding officer's right.
5. Corsages: While the wearing of corsages is a tradition in many departments, it is **not** a requirement. Be aware that today, many women prefer not to be expected to wear a corsage, and many women have allergies that make it unbearable to be in close proximity to corsages with real flowers.
  - If you do present corsages, do so before the meeting, and designate one person to handle the presentation.
  - White is always acceptable. Present colorful corsages only if you know that the color will harmonize with the person's attire.
  - The presiding officer traditionally does not wear a corsage unless the guest of honor also wears one.
6. Introductions: When you introduce guests of honor and they rise and bow only, you introduce the highest-ranking guest first and go down the list. If your guests are each to say a few words of greeting or congratulation, then start with the guest of lowest rank and go up the list so that the last person making remarks is the top-ranking officer or guest. **Do not hesitate to ask all who are speaking to be brief.** It is appropriate to state a specific maximum amount of time allotted for each person who will be making remarks. Make the time constraints clear to those who will be speaking prior to the event.
  - Guests of honor are always introduced by the department president, especially when the guests are national officers.
  - In making introductions, it is a good general rule to introduce elected officers before introducing appointed officers. In introducing the speaker, be brief, be factual, be gracious, give the full name and title(s) of the speaker, announce the subject, and present the speaker. Every speaker should have advance information regarding time, place, type of meeting, manner of dress, and, most important, the time limit for the speech.
7. Reception line: The president or chairman heads the reception line and is usually preceded by one hostess who announces each person.
  - The guest of honor is next to the president, at her left, with other guests following according to rank.
  - A reception line should never be too long, as progress will be delayed.

- Each person in the reception line repeats to the person next in line the name of the person just greeted. If this is not done, those going down the reception line will give their name to each person in the reception line, in turn.
8. Wearing of the Legion cap: Some concerns have been expressed regarding female members of The American Legion wearing their caps during a banquet. The national headquarters of The American Legion has supplied the following information:

Female members of The American Legion should wear their caps in the manner prescribed for female personnel of the armed services. By American Legion tradition, however, a female Legionnaire is afforded the opportunity to leave her cap on during the Pledge of Allegiance, National Anthem, prayers, and meals. With this being said, there is no national authority that can be found (by resolution, memo, or any other way) which mandates the removal of the cap by female Legionnaires during such occasions.

9. The Emblem, Ribbons, and Pins:

- The emblem should always be accorded the place of honor at any meeting. It not only represents the organization; it **is** the organization, the American Legion Auxiliary, and acts as the signature of the organization.
- Use of the emblem must receive the approval of the national secretary.
- The wearing of cross-body ribbon sashes are longstanding customs in the organization since its founding. The sash ribbon is worn by various officers on all levels, present and past. The sash ribbon is worn on formal occasions and never over a topcoat of any kind, but may be worn over a suit coat. The ribbon is worn over the right shoulder and under the left arm. No pins or decorations should be affixed to the ribbon. It should not be knotted at the left to fasten it, but should hang crossed and secured by an invisible fastening on the underside.
- Members are encouraged to wear the pin of the current office in which they are serving or have just completed, or the highest office held by the member. It should be worn on the left side, over the heart.
- Some departments still continue a tradition of wearing corsages at certain events. If a corsage is being worn, it should be on the left side, above the Auxiliary pin; a corsage is customarily considered a part of the dress once it is pinned in place.
- If a flag pin should be worn, it should be worn on the left side of the blouse and may be worn with the pin of the current ALA office held by the member. The flag pin should be placed above the ALA pin(s).

**“Cutting the Colors” or “Cutting the Flags”**

Many departments and units observe a custom that is fairly unique to the American Legion Auxiliary that deems it disrespectful to “Cut the Colors” or “Cut the Flags”. Many ALA members expect other members to respect the “colors of the ALA or Legion,” that is to say, respect the posted flags at the front of a room, stage, or meeting by not walking in between the flags. While it is a custom of respect observed by many in the Legion Family to not “cut” between the flag and podium or another flag also posted, there is nothing in the U.S. Flag Code that addresses “Cutting the Colors” when flags are posted in the front of a room.

It is not a violation of any laws, government regulations, or federal code provisions to walk between posted flags. ALA leaders and members are urged to foster a culture of goodwill by not chastising those who are not familiar with the ALA's custom of not walking between posted flags.

## Section 2

### Dual Members – Cap Protocol

There are members of the American Legion Auxiliary who are also members of The American Legion and other veterans service organizations (VSOs). As women veterans, they have their Legion caps and may have caps for other VSOs to which they belong. Therefore, it is an important consideration for many to know when it is most appropriate to wear which cap.

In The American Legion, the sergeant-at-arms of the organization hosting the meeting prescribes the uniform for the color guard and the colors to be used. The examples provided below are contained in the Legion's *Officers' Guide and Manual of Ceremonies*, under the duties of the sergeant-at-arms. The ALA National Headquarters recommends that this practice be followed by the ALA.

Examples of when dual ALA/American Legion members should wear which cap:

1. If the ALA dual member is representing the Legion at an ALA meeting, the Legion cap would be the appropriate one to wear.
2. If she is in an ALA meeting representing an office of the ALA, such as presenting the colors, she should not wear her Legion cap, but, if she has one, would wear her ALA cap instead.

For example, a dual ALA/American Legion member who is a unit, district, or department president should not wear a Legion cap while conducting a meeting of the ALA. The reverse would be true for the dual member if she attends a Legion meeting. She would wear her Legion cap to the Legion meeting and her ALA cap to the ALA meeting. These same practices would apply for those in the audience.

3. Auxiliary members who also belong to other VSOs like the VFW or DAV should not wear another VSO cap at an American Legion Auxiliary meeting.

We are a Legion Family, but we are two (2) separate organizations. Therefore, the requirements for meetings in each organization should be followed by the dual member based upon the individual setting. Deciding which is appropriate is usually a common sense decision based on customary practices.

### ALA Hats

There are no prohibitions against wearing ceremonial hats, nor are there any official guidelines regarding hats as there is no official ALA hat. The National Executive Committee (NEC) has twice, in recent years, considered motions to establish an official ALA hat and both have failed. There is no expectation that anyone wear a hat, and no prohibition against doing so.

It has also been stated over the years that some ALA members have purchased Legionnaire caps and improperly worn them, so at the National level we have cautioned against wearing hats that look like Legionnaire caps, as that is perceived as disrespectful by Legionnaires.

## Section 3

### Frequently Asked Questions (FAQs)

#### **FAQ 1: Handling Problem Situations with Posts Regarding ALA Members.**

What authority does a Legion department or post have over an ALA department or unit? A local post is forbidding a unit member from attending her unit meeting which is being held at the post.

**RESPONSE:** The short answer is **none**. Likewise, the American Legion Auxiliary has no authority over the Legion's operations and will not interfere with The American Legion. Since The American Legion and American Legion Auxiliary are two (2) separate corporations, each organization is independently governed by its own governing documents, bylaws, and rules. An American Legion department or post has no standing or authority to determine or decide who can or cannot attend ALA meetings. The American Legion Constitution and Bylaws indicate that The American Legion will not interfere with the Auxiliary.

However, a Legion post that operates a private membership social club **does** have the authority to determine who may or may not patronize the social club within the confines of federal and state laws and regulations.

#### **FAQ 2: Handling Problem Situations with Members.**

What authority does a department or unit have to discipline members causing problems? We have a problem with a member who bullies other members to the point that hardly anyone will attend meetings anymore, and we are losing members.

**RESPONSE:** A unit governing board has the authority to discipline members. Due process **must** be followed when disciplining a member. A disciplined member, in turn, has the right to appeal her discipline to the department governing board. When a disciplinary action is appealed to the department, the decision of the department is **final**. Disciplinary actions against members are **not** appealable to the national organization. Departments and units taking action on matters of member discipline must follow due process as provided in the American Legion Auxiliary National Bylaws and Standing Rules. Procedures for the expulsion or suspension of a member may also be found in the *Unit Handbook*. The requirements for member discipline and due process stated in the national Bylaws and Standing Rules supersede anything written in any other governing document.

To reiterate, only the suspension, cancellation, or revocation of a unit charter may be appealed to the national organization for consideration by the National Executive Committee (NEC). The discipline of an individual member may only be appealed to the department governing board which is the final authority on disciplinary actions of members.

#### **FAQ 3: Handling Problem Situations with Units – Suspension, Cancellation, or Revocation of Unit Charters.**

What authority does a department have to discipline units that are inactive, performing improperly, or causing problems?

**RESPONSE:** The department governing board (commonly known as the Department Executive Committee or department board) may suspend, cancel, or revoke the charter of a unit as provided in the American Legion Auxiliary National Bylaws and Standing Rules, and according to due process as stated therein. The action by the department must be for good and sufficient cause and must contain a clear, concise, detailed statement of the facts upon which the action to be taken by the department governing board is based. A unit may appeal the suspension, cancellation, or revocation of its charter to the NEC according to the provision stated in the ALA National Bylaws and Standing Rules.

Procedures for the revocation, cancellation, or suspension of unit charters can also be found in the *Unit Handbook*. The requirements for due process regarding the suspension, cancellation, or revocation of a unit charter stated in the national Bylaws and Standing Rules supersede anything written in any other governing document. Units may also merge or voluntarily dissolve.

To reiterate, only the suspension, cancellation, or revocation of a unit charter may be appealed to the national organization for consideration by the NEC. The discipline of an individual member may only be appealed to the department governing board which is the final authority on disciplinary actions of members.

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Summer 2024

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American Legion Auxiliary Department Operations Guide, published April 25, 2014.

**UPDATE HISTORY:**

#	Date	Author(s)	Description (Substantive or Proofing)
01	07/21/2014	NHQ Communications	Proofing: Cover added, footers edited
02	11/17/2016		Executive Summary; Sec. 1; Sec. 2

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Chapter 14:**

**American Legion Auxiliary  
Unit Guide**

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Summer 2024



**American Legion Auxiliary**

**Department  
Operations  
Guide**

**The Unit Guide is a separate publication.  
To download, please go to:  
[www.ALAforVeterans.org](http://www.ALAforVeterans.org), or purchase  
a copy from Emblem Sales at  
[www.emblem.legion.org](http://www.emblem.legion.org).**

**Please note that a revision is scheduled  
for 2016.**

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**UPDATE HISTORY:**

#	Date	Author(s)	Description (Substantive or Proofing)
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**American Legion Auxiliary**

**Department  
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**Appendix A:**

**Centennial Strategic Plan**

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Anticipated completion date:  
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Vision		Enduring Core Values and Mission		
 <p><b>By 2019, the American Legion Auxiliary's million members will be making a difference for veterans and their families in every neighborhood.</b></p>		<p style="text-align: center;"><b>Mission</b></p> <p>In the spirit of Service, not Self, the mission of the American Legion Auxiliary is to support The American Legion and honor the sacrifice of those who serve by enhancing the lives of our veterans, military, and their families, both at home and abroad. For God and Country, we advocate for veterans, educate our citizens, mentor our youth, and promote patriotism, good citizenship, peace and security.</p> <p style="text-align: center;"><b>Core Values</b></p> <p>Our statement of values is predicated on our founding purposes:</p> <ul style="list-style-type: none"> <li>• Commitment to the four founding principles: Justice, Freedom, Democracy, Loyalty</li> <li>• Service to God, our country, its veterans and their families.</li> <li>• Tradition of patriotism and citizenship</li> <li>• Personal integrity and family values</li> <li>• Respect for the uniqueness of individual members</li> <li>• Truthful, open communication in dealing with the public and our members</li> <li>• Adherence to adopted policies and rules</li> </ul>		
Goal 5	Goal 4	Goal 3	Goal 2	Goal 1
<b>With The American Legion, Build Brand Loyalty</b>	<b>Strengthen Departments and Units</b>	<b>Develop Leadership at All Levels</b>	<b>Create an Internal Culture of Goodwill</b>	<b>Enhance Membership Strength</b>
Strategies	Strategies	Strategies	Strategies	Strategies
A. Define our brand identity and promise	A. Build capacity of all Departments	A. Remove barriers for considering and selecting leadership	A. Enable members at all levels to demonstrate goodwill to internal and external audiences.	A. Invest in opportunities to attract, engage, and retain members
B. Build awareness and preference for the ALA brand	B. Collaborate with Departments in developing innovative ways to improve organizational and financial performance	B. Define expectations and build leadership capacity	B. Define, cultivate, sustain, and implement best practices to fulfill the ALA's Core Values	B. Engage and strengthen membership that represents the diversity of our U.S. military
C. Recognize brand loyalty and excellence in promotion of The American Legion Family brand	C. Support the Departments in the development of their Strategic Plans	C. Invest resources in identifying and developing leadership	C. Build trust within the American Legion Auxiliary and with The American Legion	C. Create multiple pathways to serve
D. Invest in internal and external marketing communications	D. Optimize mission delivery	D. Reward innovative leadership recruitment and development practices		D. Excel at communication
				E. Expand internal and external alliances
<b>Achieving Goals 5, 4, 3, and 2 will lead to success in achieving Goal 1</b>				

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Appendix B:**

**Sample Policies,  
Agreements and Forms**

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## **Board Confidentiality and Organizational Transparency**

### **Both are Vital for Organizational Effectiveness**

For an organization to be effective, its board, governing officers, and executive staff must conduct themselves so as to meet the expectations of operational transparency to stakeholders and maintain confidentiality of information in order to foster a culture for good decision-making.

Board members sometimes conflate and confuse confidentiality and transparency as two important, but seemingly opposite values. Nonprofit organizations are expected to function in a transparent manner, but conducting business requires maintaining confidential information for legal and effectiveness reasons.

It is important to understand the difference between the two terms and how they relate to each other.

**Transparency** is the disclosure of information to the public and supporters to indicate the organization is managed well, functions in an ethical manner, and handles its finances with efficiency and responsibility. It's part of a board's **duty of obedience**.

**Confidentiality** is the obligation and right not to disclose information to unauthorized individuals, entities, or processes if it would harm the organization, its business relationships, or an individual. It's part of a board's **duty of loyalty**.

Board members generally understand that its stakeholders – its clients/members, the government, the service sector – want and expect transparency from our organizations. And to this end, the new IRS Form 990 asks for more and more disclosure, e.g. *How much does your CEO make? How do you arrive at your officer compensation decisions? How often have you amended your bylaws? Do you have X, Y, and Z policies?* The new 990 raises expectations that all information is fair game for public knowledge.

But transparency does not, and should not, extend to boardroom decision making. Board discussions are confidential. Period. Even public organizations subject to sunshine laws have exceptions for topics of extreme confidentiality such as legal and personnel issues. Your board should have a rigorous confidentiality policy to which board members agree and adhere without exception.

Why is confidentiality so critical? Board members must feel at liberty to express their ideas and opinions in an open and welcoming atmosphere, and nothing chills candor like the fear that one's words will be repeated (or worse, misquoted) outside the boardroom. The only way your board can transform your organization is if it feels free enough to discuss the big, audacious issues...to dare to dream...and to challenge each other's assumptions about how much you can achieve.

Stated another way – A strict adherence to transparency and disclosure ensures that your board is firmly grounded in compliance with the law, while a culture of confidentiality ensures your board has the freedom to tackle the tough issues so it can rise to new heights.

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## **American Legion Auxiliary Code of Ethics**

This Code of Ethics serves as a guide for conduct acceptable within the American Legion Auxiliary and the American Legion Auxiliary Foundation

As a matter of fundamental principle, the American Legion Auxiliary and American Legion Auxiliary Foundation will adhere to the American Legion Auxiliary National Constitution, Bylaws, and Standing Rules 25 highest ethical standards to earn and protect the public's trust in our performance to carry out the ALA's mission, uphold rigorous standards of conduct, and be good stewards of our resources.

The American Legion Auxiliary and American Legion Auxiliary Foundation, as witnessed through the conduct of its national governing body, officers, staff and volunteers, must earn the public's trust every day and in every possible way. National leaders are expected to abide by all laws and demonstrate their ongoing commitment to the core values of integrity, honesty, fairness, openness, responsibility and respect.

The American Legion Auxiliary strongly recommended that affiliated organizations at all levels adopt a Code of Ethics and conduct themselves accordingly

In keeping with best practices of high performing nonprofit organizations, it is the expectation of the American Legion Auxiliary and the American Legion Auxiliary Foundation that its national business standards, operations, and conduct conform to the following Code of Ethics.

### **Personal and Professional Integrity:**

All members, volunteers, and staff of the American Legion Auxiliary and its Foundation act with honesty, integrity, and openness in all their communication, business, and transactions as representatives of the American Legion Auxiliary (organization). The organization promotes an environment that values fairness and commitment to the organization's founding principles and demonstrates respect for others.

National officers, board members, staff, and volunteers shall conduct their personal and professional lives in a manner befitting the organization's mission and values, recognizing that their actions reflect upon the creditability and reputation of the American Legion Auxiliary and American Legion Auxiliary Foundation.

National officers, board members, staff, and volunteers shall work to positively influence their environment to build respect, creditability, and strategic importance of our organization to the public, our members, and the communities we serve.

### **Legal Compliance:**

The American Legion Auxiliary and American Legion Auxiliary Foundation are knowledgeable of and comply with all applicable federal, state and local laws and regulations, including but not limited to: complying with laws and regulations related to human resources, financial accountability, taxation, fundraising, trademark protection, and licensing.

National officers, board members, staff, and volunteers shall exercise due diligence in obtaining information on applicable laws and regulations for their jurisdiction. National officers, board members, staff, and volunteers shall recognize that compliance with applicable laws is a paramount standard.

### **Governance:**

The American Legion Auxiliary's national governing body is responsible for setting the strategic direction of the organization and oversight of the finances, operations, policies and programmatic performance.

The governing bodies of both the American Legion Auxiliary and American Legion Auxiliary Foundation shall ensure that:

1. The organization conducts all communication, business, and transactions with integrity and honesty;
2. Policies of the organization are in writing, clearly articulated, and officially adopted;
3. Periodic reviews of the organization's structure, procedures and programs are conducted to determine what is working well and what practices the organization might want to change in order to be more efficient, effective or responsible.
4. The resources of the organization are responsibly and prudently managed;
5. Ensure that the organization has the capacity to carry out its programs effectively.

### **Responsible Stewardship:**

The boards, officers, staff, and volunteers of the Auxiliary and its Foundation are responsible for managing and preserving the organization's assets. Officers, board members, staff, and volunteers are expected to understand their fiduciary responsibilities so that the charitable purposes of the organization are carried out and assets are properly safeguarded and managed.

Officers, board members, appropriate volunteer leaders and staff shall ensure that:

1. Financial reports are created and maintained, on a timely basis that accurately portrays its financial status and activities.
2. Internal financial statements are provided accurately and timely.
3. Annual financial reports are made available to the public.
4. Employees, national leaders, and members are provided a confidential means to report suspected financial impropriety or misuse of its resource.
5. Written financial policies governing management and investment of assets and reserve accounts, internal control procedures, and purchasing practices are developed and implemented.

### **Openness and Disclosure:**

The American Legion Auxiliary and American Legion Auxiliary Foundation will provide comprehensive and timely information to the public, the media, and its members, and is responsive to reasonable requests for information. All information about the organizations will fully and honestly reflect the policies and the practices of the organizations.

**Conflict of Interest:**

The organization has the right to expect that the decisions made by the national boards, officers, staff, and volunteers of the Auxiliary and its Foundation are made objectively and in the best interest of the organization.

To avoid the appearance of impropriety by those who could benefit directly or indirectly from any action by the Auxiliary and its Foundation, the organization shall develop, adopt and implement a conflict of interest policy.

Such policy shall include requirements to fully disclose all potential and actual conflicts of interest and prohibitions on activities that conflict with legal, ethical, and fiduciary obligations to the organization.

**Fundraising:**

The organization shall take care to ensure that all means and materials for solicitation accurately and correctly reflect its mission and use of solicited funds. The American Legion Auxiliary and its Foundation shall respect the privacy concerns of individual donors and expend funds consistent with donor intent.

To assure that donors and prospective donors can have full confidence in the organization and the causes they are asked to support, the Auxiliary and its Foundation will respect the following rights of donors:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statement and others on request.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgement and recognition.
6. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing the American Legion Auxiliary and its Foundation will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

**Grant Making:**

The American Legion Auxiliary and its Foundation shall have specific stated responsibilities in carrying out grant programs. These responsibilities include the following:

1. A formal and consistent application process which includes defined eligibility.
2. Fair and equitable selection criteria.
3. Assurance of applicant privacy.
4. Clear, timely and respectful communications throughout the application process.

#### **Inclusiveness and Diversity:**

The organization recognizes the value of the diverse backgrounds and beliefs of its membership. The organization promotes an atmosphere of mutual respect for the worth and dignity of its members, those eligible to become members and those we serve.

#### **Ethics Violations:**

Any member may report a violation of ethical conduct or actions contrary to the governing doctrine without fear of retaliation. The organization considers all inquiries and complaints about actions of members to be strictly confidential.

Ethics Query – An ethics query is a means for inquiring whether or not a practice warrants filing a complaint alleging a violation of the Code. Anyone may register a query of a possible violation of the Code by a member.

The organization shall adopt a procedure to administer the ethics query process.

Ethics Complaint – An ethics complaint provides a process for receiving, investigating and acting on a violation of the Code made against any member or staff and provides a process that is fair, responsible, confidential and consistent.

The organization shall adopt a procedure to administer the complaint process.

#### **Whistleblower Protection:**

A whistleblower is any member who, in good faith, promptly reports instances of any suspected violation of the Code. The American Legion Auxiliary and American Legion Auxiliary Foundation shall establish and abide by policies to protect the Auxiliary.

Any member who acts maliciously by making known information she knows or reasonably believes to be false is not a whistleblower and will not be protected under the whistleblower mechanism.

The organization expects improper activity to be reported accurately and will protect whistleblowers from retaliation.

The organization will investigate any allegation that a whistleblower has been retaliated against for disclosing information that the whistleblower believed to have been accurate. Any member who believes she has been retaliated against for whistle blowing is expected to report it immediately. If the complaint is validated, the organization can impose disciplinary sanctions against the retaliating member including termination of membership in the organization.



# American Legion Auxiliary

## NATIONAL POLICY

### Confidentiality

Reviewed by: National Finance Committee Reviewed On: 03/17/2011

Approving Body: National Executive Committee Date Approved: 08/27/11 Next Review Date: Fall 2015

#### Policy Statement

It is the policy of the American Legion Auxiliary to maintain the confidentiality of sensitive information and to take reasonable steps to protect and secure confidential information that is pertinent to the governance and management of the organization in order to foster a culture for good decision making and to protect the organization from harm.

#### Policy

In the course of their duties, national volunteers and national staff will have access to information that, if disclosed, could harm the organization, its business relationships, or an individual.

Officers, board members, committee members, volunteers, and staff with the American Legion Auxiliary shall maintain the confidentiality of any information concerning legal, sensitive business, and personnel matters. Officers, board members, committee members, volunteers, and staff shall not disclose information about donors and donations without express permission, nor disclose information concerning personnel, sensitive business matters, and legal matters that may directly or inadvertently become known to the officers, board members, committee members, volunteers, and staff.

National volunteers and national staff shall exercise good judgment and care at all times to avoid unauthorized or improper disclosures of confidential information. National officers, board members, committee members, and staff shall be required to sign the confidentiality compliance statement. This policy is not intended to prevent disclosure when disclosure is required by law or a court of law.

Revision in progress.  
Anticipated completion date:  
Summer 2024



# American Legion Auxiliary

*In the Spirit of Service Not Self for Veterans, God and Country*

## CONFIDENTIALITY AGREEMENT

It is the policy of the American Legion Auxiliary to maintain the confidentiality of sensitive information and to take reasonable steps to protect and secure confidential information that is pertinent to the business and services of the organization.

Officers, board members, committee members, and volunteers and staff members with the American Legion Auxiliary shall maintain the confidentiality of any information concerning legal, sensitive business, and personnel matters. Officers, board members, committee members, and volunteers shall not disclose information about donors and donations without express permission, or information concerning personnel, sensitive business and legal matters that may directly to inadvertently become known to the officers, board members, committee members, and volunteers.

As an officer, past officer, member of the governing board, member of a national committee, or staff member, I recognize that certain written and verbal information provided to me in my capacity as an Auxiliary leader is intended only for my confidential use in my official capacity as an Auxiliary leader and is not to be disclosed, copied, distributed, made available, or communicated to others. I will exercise caution and care in the handling of documents and material that have been provided and entrusted to me.

I recognize and understand my responsibility for protecting confidentiality and agree to abide by this policy at all times.

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(Signature)

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(Date)

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(Name Printed)

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Anticipated completion date:  
Summer 2024

**American Legion Auxiliary**  
**NATIONAL POLICY**  
**CONFLICT OF INTEREST**

Reviewed by: National Audit Committee      Reviewed On: 02/12/2013  
Approving Body: National Executive Committee      Date Approved: 02/23/2013      **Next Review Date:** Fall 2016

### **Policy Statement**

It is the national policy of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit Veterans Service Organization, National Headquarters, Indianapolis, Indiana, to protect the American Legion Auxiliary's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of members of the governing board, national officers, national chairs, members of a committee with governing board delegated powers, national appointees, and National Headquarters staff, or that might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### **Policy Definitions**

**Interested Person:** An interested person is any member of the governing board, national officer, national chair, member of a committee with governing board delegated powers, national appointee, and National Headquarters staff who has a direct or indirect financial interest, as defined below.

**Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. an ownership or investment interest in any entity with which the ALA has a transaction or arrangement,
- b. a compensation arrangement with the ALA or with any entity or individual with which the ALA has a transaction or arrangement, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the ALA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under the American Legion Auxiliary national Conflict of Interest Procedures, a person with a financial interest may have a conflict of interest only if the appropriate governing board or committee so determines.

### **Policies**

#### **1. Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the

financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **2. Compensation**

A voting member of the governing board who receives compensation, directly or indirectly, from the ALA for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the ALA for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the ALA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## **3. Annual Statements**

Each member of the governing board, national officer, national chair, member of a committee with governing board delegated powers, national appointee, and National Headquarters staff shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understood the policy,
- c. Has agreed to comply with the policy, and
- d. Has understood that the ALA is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **4. Periodic Reviews**

To ensure the ALA operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the ALA's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## **5. Use of External Expertise**

When conducting the periodic reviews as provided for in Section 4, the ALA may consult or engage persons or businesses with professional expertise. Use of external expertise does not relieve the governing board of its responsibility for ensuring said periodic reviews are conducted.



## AMERICAN LEGION AUXILIARY NATIONAL CONFLICT OF INTEREST COMPLIANCE STATEMENT

It is the policy of the American Legion Auxiliary that no member of the governing body, a principal officer, chair, staff member, or member of a committee with governing board delegated powers shall gain financially from any decision or matter brought before the Board of Directors.

It is the policy of the American Legion Auxiliary that all members of the governing board, national officers, national chairs, members of a committee with governing board delegated powers, national appointees, and national headquarters staff shall disclose and avoid any conflict of interest pertaining to any decision or matter brought before the governing body or national headquarters in which a member of his or her immediate family has an interest, financial or otherwise.

It is the policy of the American Legion Auxiliary that no member of the governing board, national officer, national chair, member of a committee with governing board delegated powers, national appointee, or national headquarters staff shall utilize his or her position with the American Legion Auxiliary to disclose donor or financial information or any decision or matter brought before the governing board or national organization which causes another civic, charitable, or not-for-profit organization to which the board or committee member has an employment or leadership relationship to gain financially.

No member of the governing board, national officer, national chair, member of a committee with governing board delegated powers, national appointee, or national headquarters staff may participate in any discussion of any matter before the governing board, national committee, or national headquarters when such matter would result in a conflict of interest or financial gain or loss to a member of the governing board, national officer, national chair, member of a national committee, national appointee, or national headquarters staff; to a member of his or her immediate family; or to another civic, charitable, or not-for-profit organization to which the board or committee member, officer or staff member has an employment or leadership relationship. Such matters would include, but not be limited to, contracts to furnish goods and services, lease or purchase agreements of real or personal property, solicitation of donations, or such like matters which would result in conflict of interest or a financial gain or loss.

Upon learning that a matter before the national organization would create a conflict of interest, that member must make a full disclosure of his or her interest in such matter to the governing board, national officer, or committee with governing board delegated powers, and the member shall not further participate in any discussion of or decision on such matter. The failure of a member to make a disclosure as described in this policy may result in the voidance of such agreement, contract, lease or matter at the discretion of the governing board, national officer, or committee with governing board delegated powers, and may result in board or committee removal action.

For purposes of this policy, the term "immediate family" shall mean the spouse, child(ren), grandchild(ren), and the brothers, sisters, parents, grandparents, nieces or nephews of a member of the governing board or member of a committee with governing board delegated powers, or the spouses of any immediate family member.

I have read and understand this Conflict of Interest Policy Statement and will comply with each point as stated herein. I will complete the Conflict of Interest Disclosure Form as appropriate.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Name Printed)

\_\_\_\_\_  
(Auxiliary Department)

Revision in progress.  
Anticipated completion date:  
Summer 2024



# AMERICAN LEGION AUXILIARY

## CONFLICT OF INTEREST DISCLOSURE FORM

*(To be completed when applicable by members of the national governing board, national officers, national chairs, members of a national committee with governing board delegated powers, national appointees, and national headquarters staff)*

1. Do you or any family members receive compensation from or have a material financial interest in any entity that furnishes goods or services to the American Legion Auxiliary National Headquarters?  
*(Example: Do you or a family member work for a company that sells a product that you know has been or may be purchased by American Legion Auxiliary National Headquarters or Foundation?)*

Yes

No

If you answered "yes," please complete the following:

Company/organization with which you or family members are involved:

Company Name: \_\_\_\_\_

Company Address: \_\_\_\_\_

Nature of Business: \_\_\_\_\_

Type(s) of product(s) or service(s): \_\_\_\_\_

Your job title or affiliation with this company: \_\_\_\_\_

What was the value of the product or service provided over the past year? \$ \_\_\_\_\_

2. To the best of your knowledge, are there any other relationships or circumstances that would result in a conflict of interest in your relationship with the American Legion Auxiliary National Headquarters?

Yes

No

If you answered "yes," please explain: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Capacity:  NEC  National Officer  National Committee Chairman

National Committee Member  Special Appointment  National Staff

I agree that if I become aware of any information that might indicate that this disclosure is inaccurate, I will notify the ALA National Secretary immediately.

Printed Name: \_\_\_\_\_ Department: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**This form must be completed and submitted as appropriate to disclose potential or known conflicts.**

Submit to: American Legion Auxiliary National Secretary, 8945 N. Meridian St., Indianapolis, IN 46260

Revision in progress.  
Anticipated completion date:  
Summer 2024

**American Legion Auxiliary**  
**NATIONAL POLICY**  
**FRAUD AND WHISTLEBLOWER**

Reviewed by: National Audit Committee      Reviewed On: 02/12/2013  
Approving Body: National Executive Committee      Date Approved: 02/23/2013      Next Review Date: Fall 2016

### **Policy Statement**

It is the national policy of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit Veterans Service Organization, National Headquarters, Indianapolis, Indiana, to provide a culture and process that encourages, receives, retains and resolves complaints arising from “whistleblower” communications concerning any questionable accounting or auditing matters, potential fraud or illegal or irregular activities suspected or committed by members of the governing board, national officers, national chairs, members of a committee with governing board delegated powers, national appointees, and national headquarters staff.

### **Policy Definitions**

**Fraud** is defined as a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical or illegal means. Fraudulent acts covered under this policy include, but are not limited to:

- Forgery or illicit alteration of documents (checks, promissory notes, time sheets, expense reports, independent contractor agreements, purchase orders, budgets, etc.)
- Misrepresentation of information on documents.
- Misappropriations of funds, inventory, securities, supplies, or any other asset.
- Theft, disappearance, or destruction of any asset.
- Improprieties in the handling or reporting of money or financial transactions.
- Issuing false or misleading financial statements, tax returns or other forms of financial information whether for internal or external use.
- Authorizing or receiving payments for goods not received or services not performed.
- Authorizing or receiving payment for hours not worked.
- Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.

**Employee:** In this context, Employee is defined as any individual who receives compensation, either full or part time, from the ALA. The term also includes any consultant or independent contractor who provides services to the ALA through a contractual arrangement with the ALA.

**Management:** In this context, Management is defined as any officer, administrator, manager, director, supervisor, or other individual who manages or supervises employees, funds, or other resources.

**Volunteers:** In this context, Volunteers are defined as national officers, national board members and national committee members providing non-compensated services to the ALA.

**Whistleblower:** In this context, Whistleblower is defined as one who raises a concern about or reveals suspected misconduct or wrongdoing occurring in the organization to those in positions of authority.

## **Policies**

1. Members of the ALA's governing board, national officers, national chairs, members of a committee with governing board delegated powers, national appointees, and national headquarters staff shall follow the ALA Fraud and Whistleblower Procedures and report any suspected fraudulent activity to the ALA National Audit Committee.
2. Members of the ALA's governing board, national officers, national chairs, members of a committee with governing board delegated powers, national appointees, and national headquarters staff shall exercise due care when reporting suspected fraudulent activities.
3. The ALA shall promptly investigate any suspected fraudulent or dishonest activity against the ALA. The ALA National Audit Committee shall determine the nature, scope, timing and extent of all investigative activities.
4. When appropriate, based on a finding of fraud, the ALA shall take appropriate disciplinary actions and pursue legal remedies available under the law against members of the governing board, national officers, national chairs, members of a committee with governing board delegated powers, national appointees, and national headquarters staff including, but not to be limited to, the possibility of termination of employment, restitution, and forwarding information to appropriate authorities for criminal prosecution or other legal remedies.
5. Members of the governing board, national officers, national chairs, members of a committee with governing board delegated powers, national appointees, and national headquarters staff shall be protected from retaliatory actions in accordance with federal and Indiana laws.
6. The ALA National Audit Committee is empowered to undertake its own investigation or solicit the assistance of its independent auditors, legal counsel or other resources to investigate suspected fraud.
7. All ALA assets shall be subject to inspection when reasonable suspicion of fraudulent activity exists that makes such inspection appropriate. The ALA National Audit Committee shall have full and unlimited access to all of ALA's contents and possessions including but not limited to furniture and equipment, electronic devices, digital devices, telephonic devices, and all information stored on said devices.
8. There shall be no assumption of privacy during the performance of an investigation of fraud.

# American Legion Auxiliary National Headquarters

## Business Credit Card – Policy

Reviewed by: National Finance Committee

Reviewed On: 03/17/2011

Approving Body: National Executive Committee

Date Approved: 08/27/11

Next Review Date: Spring 2015

### Policy Statement

The American Legion Auxiliary National Headquarters, in keeping with standard business practices for cost efficient execution of business expenditures, may provide compensated officers and certain National Headquarters personnel with business credit card as an efficient and alternative means of payment for approved expenses to improve managerial reporting related to purchases and to improve efficiency and reduce costs of payable processing.

### Policy

1. American Legion Auxiliary National Headquarters business credit cards shall be used solely for Auxiliary business in accordance with established purchasing and travel policies and within the confines of the National Headquarters budget approved by the National Executive Committee.
2. American Legion Auxiliary National Headquarters business credit cards shall be issued to the National President, National Vice President, National Secretary, and to the National Treasurer. The National Secretary may authorize the issuance of business credit cards to certain employees.
3. American Legion Auxiliary National Headquarters business credit cards shall be surrendered immediately to the National Secretary or National Treasurer upon the expiration of the compensated officer's term, upon termination of employment, or at other times as may be required.
4. Cash advances on American Legion Auxiliary National Headquarters business credit cards shall be prohibited.
5. Use of business American Legion Auxiliary National Headquarters credit cards by anyone other than the cardholder is prohibited.
6. Cardholders issued an American Legion Auxiliary National Headquarters business credit card shall be responsible for safeguarding the Auxiliary business credit card and the card's account number, maintaining appropriate documentation and reconciling the statement on a monthly basis.
7. Cardholders who fail to adhere to the American Legion Auxiliary National Headquarters business credit card policies and procedures may be subject to disciplinary action.
8. Cardholders shall be financially responsible for costs from abuse causing late charges and/or over limit charges.

Revision in progress.  
Anticipated completion date:  
Summer 2024

**American Legion Auxiliary**  
**NATIONAL HEADQUARTERS POLICY**  
**CHECK SIGNING**

Reviewed by: National Finance Committee      Reviewed On: 11/07/12

Approving Body: National Executive Committee      Date Approved: 02/23/13      **Next Review Date:** Spring 2016

**Policy Statement**

It is the policy of the National Headquarters of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit Veterans Service Organization, National Headquarters, Indianapolis, Indiana, to maintain check signing authority parameters as part of its overall system of financial internal controls.

**Policies**

- 1) Checks written manually in the amount of less than \$50,000 shall require a single signature of either the National Treasurer or the National Secretary.
- 2) Checks generated via the automated accounting system in the amount of less than \$50,000 shall require the automated, and secured, signature of the National Treasurer.
- 3) Checks written manually in the amount of \$50,000 or more for non-recurring expenditures shall require two manual signatures. One of the signatures must always be that of the National Treasurer or the National Secretary. In the event the National Treasurer or National Secretary is unavailable to sign, the second signature may be obtained from a designated director, as authorized by the National Secretary.

Revision in progress.  
Anticipated completion date:  
Summer 2024



## **American Legion Auxiliary National Headquarters**

### **Contract Approval and Signature Authority – Policy**

Reviewed by: National Finance Committee      Reviewed On: 03/17/2011

Approving Body: National Executive Committee      Date Approved: 08/27/2011      **Next Review Date:** Fall 2015

#### **Policy Statement**

The American Legion Auxiliary National Executive Committee (NEC), in complying with the corporate laws of the State of Indiana and in keeping with corporate governance standards and acceptable business practices authorizes appropriate American Legion Auxiliary National Headquarter officers to execute and enter into agreements on its behalf.

#### **Policy**

1. The National President and National Secretary shall have the authority to execute contracts and agreements on behalf of the American Legion Auxiliary for goods and services consistent with matters within the approved American Legion Auxiliary National Headquarters budget.
2. The National Secretary shall ensure that all contracts bear original signatures.
3. The National Secretary shall make certain that the organization maintain in safekeeping all fully executed original-signature contracts and agreements, clearly identified as such.
4. The National Secretary shall not enter into contracts, agreements, and memorandums of understanding for matters that are not within the scope and confines of the national organization's budget approved by the NEC.

Revision in progress.  
Anticipated completion date:  
Summer 2024

**American Legion Auxiliary National Headquarters**  
**Protection of the National President's Signature - Policy**

Date Approved: 08/28/10

Approving Body: National Executive Committee

Reviewed On: 02/26/10

Next Review Date: Fall 2014

**Purpose/Description**

This policy addresses protecting the digital or facsimile signature of the National President.

**Policy**

- A. The American Legion Auxiliary Executive Director/National Secretary and the Executive Assistant to the National President shall safeguard the digital or facsimile signature of the National President and only use the National President's digital or facsimile signature at the direction of the National President.
- B. In the National President's absence, no authority is implied to acquire or dissolve assets or enter into binding contracts that obligate the organization beyond routine matters of policy or procedure.
- C. In the event the National President's signature is required for a matter beyond what has been previously directed or approved by the National President, the Executive Director/National Secretary or the Executive Assistant to the National President shall contact the National President for signing instructions. In such circumstances where the National President directs a national headquarters' staff member to utilize her digital or facsimile signature, a memorandum of the directive shall be duly retained and filed.

Revision in progress.  
Anticipated completion date:  
Summer 2024



# Investment Policy Statement

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

July 2013

## EXECUTIVE SUMMARY

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

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

## PURPOSE

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

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

## BACKGROUND

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

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

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

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

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

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



## STATEMENT OF OBJECTIVES

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

Objectives to all pools:

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

**General Fund:**

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

**National Presidents' Scholarship Endowment Fund:**

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

**Spirit of Youth:**

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

**Helen Colby Small Fund:**

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

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

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

## Spending Policy

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

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

The available distribution for each fiscal year beginning October 1 shall be limited to an amount determined by applying a 5% rate to the three year rolling average market value for the period ending the preceding May 31. The calculation shall be done annually (please see Appendix B).

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

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

## Time Horizon

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

## Risk Tolerances

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

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

## Expected Return

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

## Asset Class Preferences

The Client understands long-term investment performance, in large part, is primarily a function of asset class mix. The Client has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards. History shows while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long (seven years or greater).

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

## Rebalancing of Target Allocation

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

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

## DUTIES AND RESPONSIBILITIES

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### Investment Advisor

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

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

### Investment Managers

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

#### *I. Mutual Fund*

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

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

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

#### *III. Alternative Asset Classes*

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

considered. Any investment in these types of investments will be positioned as a minority piece of the total portfolio and long term in nature.

## **Custodian**

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

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

# INVESTMENT MANAGER SELECTION

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## Investment Performance Evaluation

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

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

### Standard #1 – Market Indices

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

### Standard #2 – Risk

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

### Standard #3 – Investment Manager Universe Comparison

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

## CONTROL PROCEDURES

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### Performance Objectives

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

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

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

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

## INVESTMENT POLICY REVIEW

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

Prepared:

Approved:

\_\_\_\_\_  
Advisor

\_\_\_\_\_  
Marta Hedding, ALA National Treasurer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mary "Dubbie" Buckler, ALA National Secretary

\_\_\_\_\_  
Date



### Appendix A

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

## Appendix B

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

#### Policy General Information:

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

#### Policy Purpose:

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

#### Policies

- I. The available endowment distribution for each fiscal year beginning October 1 shall be limited to an amount determined by applying a 5% rate to the three-year rolling average market value for the period ending the preceding May 31.
- II. The available endowment distribution shall be calculated annually.
- III. The actual endowment distribution, if any, will be recommended by the National Finance Committee to the National Executive Committee for its approval during the annual budgeting process.
- IV. Should the National Finance Committee deem it advisable to exceed the 5% limit, the change must be approved by the National Executive Committee separately from item III above.
- V. The National Executive Committee and the National Finance Committee believe that the 5% spending policy provides for investment growth in and consistent distributions from the National President's Scholarship Endowment Fund, based on years of research and analysis by various endowment and investment professionals.
- VI. The National Executive Committee and National Finance Committee believe that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) does not require maintenance of purchasing power of the National President's Scholarship Endowment Fund.
- VII. This Spending Policy is subject to change upon approval of the National Executive Committee.

# American Legion Auxiliary National Headquarters

## Reserve Funds - Policy

Reviewed by: National Finance Committee

Reviewed On: 03/17/2011

Approving Body: National Executive Committee

Date Approved: 08/27/2011

Next Review Date: Spring 2015

### Policy Statement

The American Legion Auxiliary National Headquarters, in keeping with fiscally sound corporate standards, maintains reserve funds (reserves) to ensure the stability of the mission, programs, employment, and ongoing operations of the American Legion Auxiliary National Headquarters.

### Policy

1. The American Legion Auxiliary National Finance Committee shall annually designate reserves to cover anticipated or unanticipated future expenses outside the budget in specific categories. The named designations will include explanations of purpose and amounts.
2. The American Legion Auxiliary National Finance Committee shall present its recommendations for reserves in conjunction with its presentation of the annual budget recommended for adoption by the National Executive Committee (NEC).
3. The American Legion Auxiliary National Finance Committee shall authorize disbursements of reserves in accordance with NEC actions.
4. The American Legion Auxiliary National Finance Committee shall report the disbursement of reserves to the NEC as part of its annual financial report.
5. Reserves are considered board designated and as such may be undesignated by NEC action.

Revision in progress.  
Anticipated completion date:  
Summer 2024

# American Legion Auxiliary National Headquarters

## Purchasing - Policy

Reviewed by: National Finance Committee Reviewed On: 03/17/2011

Approving Body: National Executive Committee Date Approved: 08/27/2011 Next Review Date: Spring 2015

### Policy Statement

In purchasing goods and services to conduct the business of the American Legion Auxiliary National Headquarters and advance the Auxiliary's mission, the American Legion Auxiliary National Headquarters shall implement and follow purchasing practices of the highest ethical standards to achieve acquisitions at the lowest reasonable cost.

### Definitions

Terms used in these purchasing policies:

#### **Immediate or Urgent Need**

Justification for a purchase made in exception to these policies due to circumstances beyond a reasonable person's control or that could not have been foreseen in time to follow standard purchasing policies and procedures.

#### **Sole Source Procurement**

Justification for a purchase when there is only one party or firm that can provide the required service or supply.

#### **Trial Basis Equipment**

Equipment obtained from vendors and used for demonstration or evaluation purposes.

### Policy

1. Purchases by and on behalf of the American Legion Auxiliary National Headquarters must comply with applicable Federal and State statutes and current American Legion Auxiliary National Headquarters policies and procedures.
2. The American Legion Auxiliary National Headquarters shall negotiate and enact fair and reasonable contracts for the procurement of quality goods and services.
3. The purchasing of goods or services that personally benefit any American Legion Auxiliary compensated national officer or National Headquarters staff shall be strictly prohibited.
4. The purchasing of goods or services for the American Legion Auxiliary National Headquarters by any American Legion Auxiliary compensated national officer or National Headquarters staff from a third party that is an immediate family member of the officer or staff member shall be strictly prohibited.

5. No compensated national officer or staff member of the American Legion Auxiliary National Headquarters shall have any personal financial interest(s), directly or indirectly, in any contractor, company, corporation, or organization that furnishes goods and services of any kind to the American Legion Auxiliary National Headquarters.
6. Purchases and requests for quotations or proposals shall be transacted, negotiated, or conducted by the American Legion Auxiliary National Headquarters Authorized Purchasing Agent (APA), National Secretary, National Treasurer, or director, or her/his designee.
7. All contracts under consideration must include standard written quotations, terms and conditions.
8. The American Legion Auxiliary National Headquarters Authorized Purchasing Agent (APA), National Secretary, National Treasurer, or director may, at his or her discretion, utilize formal or informal bid solicitations in the course of procurement.
9. All contracts shall be reviewed and approved by the National Secretary prior to finalization.
10. The American Legion Auxiliary National Secretary, National Treasurer, or National Headquarters APA has discretion to waive competitive bidding requirements in certain situations, including but not limited to Immediate or Urgent Need or Sole Source Procurement.
11. All moving, handling, transportation and applicable installation costs associated with trial, loan, or demonstration equipment shall be the sole responsibility of the vendor.
12. No Auxiliary staff or compensated officer shall accept any gift, token, membership, gratuity or service valued at \$25 or more from a vendor of the American Legion Auxiliary National Headquarters. Suspicions of conflicts of interest or the inappropriate acceptance of gratuities or gifts or breach behavior that might compromise the buyer-vendor relationship shall be reported to any member of the National Finance Committee or the appropriate person of authority according to the American Legion Auxiliary Whistleblower policy and procedures.



## AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS

# IMPORTANT TAX INFORMATION

This information is intended to assist Units, Departments, Districts/Counties/Councils in understanding their obligations for:

- a) Operating as a tax-exempt not-for-profit corporation permitted to use the name and trademarks of the American Legion Auxiliary
- b) Filing an annual IRS Form 990
- c) Taking appropriate steps for addressing the IRS' revocation of the tax-exempt status of a Unit or District/County/Council

American Legion Auxiliary (ALA) Units and Departments are separate entities that operate independently as affiliates of the ALA National Organization. Intermediate bodies of the Departments – Districts/Counties/Councils (D/C/Cs) – are subordinate to the Department. All ALA entities – Units, Departments, D/C/Cs – are permitted by the National Organization to use the name and trademarks of the American Legion Auxiliary and must comply with the national legal requirements for use of same. As independently operating not-for-profit organizations, Units and Departments must duly report to their respective state governments and to the federal government via the applicable IRS Form 990. Departments should advise their intermediate bodies regarding the filing of IRS annual reports.

Units, Departments, and D/C/Cs that have maintained their exempt status by complying with IRS requirements and that are in good standing are tax-exempt under the ALA National Organization Group Exemption Number (GEN).

Units, Departments and D/C/Cs that have had their tax-exempt status revoked by the Internal Revenue Service (IRS) for failure to file for three consecutive years, or in some instances due to IRS error, need to initiate appropriate steps to regain tax-exempt status.

Unit, Department, and D/C/C leaders should be knowledgeable about the following information.

### **Form 8822-B Change of Address or Responsible Party – Business**

As of January 1, 2014, the IRS requires organizations to file IRS Form 8822-B “Change of Address or Responsible Party – Business” if an organization has had a change of address and/or a change to the organization’s responsible party. The IRS will only send correspondence to the address on record and speak with the officer or responsible party on record.

Form 8822-B and its instructions can be found at the following IRS link: <https://www.irs.gov/pub/irs-pdf/f8822b.pdf>. This is a basic form that looks like a “Change of Address” form. A “Responsible Party” is typically the person that signs and/or submits the organization’s IRS 990/990EZ/990-N. Going forward, Form 8822-B must be filed within 60 days of the date of the change.

## **NOT- FOR- PROFIT CORPORATION**

Incorporation provides legal protection for an organization by limiting the liability of the individual members of the organization. The American Legion Auxiliary's Counsel General strongly recommends incorporation. It should be noted that the act of incorporating as a not-for-profit corporation does not automatically confer tax-exempt status. A not-for-profit corporation may exist and operate according to the purpose of its articles of incorporation without being tax-exempt. Also, if a not-for-profit corporation loses its tax-exempt status, it may still otherwise continue its operations; however, it must pay appropriate federal, state and local taxes, and donations it receives are not tax-deductible to the donor.

## **FEDERAL TAX EXEMPTION 501(c) (19)**

Exemption from federal income taxes is granted to the American Legion Auxiliary National Organization. The National Organization applied for and received a Group Exemption ruling to spare each organization from having to invest the time and expense to acquire their individual federal tax exemption. ALA Units, Departments, and D/C/Cs as affiliates that are compliant with the IRS may request inclusion under the ALA National Group Exemption roster that are a **Section 501 (c) (19) organization of the Internal Revenue Service Code.**

Departments have the discretion to establish intermediate bodies – i.e. D/C/Cs – that are now recognized in the American Legion Auxiliary National Bylaws. Therefore, such intermediate bodies may request inclusion under the National Organization's Group Exemption unless a) the intermediate bodies has been granted their own unique tax-exempt status and operates as evidenced by its own unique Letter of Determination from the IRS; or b) the D/C/C has had its exempt status revoked by the IRS.

The IRS confirmed the ALA National Organization's Group tax-exempt status via its Letter of Determination to the American Legion Auxiliary National Secretary dated March 26, 1973. For your convenience, a copy of the ALA National Organization's 1973 IRS Group Letter of Determination is attached. Please retain this document for ready reference.

To stay current on federal tax-exemption matters, please go to the following link at IRS.gov to subscribe to "Exempt Organization Updates": <http://www.irs.gov/uac/e-News-Subscriptions-2>

## **ALA FEDERAL GROUP EXEMPTION NUMBER (GEN)**

**GEN 0964**

The American Legion Auxiliary National Organization's IRS Group Exemption Number is GEN 0964. Units, Departments, and D/C/Cs, that meet the IRS compliance requirements, may request inclusion in the National Organization's Group Exemption. When proof of tax-exempt status is requested, a photocopy of the American Legion Auxiliary National Organization's 1973 IRS Group Letter of Determination is generally sufficient.

Note: The purpose of the IRS federal group exemption is to exempt the American Legion Auxiliary National Organization and those falling under the ALA's National Group Exemption (GEN 0964) from federal income tax. The ALA National Organization does NOT file a 990 series annual tax return for the ALA National Group. This means that each entity (Department, Unit, District/County/Council) is responsible for filing their entities yearly return. The Auxiliary at all levels is otherwise subject to other federal taxes such as payroll taxes and tax on unrelated business income. Units, Departments, and D/C/Cs may also be subject to certain state and local taxes, including hotel, hospitality, service, and sales taxes. All states are different; be sure to consult with a tax adviser knowledgeable about your state's not-for-profit tax requirements to determine if not-for-profit organizations in your state are afforded any state tax exemptions.



## **FEDERAL TAX IDENTIFICATION NUMBER (TIN) EMPLOYER IDENTIFICATION NUMBER (EIN)**

Both the federal TIN and the federal EIN are unique 9-digit identification numbers. If Units, Departments, and D/C/Cs have or will have employees, an EIN is required; otherwise, a TIN is sufficient. While Units, Departments, and D/C/Cs are strongly advised to incorporate, the Units, Departments, and D/C/Cs should apply for and obtain a TIN/EIN whether or not incorporated to operate as a separate entity. Each TIN/EIN is on file with the IRS and should be used on all tax returns and correspondence, and should be retained permanently for ready reference.

**The federal TIN/EIN does NOT indicate tax-exempt status.** An organization can be incorporated as a not-for-profit and have the required TIN/EIN but still NOT be tax-exempt. The IRS's discretion to grant not-for-profits exemption from paying federal income taxes is an entirely separate federal filing and determination process. For Units, Departments and D/C/Cs, the ALA National Organization Group Exemption provides tax-exempt status when a proper request for inclusion (is accepted) unless the IRS has specifically revoked a Unit's or D/C/C's exempt status. See information about exempt status revocation elsewhere in this document.

## **STATE TAXES**

Federal tax exemption does not automatically grant state tax exemption(s). Each state has its own tax laws and rulings regarding state tax exemptions, including sales tax. State tax exemptions may only be granted by the state in which your Unit, Department, and D/C/C is located. Sales tax exemption is only recognized in the state where it is granted.

Most states require a specific not-for-profit status tax return form be filed annually. State tax returns for a not-for-profit corporation may be required for that organization to maintain any state and local tax-exempt status which a state may grant. Some states regulate charitable organizations' donations received from the public and/or fundraising activities. Be sure to consult with knowledgeable legal and/or tax professionals in your state to ensure you are meeting all the requirements for filing and maintaining any state and local exemptions granted by your state.

## **IRS FORM 990, 990EZ, 990N**

Generally, Units, Departments, and D/C/Cs must file IRS Form 990 or 990EZ when their annual gross receipts are greater than \$50,000. The IRS Form 990 is required when gross receipts are greater than or equal to \$200,000 or total assets are greater than or equal to \$500,000. The IRS Form 990EZ may be used when the gross receipts are less than \$200,000 and total assets are less than \$500,000.

IRS Form 990N (e-Postcard) may be used when a Unit, Department, or D/C/C normally has gross receipts of \$50,000 or less. For those with gross receipts of \$50,000 or less, please see instructions for filing the Form 990N (e-Postcard) that follow in this document.

The federal filing due date for the IRS Form 990, 990EZ, or 990N (e-Postcard) is the 15<sup>th</sup> day of the 5<sup>th</sup> month after the close of the organization's tax year. For example, if your fiscal year ends June 30<sup>th</sup>, your filing due date for whatever version of the IRS Form 990 you are required to complete is November 15<sup>th</sup>. If your fiscal year ends September 30<sup>th</sup>, your federal filing due date is February 15<sup>th</sup>. If your fiscal year ends December 31<sup>st</sup>, your federal filing due date is May 15<sup>th</sup>.

Tax exempt organizations that file IRS form 990 and 990-EZ (including extensions) must make available for public inspection or copying its annual return(s).. The IRS provides access to filings of all versions of the IRS Form 990 available online to charity rating and watchdog organizations, and to the news media. To view the Exempt Organization Public Disclosure and Availability

Requirements, please go to: <http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organization-Public-Disclosure-and-Availability-Requirements>

Form 990 is not just a disclosure of a nonprofit's financial statements, but also serves as a tool for compliance and accountability reporting that meets the diverse needs of both the regulatory community and the public. The Form 990 asks specific questions about your governance policies and program achievements. Lack of adequate governing and oversight policies increases the chance for an audit or scrutiny of your tax-exempt organization.

It is strongly recommended that the Units, Departments and D/C/Cs have written policy and procedures that document the organization's 990 Review process. Although no 990 Review Policy is legally required, having one written increases the accuracy and transparency of the organization's 990 return.

**For D/C/Cs that do not have their own TIN/EIN**, please see the documents "ALA Determining 990, Charter Needs for ALA Districts/Counties/Councils" and "ALA District/Counties/Councils Organization Structure & 990 Tax Return Frequently Asked Questions".

## IRS FORM 990T

Not all receipts are exempt from Federal income tax. Gross income in excess of \$1,000 from business unrelated to the organization's exempt purpose must be reported on Form 990T. Form 990T must be completed in addition to Form 990.

## TAX-EXEMPTION REVOCATION

Following the Internal Revenue Service's adoption of the completely revised IRS Form 990 series for 2007, the IRS began vigorously conducting federal reporting compliance reviews of not-for-profits across the United States. As a result, approximately 2490 ALA organizations had their tax-exempt status revoked. *Please see "Recommended Reinstatement Process for ALA Units, Departments and District/Counties/Councils" on page 8.*

Consequences of losing your federal tax-exemption may include but are not limited to the following:

1. Your Unit, Department and D/C/C is no longer exempt from federal income tax and will be subject to corporate income tax on annual revenue.
2. Your Unit, Department and D/C/C should proactively communicate with your donors explaining that the organization's tax-exempt status has been revoked. The Unit, Department and D/C/C should communicate the reason for the revocation, consequences of the revocation, and that all steps are being taken to have the organization's tax-exempt status reinstated.
3. Any state tax-exemption dependent on federal tax-exempt status your Unit, Department and D/C/C had is also now revoked.
4. Your organization will not be listed in IRS Publication 78, *Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986*, which is a list of organizations eligible to receive tax-deductible charitable contributions. Donations to non-tax-exempt Units, Departments and D/C/Cs are not tax deductible.
5. Your organization's revocation information will be posted on the IRS Exempt Organization Select Check website providing to the public the date of revocation.
6. The revocation date is the date set by the Secretary of Treasury. Please see Revenue Procedure 2014-11 IRS website: [http://www.irs.gov/irb/2014-3\\_IRB/ar08.html](http://www.irs.gov/irb/2014-3_IRB/ar08.html)

7. Private foundations are unlikely to give a grant directly to nonprofits that are not tax-exempt.

**Note:** Units, Departments and D/C/Cs that have lost federal (and/or state) tax-exempt status may still remain chartered entities in good standing with the American Legion Auxiliary. ALANHQ does not require chartered entities to be tax-exempt, although, units who have lost tax-exemption should communicate with department headquarters concerning applicable department requirements.

### **Public Scrutiny of IRS Tax Documents**

As a general summation of the IRS's rules regarding public inspection of tax documents, when a member of the public makes a request to inspect tax documents or obtain copies, your Unit, Department and D/C/C must comply in a reasonable time and manner. Your Unit, Department and D/C/C can make compliance with these rules easier by posting PDF files of required documents on the Unit, Department or D/C/C website.

Rules for Public Disclosure of Tax Documents:

1. By law, the public has a right to view and receive copies of any 990 (including 990-T) forms filed by a tax-exempt organization for the last three (3) years plus the IRS exemption application and award letter.
2. Tax-exempt organizations are required to make these documents available for inspection, without charge, at its office during regular business hours.
3. If your organization only fills out the form 990 N (e-Postcard) online, you can direct all requests for inspection to the IRS Exempt Organization Select Check, via the [www.irs.gov](http://www.irs.gov) website, where it can be downloaded or printed for free.
4. If a tax-exempt organization does not have a place of business or its office hours are limited, it must make the documents available for inspection at a reasonable time and location of its choice within two (2) weeks of the request being made.
5. If a tax-exempt organization does not have an established place of business or its office hours are limited, requests to inspect documents in person may be accommodated instead by mailing the copies of the documents within two (2) weeks of receiving the request copies of the documents to the requester. This may substitute for an in-person inspection. In such a case however, fees for copies and postage may only be charged if the requester consents. No fee for services or access may be charged.
6. Should a requester contact your Department / Unit in writing (by mail, email, or fax) and request that you send written copies of documents to them:
  - You must mail the copies requested within thirty (30) days of receiving the request.
  - If you require prepayment for copy and postage costs in advance, the documents must be sent within thirty (30) days of receiving payment. No fees for services or access may be charged.
  - If you receive a request without payment and require payment (for copy and postage costs), you must notify receiver of prepayment policy within seven (7) days of receiving the request.
  - If you receive consent from requester, you may provide electronic rather than paper copies of the documents.
7. If your Department / Unit has made your documents widely available on a website, then you are not required to provide copies requested through the mail, email, or fax, but must notify the requester of the availability of the documents online. An organization must still provide a copy if a request to do so is made in-person.

The IRS deems documents to be widely available if:

- the document can be easily viewed, downloaded, and printed without special software or charge; and
  - the documents are exact reproductions of the images of the original documents and are not subject to loss, destruction, or alteration.
8. If your Department / Unit has a permanent place of business, and a requester appears in person during office hours, the following guidelines apply:
- You may have an employee/volunteer in the room with the requester while he/she examines the documents.
  - The requester may take notes freely.
  - Should the requester bring his/her own portable photocopy equipment (such as a camera, scanner, etc.), your department/unit must allow the requester to photocopy the document at no cost.
  - Should the requester ask for copies, you may charge a reasonable fee for actual copy costs only. No fee for services of access may be charged.
  - Copies must be provided to the requester the same day a request is made, except in unusual circumstances.

## **ALA DISTRICTS/COUNTIES/COUNCILS (D/C/Cs)**

The American Legion Auxiliary National Bylaws were amended at the 2012 National Convention to grant Departments the authority to create intermediate bodies between the Units and Departments to act as a liaison between such organizations for the purpose of promoting the programs of the American Legion Auxiliary. Departments now have the nationally recognized option to establish D/C/Cs.

Administratively, a D/C/C is part of a Department. A D/C/C may separately incorporate only with the approval of its respective Department. A D/C/C is federally tax-exempt under the ALA National Organization Group Exemption upon request for inclusion unless the D/C/C has obtained its own unique tax-exempt status with the IRS. In all cases, the ALA National Headquarters must approve the use of the ALA emblem by ALA D/C/Cs.

Departments should require that their D/C/Cs report monthly to the Department as well as provide guidance for how their D/C/Cs are to report to the IRS. *Please see the document "ALA Determining 990, Charter Needs for ALA Districts/Counties/Councils"*

If a D/C/C is incorporated and has its own TIN/EIN, it must file its own appropriate IRS Form 990 series and provide a copy to the respective Department. A D/C/C that has its own tax-exempt status granted by the IRS, as evidenced by a unique Letter of Determination from the IRS, must also file its own appropriate Form 990 series and provide a copy to the respective Department. Those D/C/Cs without a TIN/EIN are required to report their financial activities to their Department and be included in that Department's duly filed IRS Form 990 series.

Departments should instruct their D/C/Cs regarding 990 reporting rules and the importance of being compliant. D/C/Cs should provide copies of duly filed 990s to their Departments.

Those Departments that already have D/C/Cs also have the authority to require D/C/Cs be bonded and who pays for the bond. Departments and D/C/Cs are not included in coverage under the ALA National Organization's Fidelity Bond. The company underwriting the ALA National Organization's surety bond will not permit Departments and D/C/Cs (as subordinate entities of the Department) to be included in the National Organization's surety bond.

For a summary D/C/C Form 990 series of reporting requirements, please see the documents "ALA Determining 990, Charter Needs for ALA Districts/Counties/Councils" and "ALA District/Counties/Councils Organization Structure & 990 Tax Return Frequently Asked Questions."

## **From the IRS website:**

### **Annual Electronic Filing Requirement for Small Exempt Organizations — Form 990-N (e-Postcard) How to file**

To electronically submit Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990EZ*, use the [Form 990-N Electronic Filing system \(e-Postcard\)](#).

- All organizations are required to register at IRS.gov prior to filing Form 990-N. You won't be asked to register again the next time you file.
- Form 990-N must be completed and filed electronically. There is no paper form.
- Form 990-N filers may choose to file a complete Form 990 or Form 990-EZ instead.
- Use the Form 990-N Electronic Filing System (e-Postcard) [User Guide](#) while registering and filing.
- For filing system and website issues, refer to the second question on the [How to File: Frequently Asked Questions](#) page.

### **Prior to filing your form, please review the following information:**

#### **Who must file**

Most small tax-exempt organizations whose annual [gross receipts](#) are [normally \\$50,000 or less](#) can satisfy their annual reporting requirement by electronically submitting Form 990-N if they choose not to file Form 990 or Form 990-EZ instead.

#### **Exceptions to this requirement include:**

- Organizations that are included in a group return,
- [Churches](#), their integrated auxiliaries, and conventions or associations of churches, and
- Organizations [required to file a different return](#)

#### **Form 990-N filing due date**

Form 990-N is due every year by the 15th day of the 5th month after the close of your [tax year](#). You cannot file the *e-Postcard* until after your tax year ends.

Example: If your tax year ended on December 31, the *e-Postcard* is due May 15 of the following year. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

If your 990-N is late, the IRS will send a reminder notice to the last address we received.

While there is no penalty assessment for filing Form 990-N late, organizations that fail to file required Forms 990, 990-EZ or 990-N for three consecutive years will [automatically lose their tax-exempt status](#). Revocation of the organization's tax-exempt status will happen on the filing due date of the third consecutively-missed year. Watch this IRS [YouTube presentation](#) for more information.

#### **Information you will need when filing Form 990-N**

Form 990-N is easy to complete. You'll need only [eight items of basic information](#) about your organization.

1. [Employer identification number](#) (EIN), also known as a Taxpayer Identification Number (TIN).
2. [Tax year](#)
3. Legal name and mailing address
4. Any other names the organization uses
5. Name and address of a principal officer
6. Web site address if the organization has one
7. Confirmation that the organization's annual [gross receipts](#) are \$50,000 or less
8. If applicable, a statement that the organization has terminated or is terminating (going out of business)

#### **Search for Form 990-N filings**

To search for organizations that have filed Form 990-N and to view their filings, see [Exempt Organizations Select Check](#). You can also download the entire database of Form 990-N filings.

### Additional information

- [Frequently Asked Questions](#) - Form 990-N
- [User Guide](#) for Form 990-N Electronic Filing System (e-Postcard)
- [Form 990 Overview course](#) at StayExempt.IRS.gov
- [Frequently Asked Questions](#) - Automatic revocation for not filing annual return or notice
- [Final regulations](#) (August 10, 2009)
- [Educational tools](#) - Help spread the word – Help small tax-exempt organizations stay exempt!
- [EO Select Check](#) - Search for organizations that have filed Form 990-N and view their filings
- [EO Update](#) - Subscribe to the IRS Exempt Organizations email newsletter that highlights new information

Page Last Reviewed or Updated: 6-Oct-2016

### Exempt Organizations Business Master File Extract (EO BMF)

The Exempt Organization Business Master File Extract (EO BMF) includes cumulative information on exempt organizations. The data are extracted monthly and are available by state and region. The files are in comma separated value (CSV) format and can be opened by most computer applications including Excel.

- Download the [Excel Viewer](#).
- For detailed information on the files, including available fields, please review the [EO BMF information sheet](#).
- Questions about tax-exempt organizations or the content of the files? Call TE/GE Customer Account Services at 1-877-829-5500.
- [Publication 557](#), *Tax-Exempt Status for Your Organization*, has information on rules and procedures for exempt organizations.

Page Last Reviewed or Updated: 11-Oct-2016

<https://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Business-Master-File-Extract-EO-BMF>

## RECOMMENDED REINSTATEMENT PROCESS FOR ALA UNITS, DEPARTMENTS, and DISTRICTS/COUNTIES/COUNCILS

1. If an American Legion Auxiliary Unit, Department and District/County/Council (D/C/C) has had its exempt status revoked by the IRS, it is the responsibility of the Unit, Department and D/C/C to handle the matter. American Legion Auxiliary Units, Departments and D/C/C must deal directly with the IRS. Since each Unit, Department and D/C/C is separately organized, incorporated, and has its own separate Tax Identification Number/Employer Identification Number (TIN / EIN), the American Legion Auxiliary National Organization is prohibited from providing assistance, per IRS directives.
2. Units, Departments and D/C/Cs can contact the IRS in Cincinnati, Ohio at a specific toll free number developed for the tax-exempt status revocation process. This IRS group is specially trained in tax-exempt issues and may be able to help answer questions and give direction for Units, Departments and D/C/Cs that have had their tax-exempt status revoked by the IRS. The standard IRS telephone numbers reach people who have not been specially trained and may not give the proper information. The toll free number to call in Cincinnati is: **(877) 829-5500**.
3. Units, Departments and D/C/Cs should confer with legal and/or tax professionals concerning revocation particulars.
  - a. Filing for reinstatement for a 501(c)(19) tax-exempt status requires the use of IRS Form 1024.
  - b. Please see Revenue Procedure 2014-11 IRS website: [http://www.irs.gov/irb/2014-3\\_IRB/ar08.html](http://www.irs.gov/irb/2014-3_IRB/ar08.html). This revenue procedure provides procedures for reinstating the tax-exempt status of organizations that have had their tax-exempt status automatically revoked under section 6033(j)(1) of the Internal Revenue Code ("Code") for failure to file required Annual Returns or notices for three consecutive years.
  - c. Reinstatement of tax-exempt status is for each individual Unit, Department and D/C/C. Units, Departments and D/C/Cs requesting reinstatement as tax-exempt organizations under these circumstances will now be required to obtain their own unique exempt status from the IRS, applying to the IRS using their own TIN/EIN to request a Letter of Determination for Exempt Status from the IRS. The IRS will require a Form 1024 Application for Recognition of Exemption under Section 501(a) be filed. The IRS will not allow the Unit, Department and D/C/C to be reinstated under the ALA National Organization Group Exemption (GEN).
4. If tax-exempt status is desired, Units, Departments and D/C/Cs are strongly recommended to retain a legal and/or tax professional knowledgeable in not-for-profit tax matters and exemptions to review the situation and handle reinstatement of tax-exempt status. Revoked Units, Departments and D/C/Cs have the option of being a taxable entity.
  - a. Units, Departments and D/C/Cs might be able to retain legal and/or tax professionals pro bono, or they may consider working with other Units, D/C/Cs, or Posts, to retain legal and/or tax professionals at a discounted group rate.
  - b. If a Unit, Department or D/C/C loses its tax-exempt status and chooses to remain a taxable entity, the Unit, Department and D/C/C is responsible to file the appropriate tax forms with the IRS relative to the Unit, Department or D/C/C organizational structure (e.g. 1120 Corporate Tax Return).
5. If a legal and/or tax professional's review of the details regarding a Unit's, Department's or D/C/C's tax-exempt status revocation determines that the revocation was due to IRS error, the Unit, Department or D/C/C may send documentation that supports the error to ALA National Headquarters, Attention: Membership Division. The ALA National Headquarters staff will forward the documentation disputing the IRS error to the National Judge Advocate for review and appeal assistance when appropriate.

Department of the Treasury



**Internal Revenue Service**

Washington, DC 20224

Date:           In reply refer to:  
MAR 26 1973      T:MS:EO:R:1

American Legion Auxiliary  
c/o Doris Anderson  
777 North Meridian Street  
Indianapolis, Indiana 46204

Group Exemption Number - 0964

Mesdames:

This refers to the letter from the National Judge Advocate dated January 2, 1973, requesting that your ruling letter of March 14, 1946 be modified to show that you are recognized to be exempt from Federal income tax under section 501(c)(19) of the Internal Revenue Code. You state that you are an auxiliary of The American Legion, an organization which limits its membership to persons who have served in the Armed Services of the United States during a period of war.

Our records show that on January 18, 1933, you received a letter recognizing you to be exempt from Federal income tax. On October 31, 1946, your individual ruling letter was modified to include your auxiliary units and departments. The letter held that you and your subordinates were recognized to be exempt from Federal income tax under section 101(8) of the 1939 Code. By letter dated January 17, 1955, we held that you and your subordinates were recognized to be exempt under section 501(c)(4) of the 1954 Code and that contributions made to the units listed were deductible as provided by section 170 of the Code.

Based on the information furnished we rule that you and your subordinate departments and units are recognized as being exempt from Federal income tax under section 501(c)(19) of the Code.

You are required to file the annual return, Form 990, on or before the 15th day of the 5th month after the end of your annual accounting period if your annual gross receipts are normally more than \$5,000.



American Legion Auxiliary

Failure to file the Form 990 by this date may subject you to a penalty of \$10 for each day during which such failure continues, up to a maximum of \$5,000. Your subordinates will have to file an annual information return, Form 990, if their gross receipts in each taxable year are normally more than \$5,000. If you do not include the subordinates in a group return, each must file an annual return by the 15th day of the 5th month after its annual accounting period closes.

You and your subordinates are not required to file Federal income tax returns unless you or your subordinates are subject to the tax on unrelated business income under section 511 of the Code, if so, you and your subordinates must file an income tax return on Form 990-T. In this letter we are not determining whether any of your, or your subordinates', present or proposed activities is unrelated trade or business as defined in section 513 of the Code.

Unless specifically excepted, you and your subordinates are liable for taxes under the Federal Insurance Contributions Act (social security taxes). Also, unless excepted, you and your subordinates are liable for tax under the Federal Unemployment Tax Act if, during the current or preceding calendar year, you have one or more employees at any time in each of 20 weeks, or you pay wages of \$1,500 or more in any calendar quarter. Any questions concerning excise, employment, or other Federal taxes should be submitted to your key District Director in Cincinnati, Ohio.

Contributions made to your exempt subordinate units are deductible as provided by section 170 of the Code.

You should advise each of the subordinates of the provisions of this ruling, including the requirements for filing information or other returns.

American Legion Auxiliary

Each year within 45 days after the close of your annual accounting period, please send the following to the Philadelphia Service Center, 11601 Roosevelt Boulevard, Philadelphia, Pennsylvania 19155, Attention: EOR Branch:

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates.
2. A list of the names, mailing addresses including ZIP Codes, and employer identification numbers (if required for group exemption letter purposes) of subordinates on your group exemption roster that during the year:
  - a. changed names or addresses;
  - b. were deleted from the roster;
  - c. were added to the roster.

An annotated directory of subordinates will not be accepted for this purpose.

3. For subordinates added to the roster, a letter signed by one of your principal officers containing or attaching:
  - a. a statement that the information which your present group exemption letter is based applies to the new subordinates;
  - b. a statement that each has given you written authorization to add its name to the roster;
  - c. a list of those to which the Service previously issued rulings or determination letters relating to exemption.

American Legion Auxiliary

4. If applicable, a statement that your group exemption roster did not change during the year.

To the extent that this ruling is inconsistent with it this ruling modifies our ruling issued to you on October 31, 1946.

Your key District Director is being advised of this action.

Sincerely yours,

*Duane B. Johnson*

Director,  
Miscellaneous and Special  
Provisions Tax Division

Revision in progress.  
Anticipated completion date:  
Summer 2024

Revision in progress.  
Anticipated completion date:  
Summer 2024



## AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS

# BLANKET FIDELITY BOND

The American Legion Auxiliary (ALA) National Organization procures a Fidelity Bond which provides coverage for American Legion Auxiliary Unit members and employees in addition to coverage for national officers, national directors, and National Headquarters employees. ALA Departments and ALA Districts/Counties/Councils are not included in the Fidelity Bond coverage provided by the National Organization. Each Department is billed at the beginning of the three-year policy term for its proportionate share of the bond premium for the coverage of its Units.

For Units, the current limits of coverage for Unit officers, Unit members volunteering for ALA programs and operations, and Unit employees is \$10,000 per claim with a deductible of \$250 for each claim.

The Fidelity Bond covers a Unit's loss through larceny, embezzlement, theft, forgery, misappropriation, willful misapplication, or any other act of fraud or dishonesty caused by any member/employee of the American Legion Auxiliary if that person's manifest intent is to cause the Auxiliary Unit to sustain a loss and to enrich herself or another person.

The coverage does not apply when the insured has knowledge that a member/employee has committed a fraudulent or dishonest act in the service of the insured and does not cover mysterious disappearance or burglary.

### **To help prevent losses and provide more reliable financial data, the following are recommended Financial Controls:**

1. Bylaws should provide for a regular (monthly or quarterly) Financial Report from the Treasurer.
2. Bylaws should provide for an Annual Independent External Audit or Annual Independent External Review and specify how such audit or review is to be arranged or conducted (e.g. who has the responsibility for selecting and engaging the independent external auditor.)
3. Receipts should be issued for all money received.
4. Involve a second person in cash receipts processing.
5. Make certain that your cash receipts log matches the cash receipts entry in the ledger and the actual bank deposit.
6. Countersignatures should be required on all checks.
7. All bills should be paid in a form other than cash.
8. Blank checks should **never** be pre-signed.
9. Someone independent of check processing should open and review bank statements.
10. Someone independent of check processing should review bank reconciliations on a monthly basis.
11. Someone independent of check processing should review the vendor list – check to see if any vendor addresses match each other and/or employee addresses.
12. Someone independent of the request for wire transfers should verify all wire transfers.

# AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS

## Blanket Fidelity (*Dishonesty*) Bond CLAIMS PROCESS

As soon as a loss is discovered, an audit should be conducted establishing "proof of loss." Units are strongly encouraged to contact local law enforcement authorities upon discovery of a loss.

Notice of a potential claim should be given, in writing, at the earliest practical time after discovery. It should first be reported to the Department Secretary. The Department Secretary should forward the information to the National Treasurer -- again, in writing. At the very least, the notification should include the name, address and phone number of the contact person in the Unit making the claim. (**See sample notification on the following page**)

To expedite processing, the notification should include all relevant information about the loss (**see sample notification**):

- the name of the person or persons suspected of being involved in the fraudulent or dishonest acts
- the date or dates of each and every fraudulent or dishonest act
- a brief outline of the events, including whether or not the incident had been reported to the police
- a detailed statement of the items of loss caused by the fraudulent or dishonest acts
- a copy of all statements and other evidence to support the claim

Once the National Treasurer receives the written notification, it is forwarded to the insurance agency who then forwards the notification to the bonding company.

When the bonding company receives the notification, an investigator is assigned to the case. The investigator will normally contact the Unit making the claim within one week of receiving the notification. At that time, the bonding company will provide the Proof of Loss form and advise what else might be needed to comply with the policy provisions.

It's important to remember that the burden of proof is on the Unit making the claim and that the bonding company must receive the completed Proof of Loss form within four months of the discovery. If time is running short, the notice may be emailed or faxed to the National Treasurer; include a request in your email or fax if you also want the National Treasurer to email or fax the notice to the insurance agency. However, the notification must also be mailed to the National Treasurer so that it can be forwarded to the bonding company.

Filing a bond claim is nothing more than filing an insurance claim and does not replace any independent legal action necessary on the part of your Unit. It is the Unit's responsibility to report illegal activity to the authorities deemed appropriate. You may also refer to your Unit Handbook for information on discipline of a Unit member.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS

# Sample

## NOTIFICATION OF POTENTIAL BOND CLAIM

**TO:** National Treasurer  
American Legion Auxiliary

**FROM:** Jane Doe, Department Secretary  
Auxiliary Legion Auxiliary, Department of *(State)*

**DATE:** 12-15-16

**SUBJ:** Potential Bond Claim

Unit #123 of the Department of *Any* state has informed us of a potential bond claim.  
All relevant information is detailed in the attached materials.

Please advise the bonding company to contact:

Name (President of Unit 123)  
Address  
City, State Zip  
Home Phone:  
Work Phone:  
Fax:  
Email:

Revision in progress.  
Anticipated completion date:  
Summer 2024



# American Legion Auxiliary

## NATIONAL POLICY

### Travel Reimbursement

Reviewed by: National Finance Committee Reviewed On: 2/23/12

Approving Body: National Executive Committee Date Approved: 8/25/12 Next Review Date: Spring 2014

#### Policy Statement

It is the national policy of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit Veterans Service Organization, National Headquarters, Indianapolis, Indiana, to outline guidelines for travel and reimbursement by American Legion Auxiliary Volunteers and Staff, and that, all travel shall take into consideration the value of the proposed travel against the cost of making the trip to determine the best possible return on investment for the organization as related to the established organizational goals.

#### Policies

- I. All official travel on behalf of the American Legion Auxiliary must be specified in an authorization prepared at the direction of the National Secretary, based upon approval by the National President.\*
- II. Meals and Incidentals Per Diem: Meals and incidentals will be reimbursed according to the prevailing rates and schedules established by the Internal Revenue Service as published in its current Federal Per Diem Rates document.
  - a. Per Diem is not to exceed the prevailing Federal Per Diem rate for the destination city.
  - b. When meals are provided by the convener of the meeting, adjustments may be made to the daily per diem of attendees.
  - c. Per Diem is calculated based upon the number of nights authorized for travel. Expenses incurred for the return travel day will be reimbursed according to current American Legion Auxiliary procedures.
  - d. American Legion Auxiliary Corporate Credits Cards shall not be used when an individual is engaged in authorized travel which is reimbursable by per diem.
- III. Lodging/Housing
  - a. Lodging/housing will be provided for a shared room. Those who room alone will be reimbursed only for 50% of the cost of the room, including taxes and fees. Any exceptions shall require the prior approval of the National President.
  - b. Lodging/Housing is not to exceed the Federal Per Diem rate for the destination city.
  - c. Receipts for lodging/housing must be submitted before reimbursement will be processed.
- IV. Transportation
  - a. Volunteers may book authorized travel through the American Legion Auxiliary's contractual travel agency.
  - b. Staff must book authorized travel through the American Legion Auxiliary Travel Coordinator.

See accompanying American Legion Auxiliary Travel Reimbursement Procedures

\*Any exceptions shall require the prior approval of the National President

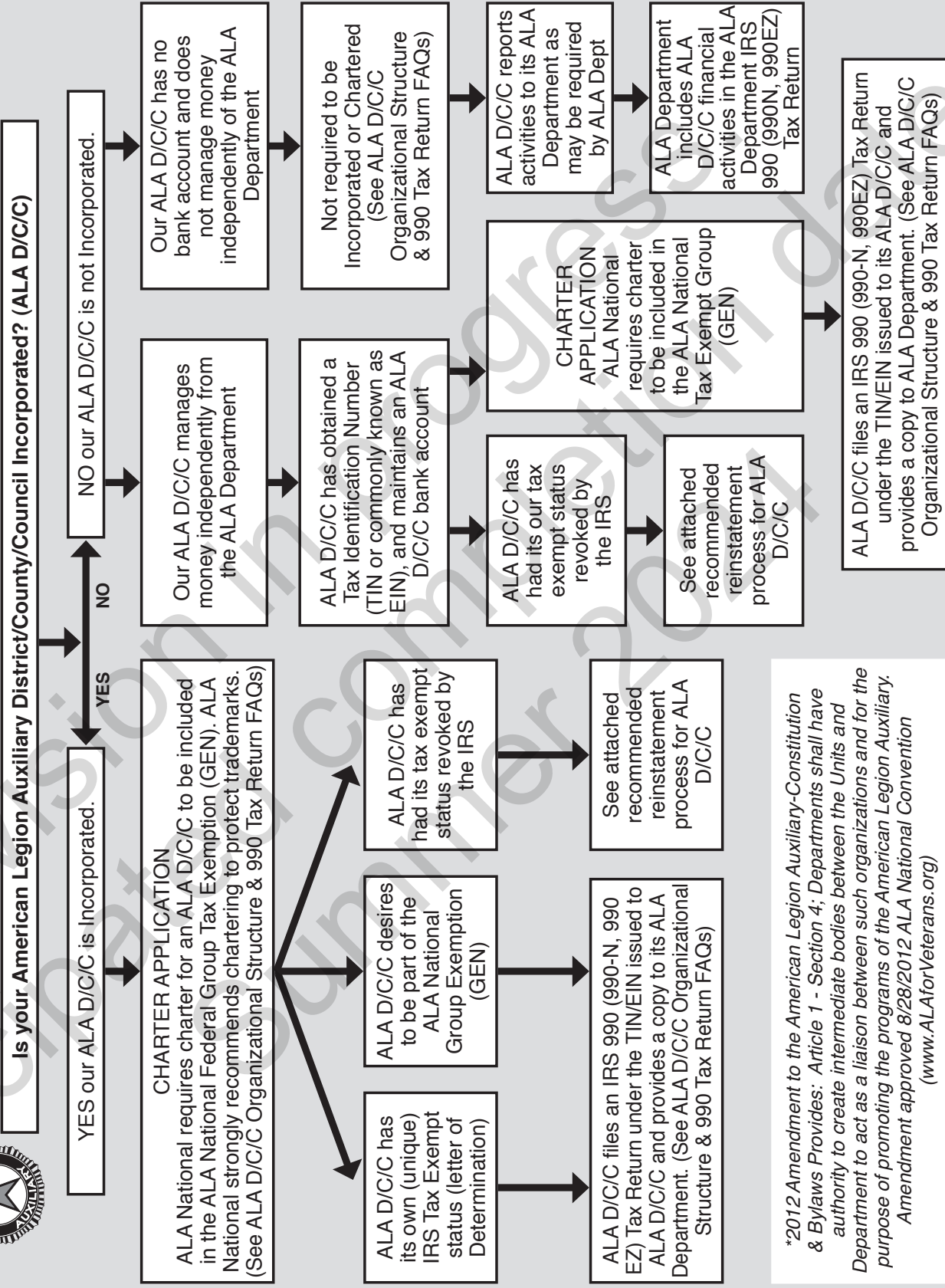
- c. Transportation shall be reserved more than 30 days in advance of travel when possible.
- d. Selecting a flight to receive frequent flyer miles when a comparable flight exists with another airline at a lower fare is prohibited.

V. Reimbursable Expenses

- a. All travel expenditures will be reviewed by National Headquarters. Expense reimbursement requests must be submitted within 60 days of the last meeting day and must be accompanied by receipts.
- b. Expenses will be reimbursed only with proper receipts. Allowable reimbursable expenses:
  - 1. Parking
  - 2. Meal costs incurred while traveling home from an authorized meeting.
  - 3. Housing/lodging expenses en route to authorized meetings only when pre-approved by National Treasurer.
  - 4. Commercial ground fares to and from the airport in conjunction with the site of an authorized meeting or from home to the airport only when ground transportation is not available through the American Legion Auxiliary's contractual vendor or when complimentary shuttle transportation is not available.
  - 5. Internet expenses, business center expenses and long distance phone calls incurred for business related purposes only.
  - 6. Laundry and dry cleaning expenses only when incurred by staff or volunteer leaders serving on-site at American Legion Auxiliary functions for eight consecutive days or longer.
  - 7. Tips for items such as: skycaps, bellman, hotel housekeeping must be submitted with documentation/explanation to be reimbursed.



# Determining 990, Charter Needs for ALA Districts/Councils/Counties/Councils



*\*2012 Amendment to the American Legion Auxiliary-Constitution & Bylaws Provides: Article 1 - Section 4; Departments shall have authority to create intermediate bodies between the Units and purpose to act as a liaison between such organizations and for the purpose of promoting the programs of the American Legion Auxiliary. Amendment approved 8/28/2012 ALA National Convention (www.ALAforVeterans.org)*



# Districts/Counties/Councils Organization Structure & 990 Tax Return Frequently Asked Questions

QUESTIONS	RESPONSES
<p>Has there been a change in how the ALA National Organization accounts for the ALA Districts/Counties/Councils (D/C/C)?</p>	<p>Yes, the American Legion Auxiliary National Constitution &amp; Bylaws AMENDMENT adopted 8/28/2012 amended the National Bylaws Article 1-Organization, Sections 3 and 4, to grant discretionary authority to Departments to create intermediate bodies between the Units and Department (commonly known as districts/counties/councils)</p> <p><b>Section 4.</b> Departments shall have authority to create intermediate bodies between the Units and Department to act as a liaison between such organizations and for the purpose of promoting the programs of the American Legion Auxiliary.</p> <p>*Note, revisit your ALA Department Constitution and Bylaws regarding the Department's recognition of Districts, Counties, Councils. Make sure the Department's bylaws grant the Department governing body the authority to establish ALA D/C/Cs.</p>
<p>Our ALA District/County/Council (D/C/C) has an EIN. Does that mean our ALA D/C/C is incorporated?</p>	<p>No, obtaining a Tax Identification Number/Employer Identification Number (TIN/EIN) DOES NOT incorporate, nor legalize your ALA District/County/Council to conduct business as a separate entity with the related benefits and protections of incorporation. The state in which your Department exists is where you would initiate the incorporation of your ALA District/County/Council to legalize the organizational structure. Visit your state government website for guidance, as each state varies regarding nonprofit incorporation and registration.</p>
<p>What does "incorporated" mean?</p>	<p>An incorporated organization has filed the required federal, state and local government paperwork to create and register the organization as a separate legal entity for conducting business and is recognized by the federal, state and local government.</p>
<p>How do we become incorporated?</p>	<p>The proper steps to lawfully organize your ALA District/County/Council varies from state to state as to the incorporation and registration process. The first step is to determine your state requirements.</p> <p><i>Seek professional advice regarding to the lawful establishment of your organization's structure. "Incorporation" is a term for classification purposes. The answers to these FAQs do not constitute professional advice by the ALA National Organization.</i></p>
<p>What does "TIN/EIN" mean?</p>	<p>The TIN/EIN is the identifier assigned by and used for reporting business activities at both the Federal and State levels.</p>
<p>How does an ALA D/C/C apply for an ALA charter?</p>	<p>A separate application and instructions for ALA Districts/Counties/Councils has been published by the ALA National Organization and made available to each ALA Department or via the ALA National website (<a href="http://www.ALAFORVeterans.org">www.ALAFORVeterans.org</a>). Submission of your application for an ALA D/C/C charter initiates the process by the ALA Department. The ALA Department submits the application to ALA National Headquarters, Membership Division, for processing.</p> <p>In the interest of time and convenience, the ALA National Headquarters will not impose a processing fee for the ALA D/C/C charter applications in Fiscal Year 2013 &amp; Fiscal Year 2014.</p>



## Districts/Counties/Councils Organization Structure & 990 Tax Return Frequently Asked Questions

QUESTIONS	RESPONSES
When does an ALA D/C/C need to submit its Charter Application?	The ALA National Organization requires all NEW charter applications be completed by April 30th of each year for the listing and inclusion of ALA chartered organizations in the 6/30 annual report submitted to the IRS for the ALA National Group Exemption.  Please note that the process is ongoing and the ALA National Organization will submit a Group Exemption inclusion letter after each charter application is processed and an ALA National Charter has been issued.
Why does our ALA D/C/C need to be concerned about trademark protections?	The American Legion (TAL) owns the name, emblem and trademarks of the American Legion Auxiliary (ALA). The ALA is required to authorize and control the use of the ALA's name, emblem and trademark. Permission for affiliated chartered organizations to use the name and marks of the ALA must be granted by the National Secretary in keeping with corporate law and federal regulations.
Does our ALA D/C/C need to file a 990-N?	990-N  Organizations that accept money must account for receipts (revenues and contributions). Organizations whose receipts are less than \$50,000.00 in total for the organization's tax year are eligible to file the 990-N (e-postcard) series electronically - ( <a href="http://www.irs.gov">www.irs.gov</a> ). Organizations with receipts \$50,000 and over must file a 990 EZ or 990. See the next 2 questions.
Does our ALA D/C/C need to file a 990-EZ?	990-EZ  Organizations with receipts (revenues and contributions) that are less than \$200,000.00, and with total assets of less than \$500,000 for the organization's tax year are eligible to file the 990-EZ series of tax return - ( <a href="http://www.irs.gov">www.irs.gov</a> ).
Does our ALA D/C/C need to file a 990?	990  Organizations with receipts (revenues and contributions) that are greater than/equal to \$200,000.00, OR the ALA D/C/C has total assets of greater than/equal to \$500,000.00 for the organization's tax year meet the IRS requirement to file the 990 series tax return - ( <a href="http://www.irs.gov">www.irs.gov</a> ).
The ALA D/C/C has tried to file a 990 series tax return for a prior year and the IRS has rejected the tax return. What should we do?	While there are many different situations that result in the IRS rejecting a 990, the most common reasons are:  1. According to IRS records, the TIN/EIN used on the 990 does not belong to the ALA D/C/C filing the 990.  2. According to IRS records, there were no 990's for that TIN/EIN filed the last 3 years.  <b>The ALA D/C/C should only use the TIN/EIN assigned specifically by the IRS for the ALA D/C/C organization on all relative tax returns and correspondence with the IRS.</b>

Revision in progress.  
Anticipated completion date:  
Summer 2024

**American Legion Auxiliary**  
**NATIONAL HEADQUARTERS POLICY**  
**AUDIT and TAX FILING**

Reviewed by: National Audit Committee Reviewed On: 02/12/13

Approving Body: National Executive Committee Date Approved: 02/23/13 Next Review Date: Fall 2016

### **Policy Statement**

It is the policy of the National Headquarters of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit Veterans Service Organization, National Headquarters, Indianapolis, Indiana, that an independent external audit of the consolidated financial statements of the American Legion Auxiliary National Headquarters and American Legion Auxiliary Foundation shall be completed annually, and that all required federal, state, and local tax filings are prepared accurately and filed in a timely manner.

### **Policies**

1. An independent external auditing firm approved by the American Legion Auxiliary National Audit Committee shall be engaged to conduct an annual audit of the consolidated financial statements for the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation.
2. The American Legion Auxiliary National Audit Committee shall provide the consolidated financial statements and report from External Auditors for the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation annually to the American Legion Auxiliary National Finance Committee.
3. The American Legion Auxiliary National Audit Committee shall provide the consolidated financial statements for the American Legion Auxiliary National Headquarters and the American Legion Auxiliary Foundation to the American Legion Auxiliary National Executive Committee (NEC) in the American Legion Auxiliary National Audit Committee's annual report to the NEC.
4. The American Legion Auxiliary National Audit Committee shall oversee and approve the required reports to the Internal Revenue Service (IRS Form 990 plus any and all federally required forms and reports) along with all required state and local annual tax filings. These reports shall be prepared by the external auditing firm and filed by American Legion Auxiliary National Headquarters accurately and in a timely manner.

Revision in progress.  
Anticipated completion date:  
Summer 2024



**American Legion Auxiliary**  
**NATIONAL HEADQUARTERS POLICY**  
**ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE**  
**UNITED STATES OF AMERICA**

Reviewed by: National Audit Committee

Reviewed On: 02/12/2013

Approving Body: National Executive Committee

Date Approved: 02/23/2013

Next Review Date: Fall 2016

**Policy Statement**

It is the policy of the National Headquarters of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit Veterans Service Organization, National Headquarters, Indianapolis, Indiana, to provide contributors, creditors, management and other users of its financial statements with accurate, comparable, informative, and timely financial data. The ALA manages its records, maintains its books (bookkeeping), and prepares its financial statements in accordance with the accounting profession's published best practices and in compliance with accounting principles generally accepted in the United States of America (U.S.GAAP).

**Policy**

The American Legion Auxiliary National Headquarters shall manage its records, maintain its books (bookkeeping), and prepare its financial statements in accordance with the accounting profession's published best practices and in compliance with accounting principles generally accepted in the United States of America (U.S.GAAP).

Revision in progress.  
Anticipated completion date:  
Summer 2024

**Internal Revenue Service**

Washington, DC 20224

Date: --

In reply refer to

MAR 28 1973

T:MS:EO:R:1

American Legion Auxiliary  
 c/o Doris Anderson  
 777 North Meridian Street  
 Indianapolis, Indiana 46204

EIN 35-0144340

DO 31

Mesdames:

This refers to the letter from the National Judge Advocate dated January 2, 1973, requesting that your ruling letter of March 14, 1946, be modified to show that you are recognized to be exempt from Federal income tax under section 501(c)(19) of the Internal Revenue Code. You state that you are an auxiliary of The American Legion, an organization which limits its membership to persons who have served in the Armed Services of the United States during a period of war.

Our records show that on January 18, 1933, you received a letter recognizing you to be exempt from Federal income tax. On October 31, 1946, your individual ruling letter was modified to include your auxiliary units and departments. The letter held that you and your subordinates were recognized to be exempt from Federal income tax under section 101(8) of the 1939 Code. By letter dated January 17, 1955, we held that you and your subordinates were recognized to be exempt under section 501(c)(4) of the 1954 Code and that contributions made to the units listed were deductible as provided by section 170 of the Code.

Based on the information furnished we rule that you and your subordinate departments and units are recognized as being exempt from Federal income tax under section 501(c)(19) of the Code.

You are required to file the annual return, Form 990, on or before the 15th day of the 5th month after the end of your annual accounting period if your annual gross receipts are normally more than \$5,000.

American Legion Auxiliary

Failure to file the Form 990 by this date may subject you to a penalty of \$10 for each day during which such failure continues, up to a maximum of \$5,000. Your subordinates will have to file an annual information return, Form 990, if their gross receipts in each taxable year are normally more than \$5,000. If you do not include the subordinates in a group return, each must file an annual return by the 15th day of the 5th month after its annual accounting period closes.

You and your subordinates are not required to file Federal income tax returns unless you or your subordinates are subject to the tax on unrelated business income under section 511 of the Code, if so, you and your subordinates must file an income tax return on Form 990-T. In this letter we are not determining whether any of your, or your subordinates', present or proposed activities is unrelated trade or business as defined in section 513 of the Code.

Unless specifically excepted, you and your subordinates are liable for taxes under the Federal Insurance Contributions Act (social security taxes). Also, unless excepted, you and your subordinates are liable for tax under the Federal Unemployment Tax Act if, during the current or preceding calendar year, you have one or more employees at any time in each of 20 weeks, or you pay wages of \$1,500 or more in any calendar quarter. Any questions concerning excise, employment, or other Federal taxes should be submitted to your key District Director in Cincinnati, Ohio.

Contributions made to your exempt subordinate units are deductible as provided by section 170 of the Code.

You should advise each of the subordinates of the provisions of this ruling, including the requirements for filing information or other returns.

American Legion Auxiliary

Each year within 45 days after the close of your annual accounting period, please send the following to the Philadelphia Service Center, 11601 Roosevelt Boulevard, Philadelphia, Pennsylvania 19155, Attention: EOR Branch:

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates.
2. A list of the names, mailing addresses including ZIP Codes, and employer identification numbers (if required for group exemption letter purposes) of subordinates on your group exemption roster that during the year:
  - a. changed names or addresses;
  - b. were deleted from the roster;
  - c. were added to the roster.

An annotated directory of subordinates will not be accepted for this purpose.

3. For subordinates added to the roster, a letter signed by one of your principal officers containing or attaching:
  - a. a statement that the information which your present group exemption letter is based applies to the new subordinates;
  - b. a statement that each has given you written authorization to add its name to the roster;
  - c. a list of those to which the Service previously issued rulings or determination letters relating to exemption.

American Legion Auxiliary

4. If applicable, a statement that your group exemption roster did not change during the year.

To the extent that this ruling is inconsistent with it this ruling modifies our ruling issued to you on October 31, 1946.

Your key District Director is being advised of this action.

Sincerely yours,

*Duane B. Johnson*

Director,  
Miscellaneous and Special  
Provisions Tax Division

Revision in Progress.  
Anticipated completion date:  
Summer 2024

Date of this notice: 10-24-2011

Employer Identification Number:  
[REDACTED]

Form: 990-E

Number of this notice: CP 575 E

For assistance you may call us at:  
1-800-829-4933

IF YOU WRITE, ATTACH THE  
STUB AT THE END OF THIS NOTICE.

**WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER**

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN [REDACTED]. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

Assigning an EIN does not grant tax-exempt status to non-profit organizations. Publication 557, Tax Exempt Status for Your Organization, has details on the application process, as well as information on returns you may need to file. To apply for formal recognition of tax-exempt status, most organizations will need to complete either Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, or Form 1024, Application for Recognition of Exemption Under Section 501(a). Submit the completed form, all applicable attachments, and the required user fee to:

Internal Revenue Service  
PO Box 12192  
Covington, KY 41012-0192

The Pension Protection Act of 2006 contains numerous changes to the tax law provisions affecting tax-exempt organizations, including an annual electronic notification requirement (Form 990-N) for organizations not required to file an annual information return (Form 990 or Form 990-EZ). Additionally, if you are required to file an annual information return, you may be required to file it electronically. Please refer to the Charities & Non-Profits page at [www.irs.gov](http://www.irs.gov) for the most current information on your filing requirements and on provisions of the Pension Protection Act of 2006 that may affect you.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at [www.irs.gov](http://www.irs.gov). If you do not have access to the Internet, call 1-800-829-3676 (TTY/TTD 1-800-829-4059) or visit your local IRS office.

Revision in progress.  
Anticipated completion date:  
Summer 2024



**Change of Address or Responsible Party — Business**

▶ Please type or print.

▶ See instructions on back. ▶ Do not attach this form to your return.  
 ▶ Information about Form 8822-B is available at [www.irs.gov/form8822](http://www.irs.gov/form8822).

**Before you begin:** If you are also changing your home address, use Form 8822 to report that change.

If you are a tax-exempt organization (see instructions), check here

Check **all** boxes this change affects:

- 1  Employment, excise, income, and other business returns (Forms 720, 940, 941, 990, 1041, 1065, 1120, etc.)
- 2  Employee plan returns (Forms 5500, 5500-EZ, etc.)
- 3  Business location

<b>4a Business name</b>	<b>4b Employer identification number</b>
-------------------------	--

**5 Old mailing address** (no., street, room or suite no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------

**6 New mailing address** (no., street, room or suite no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------

**7 New business location, if different from mailing address** (no., street, room or suite no., city or town, state, and ZIP code). If a foreign address also complete spaces below, see instructions.

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------

<b>8a Old name of responsible party</b>	<b>8b New name of responsible party</b>
<b>9a Old SSN, ITIN, or EIN of responsible party</b>	<b>9b New SSN, ITIN, or EIN of responsible party</b>

**10 Signature**  
 Daytime telephone number of person to contact (optional) ▶ \_\_\_\_\_

<b>Sign Here</b>	Signature of owner, officer, or representative	Date
	Title	

**Where To File**

Send this form to the Department of the Treasury, Internal Revenue Service Center, and the address shown next that applies to you.

**IF your old business address was in . . . THEN use this address . . .**

Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Cincinnati, OH 45999-0023
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Alabama, Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, any place outside the United States	Ogden, UT 84201-0023
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## What's New

**Responsible party.** Beginning January 1, 2014, any entity with an EIN must file Form 8822-B to report the latest change to its responsible party. Form 8822-B must be filed within 60 days of the change. If the change in the identity of your responsible party occurred before 2014, and you have not previously notified the IRS of the change, file Form 8822-B before March 1, 2014, reporting only the most recent change. Complete Form 8822-B as appropriate; use applicable boxes 8a through 9b to report any changes to the identity of your responsible party. See *Responsible Party*, later, for more information.

## Purpose of Form

Use Form 8822-B to notify the Internal Revenue Service if you changed your business mailing address, your business location, or the identity of your responsible party. Also, any entities that change their address or identity of their responsible party must file Form 8822-B, whether or not they are engaged in a trade or business. If you are a representative signing for the taxpayer, attach to Form 8822-B a copy of your power of attorney. Generally, it takes 4 to 6 weeks to process your address or responsible party change.

**Future developments.** Information about any future developments affecting Form 8822-B (such as legislation enacted after we release it) will be posted at [www.irs.gov/form8822](http://www.irs.gov/form8822).

**Changing both home and business addresses?** Use Form 8822 to change your home address.

## Tax-Exempt Organizations

Check the box if you are a tax-exempt organization. See Pub. 557, *Tax-Exempt Status for Your Organization*, for details.

## Addresses

Be sure to include any apartment, room, or suite number in the space provided.

## P.O. Box

Enter your box number instead of your street address only if your post office does not deliver mail to your street address.

## Foreign Address

Follow the country's practice for entering the postal code. Please do not abbreviate the country name.

## "In Care of" Address

If you receive your mail in care of a third party (such as an accountant or attorney), enter "C/O" followed by the third party's name and street address or P.O. box.

## Responsible Party

Enter the full name (first name, middle initial, last name, if applicable) and SSN (social security number), ITIN (individual taxpayer identification number), or EIN (employer identification number) of the old and new responsible party, as defined next.

**Responsible party defined.** For entities with shares or interests traded on a public exchange, or which are registered with the Securities and Exchange Commission, "responsible party" is (a) the principal officer, if the business is a corporation, (b) a general partner, if a partnership, (c) the owner of an entity that is disregarded as separate from its owner (disregarded entities owned by a corporation enter the corporation's name and EIN), or (d) a grantor, owner, or trustor, if a trust.

For all other entities, "responsible party" is the person who has a level of control over, or entitlement to, the funds or assets in the entity that, as a practical matter, enables the individual, directly or indirectly, to control, manage, or direct the entity and the disposition of its funds and assets. The ability to fund the entity or the entitlement to the property of the entity alone, however, without any corresponding authority to control, manage, or direct the entity (such as in the case of a minor child beneficiary), does not cause the individual to be a responsible party.

If the responsible party is an alien individual with a previously assigned ITIN, enter the ITIN in the space provided and submit a copy of an official identifying document. If necessary, complete Form W-7, *Application for IRS Individual Taxpayer Identification Number*, to obtain an ITIN.

You must enter the responsible party's old and new SSN, ITIN, or EIN unless the only reason you obtained an EIN was to make an entity classification election (see Regulations sections 301.7701-1 through 301.7701-3) and you are a nonresident alien or other foreign entity with no effectively connected income from sources within the United States.

## Signature

An officer, owner, general partner or LLC member manager, plan administrator, fiduciary, or an authorized representative must sign. An officer is the president, vice president, treasurer, chief accounting officer, etc.



*If you are a representative signing on behalf of the taxpayer, you must attach to Form 8822-B a copy of your power of attorney.*

*To do this, you can use Form 2848. The Internal Revenue Service will not complete an address or responsible party change from an "unauthorized" third party.*

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. Our legal right to ask for information is Internal Revenue Code sections 6001 and 6011, which require you to file a statement with us for any tax for which you are liable. Section 6109 requires that you provide your identifying number on what you file. This is so we know who you are, and can process your form and other papers.

Generally, tax returns and return information are confidential, as required by section 6103. However, we may give the information to the Department of Justice and to other federal agencies, as provided by law. We may give it to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

If you are an entity with an EIN and your responsible party has changed, use of this form is mandatory. Otherwise, use of this form is voluntary. You will not be subject to penalties for failure to file this form. However, if you fail to provide the IRS with your current mailing address or the identity of your responsible party, you may not receive a notice of deficiency or a notice of demand for tax. Despite the failure to receive such notices, penalties and interest will continue to accrue on any tax deficiencies.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 18 minutes.

If you have comments or suggestions for making this form simpler, we would be happy to hear from you. You can write to the:

Internal Revenue Service  
Tax Forms and Publications Division  
1111 Constitution Ave. NW, IR-6526  
Washington, DC 20224

Do not send the form to this address. Instead, see *Where To File*, on page 1.

**American Legion Auxiliary**  
**NATIONAL POLICY**  
**Membership List Protection**

Reviewed by: National Finance Committee      Reviewed On: 03/05/2014

Approving Body: National Executive Committee      Date Approved: \_\_\_\_\_      **Next Review Date:** Fall 2016

**Policy Statement**

It is the national policy of the American Legion Auxiliary (ALA), a national public benefit 501 (c)(19) not-for-profit Veterans Service Organization headquartered in Indianapolis, Indiana, to protect the national American Legion Auxiliary Membership List.

The purpose of this policy is to ensure the integrity of the manner in which the national American Legion Auxiliary Membership List may be accessed and used. The national ALA Membership List is the corporate property of the ALA, entrusted to the National Secretary/Executive Director for safeguarding.

**Policies**

Companies applying for use of the national ALA Membership List shall be required to:

1. Sign a Licensing and Royalty Agreement with the ALA, executed by the ALA National Secretary/Executive Director in consultation with and reviewed by Counsel General, that provides for a restricted license to utilize the national ALA Membership List during the term of said agreement for the limited and specified purpose of marketing a product, service, or merchandise to the ALA membership for the benefit of the organization.
2. Pay all requisite national ALA Membership List fees.
3. Request the national ALA Membership List at least thirty (30) business days prior to the vendor's mailing, production, or service date.

Revision in progress.  
Anticipated completion date:  
Summer 2024

**List Protection Agreement (LPA)**  
**Between**  
**American Legion Auxiliary (“Auxiliary”)**  
**And**  
**«Company» (“Recipient”)**

On this date, \_\_\_\_\_, a Protective Covenant, the terms of which are outlined below, was entered into between “Recipient”, a \_\_\_\_\_ Corporation located at «Address1», and American Legion Auxiliary (“ALA”), a national nonprofit membership organization and Indiana corporation with its headquarters located at 8945 N. Meridian Street, Indianapolis, IN 46260 (317-569-4500). This contractual agreement is subject to the Protective Covenants outlined below and is effective on the date signed by both parties.

**1. Confidential Information.**

- 1.1 **Confidential Information.** The term “Confidential Information” shall mean information disclosed to Recipient or known, learned, created, or observed by Recipient as a consequence of this Confidentiality Agreement, not generally known in the relevant trade or industry, about the Auxiliary’s business activities, services, and processes, including, but not limited to, procedures, finances, accounting methods, processes, treatments, trade secrets, business plans, member lists and records, any correspondence with members including member responses to Recipient mailings, potential member lists, contractual arrangements, and marketing strategies and processes.
- 1.2 **Uses and Disclosures of Confidential Information.** Recipient promises it will not reveal Confidential Information, directly or indirectly, to any person, entities, or organizations other than its employees and agents providing services hereunder, without the prior written consent of the Auxiliary. Recipient further promises it will require the same limitations on disclosures of Confidential Information of its employees and agents. Recipient agrees not to use any Confidential Information, except for the purpose of providing services to the Auxiliary under this Confidentiality Agreement, without the prior written consent of the Auxiliary. Recipient further promises it will not disclose, in advertising, publicity, or otherwise, the terms and conditions of this Confidentiality Agreement or any Confidential Information whatsoever, without the prior written consent of the Auxiliary. Disclosure by Recipient of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Confidentiality Agreement, provided Recipient has given the Auxiliary notice of such required disclosure, and a reasonable opportunity for the Auxiliary to take any action it deems necessary and appropriate to protect its interests, and provided Recipient has taken advantage of procedures available for the protection of any such Confidential Information.
- 1.3 **Exclusions.** This Confidentiality Agreement shall not apply to any information now in the public domain, any Confidential Information hereafter voluntarily disclosed to the public by the Auxiliary, or which otherwise becomes part of the public domain through lawful means, or any Confidential Information that has, prior to the Effective Date hereof, been lawfully acquired or developed by Recipient.
- 1.4 **No Rights Conferred by This Confidentiality Agreement.** The Auxiliary retains all right, title, and interest in and to the Confidential Information to which Recipient or any subcontractor, vendor, business partner, supplier, employee, agent or other associate of Recipient may be given access under this Confidentiality Agreement.

## 2. Authorized Use.

- 2.1 **Mass Communications.** During the calendar year 20\_\_, the Auxiliary, in its sole and unfettered discretion, may supply Confidential Information, including member lists, to Recipient via electronic media using highly secure file transfers. This Confidential Information will be used by Recipient to perform authorized and necessary data processing work in the preparation of mass mailings and communications, including but not limited to postal service, delivery service, email, telephone or any other communication method.
- 2.2 **Retention of Confidential Information.** Recipient shall not copy, trade, give away, barter or sell any of the Confidential Information provided, and no copy of any type whatsoever of any Confidential Information shall be made except to perform authorized communications and for tracking the resulting responses.
- (a) In the event Recipient generates any lists, media, labels or any information in any medium or electronic file whatsoever from the Confidential Information supplied by the Auxiliary subject to this Confidentiality Agreement, Recipient hereby agrees that all such information generated or to be generated by Recipient or any subcontractor, vendor, business partner, supplier, employee, agent or other associate of Recipient shall be covered by the terms and conditions of this Confidentiality Agreement.
  - (b) Recipient may retain information about responses to the Recipient's authorized mailings and such Confidential Information may be stored on the Recipient's systems; provided, however, such Confidential Information shall remain subject to the terms of this Confidentiality Agreement, even after the expiration of this Confidentiality Agreement.

## 3. Agents, Representatives and Subcontractors.

- 3.1 **Code of Conduct.** Recipient and all Recipients' employees and any subcontractor, vendor, business partner, supplier, employee, agent or other associate of Recipient who works with the Confidential Information will follow a code of conduct and standards for doing business with the American Legion Auxiliary that includes:
- Each contractor who does business with the American Legion Auxiliary shall conduct and comport itself in a manner that is above reproach.
  - Each contractor shall abide by and follow the highest ethical standards in complying not only with the terms but also with the intent and spirit of any contract and deal in good faith at all times.
  - No contractor shall combine or act collusively with another; solicit, offer or accept any bribe or kickback; or attempt to influence a decision of the American Legion Auxiliary or its Officers, or National Executive Committee, in any way or fashion, including, but not limited to, the giving of gifts, offer of entertainment or lobby for or against any decision or position of The American Legion or the American Legion Auxiliary.
  - When in doubt about a course of action, the contractor has a duty to inquire in writing to the National Secretary revealing all relevant information, facts and details.
  - Failure to abide by this code of conduct and standards can result in a refusal by the American Legion Auxiliary to continue any relationship.
- 3.2 **Employees, Agents, and Subcontractors.** Recipient shall ensure that its staff providing services to the Auxiliary under this Confidentiality Agreement are bound by the confidentiality restrictions set forth in this Confidentiality Agreement. In addition, Recipient shall ensure that

before releasing any Confidential Information to any subcontractor, vendor, business partner, supplier, agent or other associate, to whom Confidential Information is received from, or created or received by Recipient on behalf of The Legion, shall fully execute this List Protection Agreement with the Auxiliary.

- 3.3 **Responsibility for Actions.** In the absence of a separate LPA covering them, Recipient will be held responsible for all actions of Recipient's employees and any subcontractor, vendor, business partner, supplier, employee, agent or other associate of Recipient to whom Recipient may share any Confidential Information, including but not limited to the sharing of the Auxiliary data file or any portion thereof.
4. **Safeguards.** Recipient agrees that all commercially reasonable and prudent measures will be taken to ensure the protection of any Confidential Information originally supplied or later supplied by the Auxiliary, or developed from any Confidential Information supplied by the Auxiliary, including but not limited to secure firewalls and internal and remote access controls in line with industry security standards will be in place to protect the computer systems and Confidential Information. The computer systems containing the Auxiliary's Confidential Information shall reside in a secure location with limited physical, logical and electronic access. Access to membership names will be limited to specific individuals responsible for performing authorized mailings of the Auxiliary or performing system administration functions.
  - 4.1 **Report Non-Permitted Use or Disclosure.** Recipient shall report to the Auxiliary any use or disclosure of the Confidential Information not provided for by this Confidentiality Agreement or otherwise permitted by the Auxiliary in writing.
  - 4.2 **Mitigate Harmful Effects.** Recipient shall mitigate, to the extent practicable, any harmful effect that is known to Recipient of a use or disclosure of any Confidential Information by Recipient, Recipient's employees and any subcontractor, vendor, business partner, supplier, employee, agent or other associate in breach of the requirements of this Confidentiality Agreement.
5. **Effect of Termination.** Upon termination of this Confidentiality Agreement, for any reason, Recipient shall return all Confidential Information received from the Auxiliary, or created or received by Recipient on behalf of the Auxiliary in a usable form acceptable to the Auxiliary. This provision shall apply to any Confidential Information that is in the possession of employees and any subcontractor, vendor, business partner, supplier, employee, agent or other associate of Recipient. Neither Recipient nor any subcontractor, vendor, business partner, supplier, employee, agent or other associate of Recipient shall retain any copies of the Confidential Information, unless expressly permitted in a separate writing between Recipient and the Auxiliary.
6. **Remedies.**
  - 6.1 **Liquidated Damages.** Recipient acknowledges that actual damages caused by a breach of this Confidentiality Agreement may be uncertain or difficult or impossible to ascertain and consequently, agrees that, if Recipient breaches this Confidentiality Agreement, it will pay, as liquidated damages and not as a penalty, an amount equal to Five Dollars (\$5.00) for every name on the member list which was disclosed in breach of this Confidentiality Agreement.
  - 6.2 **Injunctive Relief.** Recipient acknowledges that the use or disclosure of any Confidential Information in a manner inconsistent with this Confidentiality Agreement may cause the Auxiliary irreparable harm. Accordingly, in addition to the liquidated damages provided for in this Confidentiality Agreement, the Auxiliary shall have the right to equitable and injunctive relief to prevent any actual or threatened disclosure of any Confidential Information inconsistent with this Confidentiality Agreement.

6.3 **Other Relief.** In the event any remedy provided for by this Confidentiality Agreement is determined to fail of its essential purpose or to be unavailable, the Auxiliary shall be entitled to all damages and remedies available at law or in equity.

6.4 **Attorneys' Fees and Costs.** In the event legal proceedings are brought by the Auxiliary to enforce any provision of this Confidentiality Agreement or for breach of this Confidentiality Agreement, Recipient agrees to pay the attorneys' fees and costs incurred by or on behalf of the Auxiliary as a result of any such proceedings in addition to, and not in lieu of, any and all other remedies provided for by this Confidentiality Agreement.

7. **Supersede.** The terms set forth in this Confidentiality Agreement shall prevail over any conflicting or contrary term in any other agreement between Recipient and the Auxiliary, or pertaining to the Confidential Information.

8. **Governing Law; Forum and Venue.** This Confidentiality Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Indiana without giving effect to the choice of law principles thereof or any canon, custom or rule of law requiring construction against the drafter. The parties consent to the exclusive jurisdiction and venue of the State and Federal courts of and located in the County of Marion and State of Indiana for any dispute arising out of or relating to this Confidentiality Agreement or the services to be performed pursuant to this Confidentiality Agreement.

9. **Schedules.** Schedule 1 and 2 outline Recipient's purpose for acquiring the Confidential Information, the frequency and terms of the data transfer, the exact data to be provided, and the compensation to be paid for any Confidential Information transferred to Recipient. **Schedules 1 and 2 must be completed before any Confidential Information will be transferred.**

**AUXILIARY**

**RECIPIENT**

AMERICAN LEGION AUXILIARY

«Company»

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: Mary "Dubbie" Buckler

Print Name: \_\_\_\_\_

Title: National Secretary/Executive Director

Title: \_\_\_\_\_

Date:

Date: \_\_\_\_\_



**Schedule 1**

«Company»

**Purpose:**

Reason(s) for needing Confidential Information file(s) from the American Legion Auxiliary:

«Purpose»

**Pricing:**

Agreed price to be paid to the American Legion Auxiliary, for providing the Confidential Information:

\$ \_\_\_\_\_ per thousand names:

- Mailed To
- Received on File
- Other \_\_\_\_\_

These fees are to be billed to and paid by: \_\_\_\_\_

Revision in progress. Anticipated completion date: Summer 2024

**Schedule 2**

«Company»

**Contact Information:**

Please direct any requirement questions to:

\_\_\_\_\_ (name of contact)

\_\_\_\_\_ (phone # or e-mail address)

**File Format:**

CSV

Excel

FTP Site Address: \_\_\_\_\_

**Member Data:**

*Instructions: Check all options for fields to be reported in the pull.*

- \_\_\_ MemberID
- \_\_\_ First Name
- \_\_\_ Last Name
- \_\_\_ Address 1
- \_\_\_ Address 2
- \_\_\_ City
- \_\_\_ State
- \_\_\_ Zip
- \_\_\_ Department
- \_\_\_ Unit
- \_\_\_ Phone
- \_\_\_ Join Date
- \_\_\_ Email Address
- \_\_\_ Birthdate
- \_\_\_ Paid Thru Date
- \_\_\_ Member Type
- \_\_\_ Adult (18 and over)
- \_\_\_ Youth (under 18)
- \_\_\_ Active
- \_\_\_ Former
- \_\_\_ Expired

**Geographic:**

List any States to exclude: \_\_\_\_\_

~~or~~

List specific States to include: \_\_\_\_\_

Include members who live in states other than their Department of Membership:  Yes  
 No

\_\_\_\_\_  
Auxiliary Initial

\_\_\_\_\_  
«Company» Initial

**American Legion Auxiliary**  
**NATIONAL HEADQUARTERS POLICY**  
**Emergency Response and Disaster Recovery Plan**

Reviewed by: National Audit Committee

Reviewed On: 03/04/2014

Approving Body: National Executive Committee

Date Approved: \_\_\_\_\_

**Next Review Date:** Winter 2016

### **Policy Statement**

It is the policy of the American Legion Auxiliary (ALA), a national public benefit 501 (c) (19) not-for-profit Veterans Service Organization headquartered in Indianapolis, Indiana, to have a written Emergency Response and Disaster Recovery Plan (Plan) for National Headquarters. The purpose of the Plan is to establish emergency responses to acts of nature and other emergency occurrences that interrupt the vital day-to-day operations of ALA National Headquarters and/or restrict or prohibit access to the normal workplace, in keeping with professional disaster recovery standards and recommendations, including:

- anticipated potential threats to ALA National Headquarter operations and emergency responses thereto
- essential and critical business activities
- safeguarding vital information technology and data (IT)
- orderly and efficient transition from normal to emergency conditions
- specific guidelines appropriate for complex and unpredictable occurrences and acts of nature
- threshold events that may trigger an emergency response or building evacuation

The Plan shall be periodically updated to take into account changing circumstances. National Headquarters shall, at least annually, or more frequently as circumstances warrant, a) perform impact analysis in order to understand business processes interdependencies, especially in relation to an information systems outage; b) provide for periodic testing to ensure that the Plan can be implemented in emergency situations and that staff understand how it is to be executed; and, c) ensure that all ALA National Headquarters staff are aware of the Plan and their own roles within.

Revision in progress.  
Anticipated completion date:  
Summer 2024

American Legion Auxiliary National Headquarters  
**Policies and Procedures**

**RECORD RETENTION AND DISPOSAL POLICY**

Prepared by: National Headquarters staff

Reviewed by: National Finance Committee

Date Approved: March 2008

Approving Body: National Executive Committee

**I. Purpose**

- A. Both federal and state law require that the American Legion Auxiliary National Headquarters ("Auxiliary") maintain many types of Records for specified periods. Failure to abide by these laws can subject the Auxiliary, and in some cases individual employees, to fines and other penalties. As a result, this Policy is designed to provide employees with guidance as to the storage, retention, and destruction of Auxiliary Records. As used in this Policy, the term "Records" includes any document or material, whether in electronic or hard copy form, that is generated or received by the Auxiliary in the course of business.
- B. The Auxiliary expects employees to fully abide by the terms of this Policy, as well as any other record retention policies or schedules that the Auxiliary may adopt in the future. Failure to comply with this Policy will subject employees to discipline up to and including discharge. If employees have any questions about the term or application of this Policy, they should contact the National Secretary or National Treasurer.

**II. Application**

- A. The Auxiliary's Document Coordinator will serve as the "Records Manager" for the purpose of developing, implementing and enforcing this Policy. Each division in the Auxiliary will appoint a "Records Custodian" for the purpose of working with the Document Coordinator to implement this Policy on a divisional basis. The Auxiliary's Document Coordinator will be responsible for ensuring all Records Custodians understand the Auxiliary's Record Retention Policy and its related procedures and will authorize the destruction of untimely Records in accordance with the Schedule of General Retention Periods. The Records Custodians are responsible for screening, or coordinating the screening process for, Records generated or received by the division for which Records Custodian is responsible and requesting the storage or destruction of such documents.

**III. Documents Relevant To Actual Or Potential Litigation And Governmental Investigations And Proceedings**

- A. If the Auxiliary is confronted with or contemplates potential or actual litigation, or a potential or actual governmental investigation or proceeding, the Auxiliary has a duty to preserve Records -- including electronic data, e-mails and other documents that may be relevant to the potential or actual litigation or governmental investigation or proceeding. Consequently, upon the direction of a member of Auxiliary management that certain Records may be relevant to actual or potential litigation, or a potential or actual governmental investigation or proceeding, employees have an obligation to preserve such Records until Auxiliary management informs employees that the Records are no longer needed. Such obligation includes turning off any automatic delete functions related to e-mail, voice-mail, text messages, and instant messages. Additionally, no employee may discard Records based on a concern by the employee or others that the Records could be harmful in potential or actual litigation or a potential or actual governmental investigation or proceeding. Accordingly, the retention period for the Records potentially relevant to potential or actual litigation or

governmental investigations or proceedings supercedes any established retention period identified in the Schedule of General Retention Periods. Failure of employees to abide by these policies can carry severe civil and criminal penalties, as well as disciplinary action up to and including termination of employment.

#### IV. Schedule Of General Retention Periods

##### Subject Document

##### Recommended Retention Period

##### **Accounting**

- |   |                         |
|---|-------------------------|
| • Accounts payable (general)  | CY + 7 years            |
| Journals and related Trace Reports  |                         |
| Invoices  |                         |
| Vouchers (payment to vendors, volunteers, staff – include expense sheets) |                         |
| Cancelled checks  | CY + 10 years           |
| Cancelled checks (important payments)                                     | Perm.                   |
| • Accounts receivable (general)   | CY + 7 years            |
| Zero balance books  |                         |
| Accounts to 3rd party letter writer                                       |                         |
| Accounts to collection agency   |                         |
| Journals and related Trace Reports  |                         |
| Invoices  |                         |
| • Audit reports and audited (external) financial statements               | Perm                    |
| ▪ Internal Audit workpapers   | 7 years                 |
| • Interim Budget-actual (internal) financial reports                      | CY + 7 years            |
| • Year-end budget-actual (internal) financial reports                     | Perm.                   |
| • Bank statements and reconciliations                                     | 10 years                |
| • Budgets – annual, adopted   | 7 years                 |
| • Capital expenditure vouchers  | Life of item + 10 years |
| • Charts of accounts  | Perm.                   |
| • Check registers   | CY + 7                  |
| • Financing/Loan/Line of Credit   | Term + 6 years          |
| • General ledgers   | Perm                    |
| • Journal entry postings to General Ledger                                | 7 years                 |
| • Monthly trial balances  | 7 years                 |
| • Membership deposit edit reports   | 7 years                 |
| • Petty cash vouchers   | 7 years                 |
| • Subsidiary Ledgers  | Perm.                   |

##### **Claims**

- |                                     |                          |
|-------------------------------------|--------------------------|
| • Accident reports/claims (settled) | 7 years after settlement |
|-------------------------------------|--------------------------|

##### **Communications (Public)**

- |                                    |       |
|------------------------------------|-------|
| • Press releases/public statements | Perm. |
| • News articles                    | Perm. |

### Computer and Voice Mail System Back-Up Records

- Back-Up Records related to duplicate copies of electronic data issued for disaster recovery due to data loss from a catastrophic event, user error or hardware errors Not less than 30 days
- Records related to deleted e-mails, instant messages, and text messages Not less than 30 days
- Voice-mail messages Not less than 30 days
- Disk and hard drives of computers provided to employees separated from employment. Do not erase, however, without consulting the Human Resources Department. Not less than 30 days

### Corporate/Administration

- Annual Reports CY + 10 years
- Charter Documents:
  - Articles of Incorporation Perm.
  - By Laws Perm.
- Board of Directors/National Executive Committee (NEC)
  - Written Communications, including Financials Perm.
  - NEC Meeting Minutes Perm.
  - NEC Meeting Notices Perm.
  - Conflict of Interest – NEC, Officers, Nat'l Chairmen Tenure + 5 years
  - NEC and Officers Names and Addresses Tenure + 5 years
  - Resolutions Perm.
- Bonds, Surety Life of bond + 6 years
- Contracts, mortgages, leases Term + 10 years
- Deeds, titles and easements Perm.
- National Finance Committee Minutes Perm.
- Policy, Procedure and Training manuals Current + 10 years
- Property appraisals Perm.
- Real Property records Perm.
- Personal Property (incl. inventory) records 10 years after disposition
- Strategic plans Perm.
- Survey/inspection records 8 years
- Trademark registrations and copyrights Perm.

### Correspondence (via paper or email)

- General (important, accounting-related) 7 years
- Legal or tax related Perm.
- All others Period needed for business purposes

### Employment/Human Resources

- Payroll Reports (includes withholding tax info) 5 years
- Personnel files (terminated) Termination + 5 years
- Personnel records relevant to litigation or government action Disposition of action
- Social Security Reports 7 years
- Staff in-service logs and employee training 5 years from training date

- W-4's ; W-2's 5 years
- Advertisements for employment 1 year
- Applications and resumes of non-employees 1 year
- Attendance records/FMLA leave and documents describing policies 3 years
- Employee benefit plans subject to ERISA Period that plan or system is in effect + 6 years
- Employee benefit plans not subject to ERISA 1 year
- Employment eligibility verification (Form I-9) 3 yrs after hire/1 yr after termination or separation, whichever is later
- ERISA reports CY + 6 years
- Human resources policies, handbooks, manuals & procedures Life + 10 years
- Job Descriptions (after completion) 6 years
- Medical records for employees with occupational exposure to blood borne pathogens CY + 30 years
- Professional licenses and permits Perm.
- Organizational charts Life + 2 years
- OSHA: Log and summary of recordable occupational injury or illness; supplemental record; annual summary 5 years
- Reasonable accommodation requests (ADA) 2 years
- Retirement & pension records Perm.
- Seniority or merit rating systems Period that plan or system is in effect + 1 year
- Wage rate/wage change documentation CY + 3 years

#### **Environmental**

- Employee exposure record, including Materials Safety Data Sheets (MSDS) 30 years
- Waste manifests 30 years
- Fire Disaster Preparedness Plan and documentation of semi-annual drills Perm.

#### **Grants**

- Approved grant applications (AEF, Scholarships, etc) 5 years after project completion & after audit
- Unapproved grant applications 5 years

#### **HIPAA**

- Privacy Rule or Security Rule Policies and Procedures and Any Other HIPAA-Related Documents Perm.

#### **Information Management**

- Purchase/service contracts/warranties Term + 10 years
- Computer systems manuals Life of computer + 10 years
- General support materials Life + 10 years
- Reference materials Life + 10 years
- System acquisition documentation Life + 10 years
- Vendor work orders Life + 10 years

#### **Insurance**

- Insurance policies (expired) 3 years



- Insurance policies (active) Term + 3 years
- Insurance records, current accident reports Perm.
- Safety reports Perm.
- Bond claims from Departments 10 years

#### Legal/Compliance

- Compliance program Perm.
- Compliance audits Perm.
- Correspondence with government agencies Perm.
- Corrective actions Perm.
- Inquiry logs 10 years
- Memoranda/letters from attorneys Perm.
- Litigation documents Disposition of case

#### Membership

- Life Member (VIM) applications 3 years
- Dues Deposit and Edit Reports 7 years
- Membership Reports
  - Weekly & Target Date CY + 6 months
  - Delegate Strength (C of B) and 12/31 reports CY + 3 years
  - National Membership Record (updated annually) CY + 3 years
- Membership Cards
  - Previous years – reduce stock each year as follows
    - Immediate past year – 300
    - 2 years previous – 200
    - 3 years previous – 100
    - 4 years previous – destroy all but 50
    - 5 years previous – destroy all but 5 for sample purposes
    - 6-15 years previous – destroy all but 1 for sample purposes
    - 16+ year - destroy

#### Purchasing & Sales

- Physical inventory logs 3 years
- Inventory reports 7 years
- Purchase orders:
  - supplies, Poppy Kits, misc. 3 years
  - Contractual Term of Contract + 10 years
- Requisitions 3 years
- Requests for Proposals (RFP's) 3 years after acceptance
- Sales Orders 3 years
- Pick sheets fulfillment 6 months following order
- Shipping and Receiving logs 3 years

#### Tax Returns and Workpapers

- Federal tax returns Perm.
- Federal tax supporting documents CY + 7 years
- State and local tax returns Perm.
- State and local tax supporting document CY + 7 years
- Depreciation schedules Life of item + 7 years
- Equipment records (after disposition) Life of tem + 7 years

Revision in progress.  
Anticipated completion date:  
Summer 2024

# American Legion Auxiliary National Headquarters

## Donations Acceptance – Policy

Reviewed by: National Finance Committee Reviewed On: 03/17/2011

Approving Body: National Executive Committee Date Approved: 08/27/2011 Next Review Date: Spring 2015

### Policy Statement

The American Legion Auxiliary, as a national public benefit 501 (c) (19) not-for-profit Veterans Service Organization, shall conduct itself with utmost integrity, and the officers and staff of the American Legion Auxiliary National Headquarters shall adhere to the highest standards of conduct and not allow the slightest appearance of impropriety of benefit for personal gain in the course of soliciting or accepting donations or gifts on behalf of and for the American Legion Auxiliary.

### Policy

1. This policy applies to the solicitation and acceptance of current and/or deferred donations or gifts from individuals and corporations to the American Legion Auxiliary.
2. The American Legion Auxiliary may accept unrestricted donations and gifts for specific programs and purposes that are consistent with its mission, purposes, and priorities. The Auxiliary may not accept gifts that are too restrictive in purpose or that have debt attached to them.
3. The American Legion Auxiliary National Finance Committee may review a prospective donation or gift for acceptability in cost, scope, or purpose.
4. This policy is separate from the acceptability and reporting of professional and personal gifts to a compensated officer or staff member, addressed in the American Legion Auxiliary National Headquarters rules of conduct for personnel.
5. This policy is also separate from the expectations that the National President will duly deposit monetary gifts intended to benefit a national program or initiative of the American Legion Auxiliary, regardless of whether the gift is so specified or not, into the appropriate American Legion Auxiliary or Foundation account.

Revision in progress.  
Anticipated completion date:  
Summer 2024



**AMERICAN LEGION AUXILIARY**

**DONATION FORM**

Please support the National American Legion Auxiliary as indicated below:

Unit/Individual's Name and Address \_\_\_\_\_

Unit # \_\_\_\_\_

Department \_\_\_\_\_

**American Legion Auxiliary** (make check payable to American Legion Auxiliary, National)

\$ \_\_\_\_\_ **ALA National Scholarship Fund** (*check appropriate type*)

\_\_\_\_ Children of Warriors National Presidents' Scholarship Fund

\_\_\_\_ Spirit of Youth Scholarship Fund

\_\_\_\_ ALA Scholarship Fund with greatest need

\$ \_\_\_\_\_ **Auxiliary Emergency Fund**

\$ \_\_\_\_\_ **TOTAL DONATION to the American Legion Auxiliary**

**American Legion Auxiliary Foundation** (make check payable to American Legion Auxiliary Foundation)

\$ \_\_\_\_\_ **American Legion Auxiliary Foundation ALA Mission Endowment Fund**

\$ \_\_\_\_\_ **Veteran Projects Fund** (*check one*)

\_\_\_\_ Veteran / Military family projects and ALA Plan of Action mission outreach projects

\_\_\_\_ National / Local Veterans Creative Arts Festival(s)

\$ \_\_\_\_\_ **TOTAL DONATION to the American Legion Auxiliary Foundation**

Donation will be paid by \_\_\_\_\_ check or \_\_\_\_\_ credit card:

Card type: \_\_\_\_\_ MasterCard \_\_\_\_\_ Visa Expiration Date: Month \_\_\_\_\_ Year \_\_\_\_\_

Card number \_\_\_\_\_

Name as it appears on card: \_\_\_\_\_

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

If donation is given in memory or honor of, please complete the following:

Donation in memory / honor of (*circle one*) Name: \_\_\_\_\_

Address of Honoree or family to whom notification of your donation will be sent – the amount is not disclosed:

Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**Mail Donations to:**

American Legion Auxiliary National Headquarters  
ATTN: Development  
8945 N. Meridian St.  
Indianapolis, IN 46260  
317-569-4500

**For ALA NHQ Office Use Only:**

Date Rec'd \_\_\_\_\_  
Check# \_\_\_\_\_  
Credit Card \_\_\_\_\_

**Please keep a copy of this form for your unit records, and forward a copy to your department.  
Thank you for your generosity!**

Revision in progress.  
Anticipated completion date:  
Summer 2024

***SAMPLE***  
***Donation acknowledgment letter***

Date

Name

Address

City, State ZIP

Dear First Name,

The American Legion Auxiliary gratefully acknowledges your financial support. Your donation of \$XXXX for the YYYYYY (program, project,) will help make it possible for the American Legion Auxiliary to provide ZZZZZZZ (or... e.g. outreach support to our veterans, young scholars, and military children.)

The American Legion Auxiliary remains committed to service and you will have several opportunities to take part in important programs that support our outreach in 2014. Our outreach mission continues to advance because of you.

Please retain this acknowledgment for your 2014 tax records. Thank you for your support and many blessings to you and your family for your investment in the American Legion Auxiliary.

Gratefully,

Name

Department Secretary

**DONATION ACKNOWLEDGEMENT ~ PLEASE RETAIN FOR YOUR TAX RECORDS**

The American Legion Auxiliary gratefully acknowledges your financial support in the amount of \$xxxx; check number yyyy, dated xx/xx/xx. Your donation may be tax deductible as allowed under federal tax laws. The American Legion Auxiliary Department of [AAA], TIN/EIN, address, city, state, zip (telephone number) is a not-for-profit veterans service organization duly registered with the Internal Revenue Service and is tax exempt under section 501(c)(19) of the Internal Revenue Code; our federal group tax exemption identification number is GEN 0964. No goods or services were provided in return for this total contribution.

Revision in progress.  
Anticipated completion date:  
Summer 2024



## EXAMPLE OF CONDUCTING URGENT BUSINESS MATTER BY EMAIL

To: American Legion Auxiliary National Executive Committee voting members  
Cc: ALA National Officers, National Executive Committee Non-Voting Members, National Finance Committee, Department Secretaries  
From: Dubbie Buckler, ALA National Secretary  
Date: March 26, 2012  
Re: Urgent NEC e-vote to confirm 2 appointments to unexpected vacancies on national finance and strategic planning committees

**Urgent NEC matter requiring your NEC vote by next Wednesday morning, April 4, 2012 to approve the appointment of Rita Navarreté to the Long Range Strategic Planning Committee and Paula Parker-Sawyers to the National Finance Committee to complete the terms of Carlene Ashworth who resigned from both committees last week due to ongoing scheduling conflicts**

### **Background:**

Immediate Past National President Carlene Ashworth, after much practical soul-searching, tendered her resignation a week ago from the National Finance Committee and the National Long Range Strategic Planning Committee. National President Kris Nelson accepted Carlene's resignation with both sadness and immense respect for Carlene, who, in a life-changing act of devotion to wounded warriors in need of many forms of physical therapy, embarked on a new path as a college student to earn her certification in physical/massage therapy. Demand is so great for such trained and certified therapists that Carlene has a job waiting for her upon her completion of her course work and certification in a year. Being a college student in physiology is demanding and intensely time consuming. Carlene shared that her "first and foremost loyalty still is and always be the American Legion Auxiliary", but that right now, her college schedule is very intense and she is highly motivated to maintain her current status as an "A" student. With her current and next semester's school schedule, she simply cannot do justice to the time needed to attend upcoming ALA finance and strategic planning meetings. This was a very difficult decision for Carlene, and one she made selflessly in the best interest of the organization at this time. She hopes she can again serve the national organization after she has graduated. We respect and admire Carlene for her tenacity and making this difficult decision. We will miss her participation on these national committees, and we hope her hiatus from the national organization is not a long one.

National President Kris Nelson has appointed Past National President Rita Navarreté to fill the vacancy on the National Long Range Strategic Planning Committee and Paula Parker-Sawyers to fill the vacancy on the National Finance Committee.

Past National President Rita Navarreté is well known to the organization and currently chairs the National Advisory Committee. Paula Parker-Sawyers is a current and charter member of the ALA National Audit Committee, where she has served with Chair and PNP Virginia Hobbs since the committee was established. Paula, who resides in Maryland, belongs to the ALA under the eligibility of her late husband Jim, a Viet Nam war veteran. Paula is a former ALA Girls Nation Senator and one of the inaugural ALA Girls Nation Junior Counselors, and in recent years, a recent Girls Nation presenter. As Chairman Hobbs shared in her report to the NEC meeting, Paula is a former deputy mayor and city/county councilor, and she has both governance and management experience with large budgets, financial management, and public audits. Paula is the Senior Director of Outreach and Partnerships for the National Campaign to Prevent Teen and Unplanned Pregnancy, located in Washington DC. In that capacity, Paula works with state and local community and faith-based organizations to empower young women to set self-respecting life goals and make good lifelong behavior decisions. Paula has worked with National Finance Committee Chair Nicole Clapp who was the liaison to the Audit Committee last year, both having

attended the Audit Committee training meeting and worked together on developing the American Legion Auxiliary/Foundation Audit Committee Charter which was approved by the NEC in 2010.

**NEC Action Needed:**

By virtue of this email, the National President is calling a special e-meeting of the National Executive Committee (NEC) to confirm the appointments of Rita Navarreté to the vacancy on the National Strategic Planning Committee and Paula Parker-Sawyers to the vacancy on the National Finance Committee. Your NEC vote will be handled electronically.

Optimistically looking ahead, your NEC confirmation vote in the affirmative will create a vacancy on the ALA National Audit Committee. The next action will then be for the National President to call a second special e-meeting of the NEC to confirm the appointment of the person to the vacancy on the National Audit Committee.

Below:           a) the NEC motion needing your vote  
                    b) voting instructions, explanation about e-voting

**NEC MOTION**

*that* the NEC confirms the appointment of Rita Navarreté to the American Legion Auxiliary National Long Range Strategic Planning Committee and Paula Parker-Sawyers to the American Legion Auxiliary National Finance Committee, to complete the vacant committee terms due to the resignation of Immediate Past National President Carlene Ashworth.

**Voting instructions – This motion is urgent. Please vote by Wednesday morning, April 4<sup>th</sup>:**

\_\_\_ **Yes**, I confirm the National President’s appointment of Rita Navarreté to the National Long Range Strategic Planning Committee and Paula Parker-Sawyers to the American Legion Auxiliary National Finance Committee. Due to the time sensitive nature of this action, I agree to vote by the morning of April 4<sup>th</sup> and forgo the 30 days allowed for voting by mail.

\_\_\_ **No**, I do not confirm the National President’s appointment of Rita Navarreté to the National Long Range Strategic Planning Committee and Paula Parker-Sawyers to the American Legion Auxiliary National Finance Committee.

**To vote to confirm National President Kris Nelson’s appointments to these two committees to fill the vacant terms, please hit “Reply”, and in the subject line paste:**

**NEC Dept (*fill in your state*), votes Yes (*or No*) – confirm Navarreté to LRSP, Parker-Sawyers to NFC**

**Authority to vote electronically** – 75% of NEC must cast votes by 4/4/12; a majority of those voting “yes” constitutes passage.

As a reminder, electronic (email) voting was approved by the NEC in February of 2009; 75% of the NEC must vote and a majority of those voting must approve of the motion for it to pass. *Note:* the policy adopted in 2009 allows for votes to be cast by “mail, telephonically, or electronically” within 30 days. Given that there are important budget meetings of the ALA National Finance Committee and a training meeting for the strategic planning committee coming up soon, **we ask that you cast your votes electronically by April 4<sup>th</sup>.**

Thank you on behalf of National President Kris Nelson. A copy of this e-meeting message is also attached for your convenience. Your attention to this e-vote is greatly appreciated.

Best regards,

Mary "Dubbie" Buckler, Executive Director/National Secretary

Example of minutes from this virtual meeting:



**American Legion Auxiliary National Executive Committee  
MINUTES  
April 4, 2012**

The American Legion Auxiliary National Executive Committee duly met on April 4, 2012 with a 75% electronic quorum and unanimously confirmed National President Kris Nelson's appointments of Rita Navarreté to the Long Range Strategic Planning Committee and Paula Parker-Sawyers to the National Finance Committee to complete the respective committee terms of Carlene Ashworth who resigned from both committees due to ongoing scheduling conflicts.

At the meeting it was noted that, a) normally, the confirmation of one-year appointment replacements by the National President would be acted on at the next regularly scheduled NEC meeting; b) when the national appointee is to fill a vacancy for a multiple-year term, it is advisable to confirm the appointment between meetings in-person, and c) the outcomes of the e-meeting will be presented on the Consent Agenda at the pre-Convention meeting of the National Executive Committee this August in Indianapolis for inclusion in the printed minutes.



**American Legion Auxiliary National Executive Committee  
MINUTES  
May 3, 2012**

The American Legion Auxiliary National Executive Committee duly met on May 3, 2012 with a 75% electronic quorum and unanimously confirmed National President Kris Nelson's appointments of Priscilla Imburgia to the National Audit Committee and Shari German to the Long Range Strategic Planning Committee to complete the terms of committee members who resigned for just reasons.

At the meeting it was noted that, a) normally, the confirmation of one-year appointment replacements by the National President would be acted on at the next regularly scheduled NEC meeting; b) when the national appointee is to fill a vacancy for a multiple-year term, it is advisable to confirm the appointment between meetings in-person, and c) the outcomes of the e-meeting will be presented on the Consent Agenda at the pre-Convention meeting of the National Executive Committee this August in Indianapolis for inclusion in the printed minutes.

Revision in progress.  
Anticipated completion date:  
Summer 2024

**American Legion Auxiliary Department of \_\_\_\_\_ Headquarters**  
**Narrative Performance Review Form**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employee Date of Hire: \_\_\_\_\_ Date of Review: \_\_\_\_\_  
(or Officer, Leader Beginning Service Date)

Reviewer's Name: \_\_\_\_\_ Title: \_\_\_\_\_

A. **CURRENT RESPONSIBILITIES AT ALA DEPT (ZZ)** Please describe.

B. **PERFORMANCE ASSESSMENT** Please describe your performance at ALA Dept HQ during this review period.

1. **Considering everything required in your staff position, describe your performance and achievements.**

2. **Describe the accomplishment(s) and/or areas of performance of which you are most proud.**

3. **Describe a professional performance area where you would like to learn more or develop more.**

C. **GOALS/OBJECTIVES FOR THE COMING YEAR** Employee (or officer or leader), please describe your performance goals for the upcoming review period and what would help you achieve your professional development goals.

D. **REVIEWER COMMENTS** Describe how will you help the employee (officer or leader) to accomplish these goals.

\_\_\_\_\_  
**Signature of Employee (or officer or other leader)**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of Reviewer**

\_\_\_\_\_  
**Date**

Revision in progress.  
Anticipated completion date:  
Summer 2024

**American Legion Auxiliary Department of \_\_\_\_\_ Headquarters  
Employee/Officer/Dept Leader Self Performance Review**

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Reviewer's Name: \_\_\_\_\_ Title: \_\_\_\_\_

**Instructions:** By \_\_\_\_\_ (date), please complete and electronically submit the following information to your supervisor; this information is the essence of the performance review discussion.

1. Please list 5-7 important duties you perform over the year that contribute to the success of the ALA mission.
  
  
  
  
  
  
  
  
  
  
  
2. Please list two of your accomplishments that helped advance the mission of the ALA during this review period.
  
  
  
  
  
  
  
  
  
  
  
3. As a member of the ALA HQ team, in what performance areas would you like to devote more attention to developing? Describe how you will achieve your professional development in these areas.
  
  
  
  
  
  
  
  
  
  
  
4. Please state two specific professional goals that you want to achieve this coming year.

\_\_\_\_\_  
**Employee (Officer/Leader) Signature and Date**

\_\_\_\_\_  
**Reviewer's Signature and Date**

Revision in progress.  
Anticipated completion date:  
Summer 2024



# American Legion Auxiliary Bylaws as a Framework for Civility

## A mini-training on the essential things needed in our governing documents to help achieve higher standards for member behavior and organizational good will

The following information, distributed at the 2015 Department Leadership National Conference, was presented to the American Legion Auxiliary National Executive Committee meeting held Sunday, February 22, 2015 in Washington, DC. The presenters were introduced by 2014-15 American Legion Auxiliary National President Janet Jefford, and included 2014-15 National Constitution & Bylaws Chair Lisa Williamson, American Legion Auxiliary National Secretary Dubbie Buckler, and Professional Registered Parliamentarian and Mediator Chris Dickey.

### *Fostering a Culture of Good Will*

As has been said many times – we simply must achieve the 5 goals of the American Legion Auxiliary's 5-year Centennial Strategic Plan if we are going to save this organization.

We know from past American Legion Auxiliary surveys that incivility – bad behavior – is the main reason this organization is unable to retain members. Within 3 years of joining the ALA, 45% of the “new” members drop out.

Goal 2 of the ALA's Centennial Plan is: **Foster an Internal Culture of Good Will**

If we don't create a culture of good will, then ill will wins, and the Auxiliary will die out. Given the stark reality that 45% of new members drop out after three years there is a sense of urgency. If we don't change how we conduct our meetings and treat other members, the end result will be awful.

This presentation addresses problems we see all too often in the American Legion Auxiliary at the department and unit levels. Quite simply, a great deal of ill will could be avoided if our departments, districts, and units had better bylaws and standing rules.

Our members look to our governing documents when there are problems. We know from past ALA surveys that incivility is the main reason this organization is unable to retain members. Remember: the facts are that within 3 years of joining the American Legion Auxiliary, 45% of these “new” members drop out.

If our bylaws were better written and better understood, there would be better behavior; and if troublemakers were disciplined, many members are convinced that membership renewals would rise.

So this presentation is designed to be a mini-training on the essential things we need to know and have in our governing documents.

## ***Governing Documents Described, Background***

First, let's review the basic things that make up our governing documents, what our Constitution & Bylaws are and why organizations have them, and here *Roberts Rules of Order* fit in to all this.

Most of what is being presented here is already "in writing" in the American Legion Auxiliary Department Operations Guide. Every department has a hard copy, and the entire document is online – free – at the national website [ALAforVeterans.org](http://ALAforVeterans.org). And, the Department Operations Guide is posted online as a PDF document. As a PDF, when you open it online, you will find it has a helpful search feature.

Remember, if you're looking for something you think you'll find in the Department Operations Guide, open the Guide itself online and once inside the document, use the Guide's search feature – it is designed to find much more detail using key words within the Guide document rather than the website's search feature.

It is really important to understand what our governing documents are, and why we have them. In the American Legion Auxiliary, the key governing documents are:

- our Articles of Incorporation – this is the legal public document that describes the name, basic structure, and purpose of the organization
- our Constitution – incorporates from the Articles of Incorporation the ALA's official name, location, type organization and core purpose; our "reason for being"
- our Bylaws – our fundamental structure and fundamental rules
- and our Standing Rules – these are the processes and detailed rules that "stand" for all to follow, yet can be amended as frequently as needed to keep the organization functioning well.

A department's and unit's Constitution and Bylaws should closely resemble those of the national organization and they cannot be in conflict with those of the national organization.

Departments and units determine how their Constitution and Bylaws will be written and adopted, including key provisions of its governance structure such as offices, number of officers, terms, composition of the governing board, minimum required number of meetings, who can call meetings and how, how many/what percent of board members constitutes a quorum, roles and responsibilities, etc.

But remember, nothing in a department's or unit's Constitution and Bylaws can conflict with National's Constitution and Bylaws.

We are often asked: Can you provide us a template for our C&Bs?

And the answer is: the National C&B and Standing Rules are your template.

So, what if you don't follow your Constitution and Bylaws? Decisions made that do not follow your Constitution & Bylaws could be ruled invalid if challenged in a court of law. A pattern of decisions and actions contrary to your department's Constitution and Bylaws, or serious violations of its Constitution and Bylaws, can be grounds for a lawsuit and/or suspension or revocation of the department's charter.

It is important that everyone is clear on the role of the department/district/or unit Constitution and Bylaws chair. The Constitution & Bylaws Committee chairman's role is to make sure that the governing documents are periodically reviewed and updated as needed – not to be the final authority on interpretation. That's why we have our department attorneys and Counsel General. And our National Secretary and professional parliamentarian and are a great help on the sticky stuff as well.

So, let's go over the basics:

All organizations are “organized” and conduct their business and mission service according to the organization’s governing documents. Governing documents, simply stated, are those documents that “govern” the organization.

The American Legion Auxiliary’s “Articles of Incorporation” are respected, preserved, and presented for all members to understand in the ALA Constitution. The ALA’s Constitution is supported by ALA Bylaws, which are supported by ALA Standing Rules, which are supported by policies – the most detailed level of the organization’s governing documents. The process of conducting meetings is guided by Roberts Rules of Order, Newly Revised.

Our American Legion Auxiliary Constitution is the foundational document of the corporation. It states the fundamental reason the ALA department was incorporated, its core purpose, and its governance structure. The Constitution should rarely be amended.

Bylaws describe how your organization governs itself. Bylaws are the most fundamental rules on governance and should not be frequently amended. It is recommended that bylaws only be amended every five (5) to ten (10) years.

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

For Example: Your Constitution states that the organization may establish committees for the purpose of effective governance and advancing the mission; your Bylaws would then state that there shall be the following standing administrative committees (such as Audit – stating its purpose, Finance – stating its purpose, and Membership – stating its purpose), appointed by the organization’s president and confirmed by the Department governing board (e.g. DEC or Department board), the composition of which shall be as provided in the Standing Rules.

Then, your Standing Rules would specify the make-up of the Audit committee (number of members) and the terms of the committee members, and address staggered terms for multi-year term members. Neither of these latter details should be in the bylaws because they are too detailed and administrative in nature.

Here’s another Example: Your Bylaws might state that the governing body shall meet at least semi-annually or at the call of the chair with proper notice or at the call of three (3) members ..., as provided in the Standing Rules.

Your Standing Rules could then state that the department governing body (Department Executive Committee or Department Board) shall meet quarterly (or monthly – as a Standing Rule your department would have the flexibility to change this as needed) and describe in more detail how a special meeting may be called.

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

Policies are rules that relate to management and administration functions rather than governance issues. Policies include setting out how your department will manage money and protect itself against fraud.

For example, a policy might require that all checks written over a certain amount must be signed by two authorized signatories – that is a great example of a financial control policy. Another example is having a

conflict of interest policy that includes requiring all board members to review the conflict of interest policy every year and sign a statement that they will abide by the policy.

Most policies have accompanying procedures that specify in detail how the policy is to be implemented. Procedures are not policies; they are instructions for implementing the policy, and therefore are not classified as “governing” documents.

With proper policies in place, members know the expectation for financial practices, risk aversion, program operations, and member conduct. Proper policies allow the energy of members to be better focused on achieving the mission of the organization instead of bickering about how something was or needs to be done.

You’ll recall that in 2015 the American Legion Auxiliary adopted a more clearly written, streamlined National Constitution, Bylaws, and Standing Rules. I want to remind you that the big thing we accomplished was putting “process” provisions into Standing Rules. ALA National Secretary Dubbie shared with me that a couple of weeks ago when the department secretaries attended the training at National Headquarters, they were asked to bring a copy of their Department Constitution & Bylaws. My goodness – one is over 300 pages!

Many departments have updated or are in the process of updating your Constitution and Bylaws, and that’s great. But 300 pages indicate there is way too much “stuff” in your governing documents.

My role as National Constitution & Bylaws Chairman is to provide help to your department C&B chairmen. And now, my role was to set the stage so that the next two can address some specific things we all need to better understand.

American Legion Auxiliary National Secretary Dubbie Buckler will talk about responsibilities of the different “entities” and leadership levels of the Auxiliary... and how not understanding or fulfilling responsibilities can trigger ill-will.

### ***Clarifying Leadership and Entity-Level Roles and Responsibilities to Foster Good Will***

Many of us at National Headquarters have been stunned and saddened by some of the image-tarnishing things that come to our attention from departments, units and entities that dishonor the “Service Not Self” aim of the American Legion Auxiliary.

My observation as American Legion Auxiliary National Secretary: there is widespread misunderstanding of roles, relationships, and an unhealthy preoccupation with “who can do what to whom”.

To foster a culture of good will throughout the American Legion Auxiliary, we need to focus on mission delivery, and understand what YOUR role and responsibility is at the department and unit levels for handling problems.

So, the subtitle of my part is “what National Can and CANNOT do for you” or “there’s trouble and you need to handle it ... and appropriately”.

Departments and units, (whether the units are incorporated or not), are separate entities with bylaws and boards that govern them.

No one member dictates how the department or unit acts. The department’s or unit’s bylaws describe how the entity will function, how leaders are selected, how long they will serve, how votes will be taken – all so that the organization can best fulfill its purpose.

It's important to understand how the American Legion Auxiliary is structured, and why. In the American Legion Auxiliary, the national organization is the main organization because it has the authority over the use of the name and trademarks of the organization.

Departments and Units are autonomous, but they are also subordinates of the National organization by virtue of being permitted to use the name and trademarks of the national organization.

Departments, intermediate bodies, subsidiaries and units are allowed to use the name and trademarks of the American Legion Auxiliary provided they operate in a manner worthy of the honor of the trademarked name, emblem, and logos.

American Legion Auxiliary departments are nonprofit 501 (c)(19) corporations. The fact that ALA entities are nonprofit corporations does not prohibit a department from raising money, it simply means that the money generated must be used to fund ALA mission delivery, which includes operations and programs.

Most departments have intermediate bodies, and nearly 3/4 of all ALA departments have incorporated ALA Girls State programs.

One big trouble area that leads to ill will is: **money**.

And a big money problem area is: **incorporated ALA Girls State programs** that raise money. Most ALA Girls State programs are incorporated as 501(c) 3's in order to raise money more easily.

The national organization cannot and does not dictate how departments or units run their operations or affairs. The ALA National organization can offer recommendations and guidance, but "National" cannot make a subordinate entity operate a certain way, except in the area of trademark compliance. And likewise, because "National" DOESN'T control department or other subordinate level operations, "National" cannot handle your department or unit matters or solve problems departments and units have with individuals.

What the National organization DOES control are the ALA trademarks. The National organization MUST and DOES exercise control over use of the name American Legion Auxiliary, the ALA emblem, the name ALA Girls State, and ALA Girls State logos.

The emblem and these names and logos are all trademarks owned by The American Legion and controlled by the American Legion Auxiliary National organization.

Another example of how money begets ill will at the department or unit level stems from **role misunderstandings between Legion entities and ALA entities**.

A unit is chartered by virtue of its attachment to a Legion post; however, the post does not control the unit or vice versa. The same is true with departments, and this organizational/accountable separation of ALA and Legion entities is clearly stated in both the Legion's and ALA's national bylaws.

A Post or Legion Department cannot require a Unit or Auxiliary department to give them money unless there is a signed agreement STATING the terms under which money is to be paid – e.g. rent, contracts for jointly held conferences, and such.

Another problem that generates ill will is misunderstanding about control and accountability among ALA entities.

### **Control – Subsidiaries are wholly accountable to the parent corporation**

Departments have the authority to establish intermediate bodies such as districts, counties, and councils. Unlike units, intermediate bodies are created by and wholly accountable to the department. That

clarification is stated plainly in the national American Legion Auxiliary Bylaws. And, if the intermediate body is incorporated, then it is a subsidiary of the department and is wholly accountable to the parent corporation under corporate law.

A subsidiary organization is a specific corporate organization that is formed by and under the control of its parent organization.

Many departments established subsidiary organizations to operate their ALA Girls State program for fundraising purposes. Remember that these ALA Girls State corporations did not form on their own. A department's governing board authorized and established its separately incorporated ALA Girls State program. Most Girls State programs were incorporated as 501 (c)(3) organizations, a very broad IRS classification of charitable organizations, because many foundations and corporations will only donate to 501 (c)(3) corporations.

So let's be clear: All separately incorporated ALA Girls State programs are subsidiaries of the Department, and as such, they are wholly accountable to and controlled by the Department.

Likewise, intermediate bodies established by the Department are subordinate to the Department. And incorporated intermediate bodies (districts, counties, and councils) are also subsidiaries of the department and are wholly accountable to and controlled by the Department.

The money and assets of a subsidiary BELONG to the parent corporation. The money of an incorporated ALA Girls State program BELONGS to the department.

It doesn't matter whether or not your department bylaws address this subject – the law does. So, in the spirit of fostering goodwill, it is imperative that the relationship of a subsidiary to the parent corporation is clearly understood.

The ALA National Bylaws and Standing Rules clearly state the requirements that an ALA subsidiary corporation **MUST** fulfill to the parent corporation.

All subsidiary organizations **MUST** follow these five (5) rules of corporate law in keeping with required uniformity under U.S. trademark law.

1. All officers, directors, trustees, etc. of the subsidiary **must** be named by the department and confirmed by the governing board.
2. All vacancies in the subsidiary corporation **must** be filled by the department in the same manner.
3. The subsidiary corporation **must** report to the Department (the parent organization) at least once a month. The reporting must include the subsidiary's financial reports. If the subsidiary did not meet in a particular month it must still report to the department in writing that it did not meet, and still must report the month's financial statements.
4. The Department Treasurer or financial officer **must** be a signatory on all accounts of the subsidiary.
5. The subsidiary's articles of incorporation, bylaws, and all amendments thereto **must** be approved by the Department.

If a subsidiary organization is currently operating and its articles of incorporation or bylaws have not been approved by the governing body (your DEC's), then the Department should take action immediately to ensure that the subsidiary's governing documents are received for the Department governing board to review, revise as needed, and approve. Likewise, if it has not done so, the Department governing board must approve all officers and directors of the subsidiary along with any members serving on a subsidiary's committee(s).

Remember – this is the law. The department created the incorporated ALA Girls State program, and the department can UN-create it. The department can dissolve the subsidiary if the subsidiary is not “behaving” and not following the five rules listed above.

The department must approve all board members of the subsidiary. The department has the authority to UN-approve them. The department governing board can vote to remove any or all of the subsidiary board and replace any or all of the subsidiary board members and/or officers. The department can dissolve its subsidiary. The department can replace any or all of the leaders of the subsidiary. The department is the parent corporation. The parent corporation has authority over its subsidiary corporation.

As the parent corporation, the department can and should take these actions when proper accountability becomes a problem, usually over failure of the subsidiary to comply with matters involving money and control. The department, by law, is in control.

If, after repeated attempts by a department to bring a subsidiary into compliance, the subsidiary refuses to comply with the five rules of corporate law, then the National organization will indeed file a federal lawsuit to remove permission for the subsidiary to continue using the name and trademarks of the American Legion Auxiliary. The National organization has done so, successfully.

The National organization will take such action solely to protect the name and trademarks. The National organization cannot take any action to dissolve the corporation because the National organization did not create the department subsidiary; the department did. So when the subsidiary refuses to comply with the five corporate legal requirements, the department must then take action to dissolve the subsidiary corporation and reclaim its assets which indeed belong to the department.

Another sore spot that generates ill-will stems from **who “should” or “should not” run for office.**

The American Legion National Judge Advocate, Counsel General to the American Legion Auxiliary, has been clear in advising against putting candidate criteria in governing documents. His advice is that the ALA has only two membership categories – Senior and Junior – and the national governing documents state that Senior members may hold office.

The national governing documents purposefully do not address the subject of candidate criteria at any level. The only national criteria that apply are those for membership in the organization in general. Officers should be members in good standing, which means their dues are paid current and their membership has not been suspended for any reason. (“Member in good standing” is also discussed further down in this presentation.)

ALA entities cannot establish criteria for candidates that are contrary to federal or state laws or discriminate on the basis of race, creed, or ethnicity.

Any additional candidate criteria that might be based on years’ membership or service to the organization would more appropriately be placed in the organization’s guidelines. The concern about adding candidate criteria to bylaws or Standing Rules stems from the fact that The American Legion has a federal charter – an Act of Congress – that very specifically states membership criteria.

There has been much discussion about this subject. Counsel General’s advice is to place candidate criteria in a Candidate Guidelines document which can be referenced in your Standing Rules, and then, in your Standing Rules, permit the establishment of a candidate screening committee whose role would be to review candidates according to desired officeholder criteria and may make recommendations to the voting delegates regarding the qualifications of the candidates.

Any Auxiliary member in good standing has the right to be nominated and run for office. Any member currently has the right to be nominated from the floor to run for any office at a convention where an election will take place. Establishing a candidate screening committee would accomplish the end objective of presenting qualified candidates to the electorate without compromising the issue of member rights.

Along this same line, another cause for disharmony in a department is how differently each state regards the status of **members in its headquarters unit**. They are members of the ALA with full member rights. That means members in a department unit can run for a county, district, or department office. Simply – a member is a member with member rights. Regardless of whether she is a member of a local unit or department-based unit, she is a unit member of the organization, and if she is a member in good standing she is presumed eligible to run for an office.

Departments cannot treat members of a “holding unit” as “subjects”. These members have the same rights as any other member. So, in the spirit of ALA Centennial Plan Goal 1 and Goal 2, the ALA needs to foster an appreciation for those members who only want to belong to support the organization, and not to attend in-person unit meetings. Department Unit members are members with full privileges regardless of how active – or inactive – they are.

Next Chris Dickey, registered parliamentarian and professional mediator, will explain what needs to be in governing documents, how and where, especially regarding the foundation for organizational good will – properly handling discipline.

### ***Clarity Needed in Governing Documents About Conducting Meetings and Handling Member Discipline***

As a Professional Registered Parliamentarian and Mediator, I guide and assist many national organizations to help them clarify and improve their governing documents so that they can appropriately handle problems and achieve more effective meetings. The following issues are critical to organizational effectiveness:

#### **Discipline**

Why is it important to have disciplinary procedures? Disciplinary procedures are a way to maintain the standards and values of the organization.

A few years ago the American Legion Auxiliary adopted a Code of Ethics. The Code of Ethics is incorporated into the American Legion Auxiliary National Constitution, Bylaws and Standing Rules as the Preface to the Standing Rules. *(They are included as an appendix to this presentation document.)*

American Legion Auxiliary members are expected to comply with the organization’s governing documents and comport themselves according to the Code of Ethics.

This Code of Ethics serves as a guide for conduct acceptable within the American Legion Auxiliary. Members are expected to abide by all laws and demonstrate their ongoing commitment to the core values of integrity, honesty, fairness, openness, responsibility and respect.

Sometimes ALA members make mistakes. Sometimes Auxiliary members do not pay attention to the ALA Code of Ethics. When that happens, it is important to address behavior that is contrary to the standards of the organization.



## How do you address inappropriate behavior?

Start with a conversation. Inform the member of her inappropriate behavior. Listen to her response. There may be a different perspective. If the member admits that she erred, then ask for her commitment not to continue the inappropriate behavior.

However, if that is not successful or you see a continual disregard for the standards, then you may need to use to a more formal disciplinary process to address the behavior. The ALA National Standing Rules state that the Unit has the responsibility for the discipline of its members.

In order for this to happen, a unit's bylaws must have certain provisions such as:

For any violation of the Unit, Department or National governing documents, or for conduct improper and prejudicial to the welfare of the Auxiliary or of The American Legion, any member may be subject to disciplinary procedures including suspension or expulsion from membership, or any officer removed from office as long as the member or officer has been afforded due process and the procedures in the standing rules of this unit have been followed.

A member has the right to due process. The right to "due process" means that a member has the right:

- to be informed of the charge and given time to prepare her defense – the amount of time is dictated by state statute and may differ from state to state, but usually the time required is about 15 days;
- to be given the opportunity to appear and defend herself; and
- to be treated fairly.

## Procedures for a discipline process

If a unit has not adopted specific procedures for the discipline process, it can create and adopt procedures using sample procedures that can be found in the *American Legion Auxiliary Unit Guide*, (commonly known as the *Unit Handbook*).

If a unit does not adopt its own specific disciplinary procedures, then the procedures in the current edition of *Robert's Rules of Order Newly Revised* need to be implemented.

*Robert's* elements of fair disciplinary process are:

- (1) confidential investigation by a committee;
- (2) report of the committee, and referral of charges, if warranted;
- (3) formal notification of the accused;
- (4) trial/hearing; and
- (5) the unit's review of a trial committee's findings (if the trial has been held in a committee instead of a membership meeting of the unit).

Disciplinary procedures for American Legion Auxiliary Departments are in Article IX of the American Legion Auxiliary National Standing Rules.

## Requirements for holding an Auxiliary office

### Provisions needed in Unit governing documents

Governing documents too often state the eligibility requirements to be elected to a position, but do not provide any requirements to hold the position. The lack of clarity in an organization's governing documents too often leads to opportunities for confusion and personal interpretation, which in turn, can result in ill will.

Examples of such clarifying provisions include:

1. Qualifications for election and service for any unit office shall be that a person is a member of the American Legion Auxiliary and is in good standing as defined in the national governing documents.  
*A member whose dues are paid up-to-date and who is not subject to suspension or membership revocation under due process shall be considered in good standing.*
2. Officers shall serve until their successors are duly elected or as otherwise provided in these governing documents. **or** Officers shall serve for a term of one year or until their successors are duly elected or as otherwise provided in these governing documents.
3. Any member subject to disciplinary procedures shall recuse herself from all deliberations concerning charges against her.

### **Provisions needed in Department governing documents**

Likewise, Department governing documents too often state the eligibility requirements to be elected to a position, but do not provide any requirements to hold the position.

Sample provisions to include are:

1. Qualifications for election and/or service for any department office or director shall be that a person is a member of the American Legion Auxiliary and is in good standing as defined in the national governing documents.  
*A member whose dues are paid up-to-date and who is not subject to suspension or membership revocation under due process shall be considered in good standing.*
2. Officers shall serve until their successors are duly elected or as otherwise provided in these governing documents. **or** Officers shall serve for a term of one year or until their successors are duly elected or as otherwise provided in these governing documents.
3. Any officer or director subject to disciplinary procedures shall recuse herself from all deliberations concerning charges against her.

Once you have proper provisions in your governing documents, it is important to consistently and fairly address inappropriate behavior. Silence gives consent!

### **Electronic meetings**

*Robert's Rules of Order Newly Revised* and most state statutes define a meeting as a gathering that provides the opportunity for simultaneous aural communication among all participants. Examples of how meetings can be conducted include face to face gatherings, telephone conference calls, voice over internet, or any combination of these.

### **Conducting business without a meeting**

If you want the ability to conduct business by a method that does not allow for simultaneous aural communication among all participants, then your bylaws must include a provision for such, and the provision must be compatible with your applicable state statutes. Examples of methods for conducting business without an in-person meeting include:

- Email
- Chat room
- Postal mail ballot
- Fax machines

Common requirements in state statutes:

- Vote threshold – what percentage of members must vote in order for a vote to be valid. Depending on the state it can range from a unanimous vote to the same bylaws requirement for a meeting.
- Documentation
- How to record in minutes

## **Summary**

Governing board members have a responsibility to make sure their department, intermediate body, subsidiary, or unit's governing documents are reviewed and improved to clearly address these vital issues discussed in this presentation.

The roles of departments and units need to be clearly understood, and governing documents need to be clear on matters of member conduct and discipline.

Member discipline is the responsibility of units and intermediate bodies, and the department is the FINAL authority for appeal of a disciplined member. Expulsion is permanent, and suspension is for a fixed period of time, based on how an entity's bylaws read. Generally, suspension cannot exceed the term of an ALA governing board. A Department needs to understand its role should the disciplined member appeal, and if a department has questions about member discipline, it should consult the Department's attorney or the Legion's Department Judge Advocate.

The National Constitution & Bylaws and Standing Rules address the due process required for a department taking action against a member. A disciplined member can appeal to the Department which is the final authority for determining membership, and meting out discipline. Department and unit bylaws should specify the authority for discipline, and then department/unit rules should state the process for handling discipline matters and acknowledge that they must be handled in accordance with due process.

**Important! Units and departments have the authority to deal with bullies, and they must do so. "National" has no authority over member behavior. The National Executive Committee only has the authority to discipline or remove a national officer or national committee member serving a multiple-year term when necessary, and with due process.**

The main objective of this presentation is to help departments, units, intermediate bodies and subsidiaries of the American Legion Auxiliary understand that:

**Better written bylaws at all levels of the organization  
are the foundation for better behavior by members.**

Clearly written governing documents can foster good will by setting standards for conduct, via a Code of Conduct, and stating the responsibility and manner for addressing member conduct issues.

###

The Code of Ethics for the American Legion Auxiliary and the American Legion Auxiliary Foundation are essential to good governance, and are found at the beginning of the Standing Rules section of the American Legion Auxiliary National Constitution & Bylaws and Standing Rules. They are included here, as well.

## **Code of Ethics**

### **American Legion Auxiliary and American Legion Auxiliary Foundation**

This Code of Ethics serves as a guide for conduct acceptable within the American Legion Auxiliary and the American Legion Auxiliary Foundation.

As a matter of fundamental principle, the American Legion Auxiliary and American Legion Auxiliary Foundation will adhere to the highest ethical standards to earn and protect the public's trust in our performance to carry out the Auxiliary's mission, uphold rigorous standards of conduct, and be good stewards of our resources.

The American Legion Auxiliary and American Legion Auxiliary Foundation, as witnessed through the conduct of its national governing body, officers, staff, and volunteers, must earn the public's trust every day and in every possible way. National leaders are expected to abide by all laws and demonstrate their ongoing commitment to the core values of integrity, honesty, fairness, openness, responsibility and respect.

The American Legion Auxiliary strongly recommends that affiliated organizations at all levels adopt a Code of Ethics and conduct themselves accordingly.

In keeping with the best practices of high performing nonprofit organizations, it is the expectation of the American Legion Auxiliary and the American Legion Auxiliary Foundation that its national business standards, operations, and conduct conform to the following Code of Ethics.

#### **Personal and Professional Integrity**

All members, volunteers, and staff of the American Legion Auxiliary and its Foundation act with honesty, integrity, and openness in all their communication, business, and transactions as representatives of the American Legion Auxiliary (organization). The organization promotes an environment that values fairness and commitment to the organization's founding principles and demonstrates respect for others.

National officers, board members, staff, and volunteers shall conduct their personal and professional lives in a manner befitting the organization's mission and values, recognizing that their actions reflect upon the credibility and reputation of the American Legion Auxiliary and American Legion Auxiliary Foundation.

National officers, board members, staff, and volunteers shall work to positively influence their environment to build respect, credibility, and strategic importance of our organization to the public, our members, and the communities we serve.

#### **Legal Compliance**

The American Legion Auxiliary and American Legion Auxiliary Foundation are knowledgeable of and comply with all applicable federal, state and local laws and regulations, including but not limited to: complying with laws and regulations related to human resources, financial accountability, taxation, fundraising, trademark protection, and licensing.

National officers, board members, staff, and volunteers shall exercise due diligence in obtaining information on applicable laws and regulations for their jurisdiction.

National officers, board members, staff, and volunteers shall recognize that compliance with applicable laws is a paramount standard.

### **Governance**

The American Legion Auxiliary's national governing body is responsible for setting the strategic direction of the organization and oversight of the finances, operations, policies and programmatic performance.

The governing bodies of both the American Legion Auxiliary and American Legion Auxiliary Foundation shall:

- Ensure that the organization conducts all communication, business, and transactions with integrity and honesty;
- Ensure that policies of the organization are in writing, clearly articulated, and officially adopted;
- Ensure periodic review of the organization's structure, procedures and programs to determine what is working well and what practices the organization might want to change in order to be more efficient, effective or responsible.
- Ensure that the resources of the organization are responsibly and prudently managed;
- Ensure that the organization has the capacity to carry out its programs effectively.

### **Responsible Stewardship**

The boards, officers, staff, and volunteers of the Auxiliary and its Foundation are responsible for managing and preserving the organization's assets. Officers, board members, staff, and volunteers are expected to understand their fiduciary responsibilities so that the charitable purposes of the organization are carried out and assets are properly safeguarded and managed.

Officers, board members, appropriate volunteer leaders and staff shall ensure that:

- Financial reports are created and maintained on a timely basis and that accurately portray its financial status and activities.
- Internal financial statements are provided accurately and timely.
- Annual financial reports are made available to the public.
- Employees, national leaders, and members are provided a confidential means to report suspected financial impropriety or misuse of its resources.
- Written financial policies governing management and investment of assets and reserve accounts, internal control procedures, and purchasing practices are developed and implemented.

### **Openness and Disclosure**

The American Legion Auxiliary and American Legion Auxiliary Foundation will provide comprehensive and timely information to the public, the media, and its members, and is responsive to reasonable requests for information. All information about the organization will fully and honestly reflect the policies and the practices of the organization.

## **Conflict of Interest**

The organization has the right to expect that the decisions made by the national boards, officers, staff, and volunteers of the Auxiliary and its Foundation are made objectively and in the best interest of the organization.

To avoid the appearance of impropriety by those who could benefit directly or indirectly from any action by the Auxiliary and its Foundation, the organization shall develop, adopt and implement a conflict of interest policy.

Such policy shall include requirements to fully disclose all potential and actual conflicts of interest and prohibitions on activities that conflict with legal, ethical, and fiduciary obligations to the organization.

## **Fundraising**

The organization shall take care to ensure that all means and materials for solicitation accurately and correctly reflect its mission and use of solicited funds. The American Legion Auxiliary and its Foundation shall respect the privacy concerns of individual donors and expend funds consistent with donor intent.

To assure that donors and prospective donors can have full confidence in the organization and the causes they are asked to support, the Auxiliary and its Foundation will respect the following rights of donors:

- To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- To have access to the organization's most recent financial statements.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgement and recognition.
- To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing the American Legion Auxiliary and its Foundation will be professional in nature.
- To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

## **Grant Making**

The American Legion Auxiliary and its Foundation shall have specific stated responsibilities in carrying out grant programs. These responsibilities include the following:

- A formal and consistent application process which includes defined eligibility.
- Fair and equitable selection criteria.
- Assurance of applicant privacy
- Clear, timely and respectful communications throughout the application process

## **Inclusiveness and Diversity**

The organization recognizes the value of the diverse backgrounds and beliefs of its membership. The organization promotes an atmosphere of mutual respect for the worth and dignity of its members, those eligible to become members and those we serve.

## **Ethics Violations**

Any member may report a violation of ethical conduct or actions contrary to the governing doctrine without fear of retaliation.

The organization considers all inquiries and complaints about actions of members to be strictly confidential.

Ethics Query – An ethics query is a means for inquiring whether or not a practice warrants filing a complaint alleging a violation of the Code. Anyone may register a query of a possible violation of the Code by a member.

The organization shall adopt a procedure to administer the ethics query process.

Ethics Complaint – An ethics complaint provides a process for receiving, investigating and acting on a violation of the Code made against any member or staff and provides a process that is fair, responsible, confidential and consistent.

The organization shall adopt a procedure to administer the complaint process.

## **Whistleblower Protection**

A whistleblower is any member who, in good faith, promptly reports instances of any suspected violation of the Code. The American Legion Auxiliary and American Legion Auxiliary Foundation shall establish and abide by policies to protect the Auxiliary.

Any member who acts maliciously by making known information she knows or reasonably believes to be false is not a whistleblower and will not be protected under the whistleblower mechanism.

The organization expects improper activity to be reported accurately and will protect whistleblowers from retaliation.

The organization will investigate any allegation that a whistleblower has been retaliated against for disclosing information that the whistleblower believed to have been accurate. Any member who believes she been retaliated against for whistle blowing is expected to report it immediately. If the complaint is validated, the organization can impose disciplinary sanctions against the retaliating member including termination of membership in the organization.

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The American Legion Auxiliary Department Operations Guide, published April 25, 2014.

**UPDATE HISTORY:**

<b>#</b>	<b>Date</b>	<b>Author(s)</b>	<b>Description (Substantive or Proofing)</b>
01	07/21/2014	ALA NHQ Communications	Proofing: Cover added, footers edited
02	11/17/2016	ALA NHQ	Addition of three sample forms (Narrative performance Review, Dept. Self-Assessment Review Form, and ALA Bylaws as Framework for Civility); separated the Important Tax Information and Bond Information into two documents; updated Appendix Table of Contents to reflect these changes and additions.

Revision in progress date:  
Anticipated completion Summer 2024





**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Appendix C:**

**Guides**

Revision in progress.  
Anticipated completion date:  
Summer 2024

Revision in progress.  
Anticipated completion date:  
Summer 2024



**American Legion Auxiliary**

**Department  
Operations  
Guide**

**ALA Branding Guide is a separate  
publication.**

**To download, please go to:  
[www.ALAforVeterans.org](http://www.ALAforVeterans.org).**

Revision in progress.  
Anticipated completion date:  
Summer 2024



# American Legion Auxiliary

## BRANDING GUIDE

**American Legion Auxiliary**

**HOMELESS VETERAN?**

The Department of Veterans Affairs (VA) provides a 24/7 hotline with trained counselors for homeless veterans, at-risk veterans and their families at

**1-877-4AID VET**

For more information on the American Legion Auxiliary Veterans Affairs & Rehabilitation Program, visit [www.ALforVeterans.org](http://www.ALforVeterans.org).

**American Legion Auxiliary**

**Mission:**

*In the spirit of service, not self, the mission of the American Legion Auxiliary is to support the American Legion and to honor the sacrifice of those who serve by enhancing the lives of our veterans, military, and their families, both at home and abroad.*

*For God and Country, we advocate for veterans, educate our citizens, mentor youth, and promote patriotism, good citizenship, peace and security.*

**American Legion Auxiliary**  
National Headquarters  
8945 N. Meridian St.  
Indianapolis, IN 46260  
P: (317) 569-4500 | F: (317) 569-4502  
[www.ALforVeterans.org](http://www.ALforVeterans.org)  
[www.ALAFoundation.org](http://www.ALAFoundation.org)

**Veterans Affairs & Rehabilitation: A Guide for Volunteers**

**American Legion Auxiliary**

**In the Spirit of Service Not Self for Veterans, God and Country**

**American Legion Auxiliary**  
In the Spirit of Service Not Self for Veterans, God and Country

**Jane Smith**  
Chairman of Community Service, 2018-2019  
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[jsmith@ALforVeterans.org](mailto:jsmith@ALforVeterans.org)

[www.ALforVeterans.org](http://www.ALforVeterans.org)

**DONATION FORM**

Please complete the following information so that we may send you a tax receipt.

Amount of Gift:  \$100.00  \$50.00  \$75.00  Other: \$ \_\_\_\_\_

Payment Type:  Check  Credit Card (VISA or MasterCard)

Expiration: \_\_\_\_\_

CIV#: \_\_\_\_\_

Select one fund destination for your donation:

American Legion Auxiliary

Children of Warriors National Presidents Scholarship

ALA - Spirit of Youth

Auxiliary Emergency Fund

Legion Auxiliary Foundation

Endowment Fund

Projects Fund

Creative Arts Festivals

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_

STATE: \_\_\_\_\_

ZIP: \_\_\_\_\_

PHONE: \_\_\_\_\_

\*Checks to the American Legion Auxiliary Foundation should be payable to the American Legion Auxiliary Foundation. For all other funds, checks should be payable to the American Legion Auxiliary National Headquarters.

**WAYS TO GIVE**

It is both humbling and exhilarating to realize that your gift can make a profound difference in the life of another human being. Once that spark is lit, it's a fire to match. More giving. More love. And for nearly 100 years, the American Legion Auxiliary has been living this experience. We've watched our veterans, military, and their families respond, rebound, and reclaim a positive view of life. That's why we are so passionate about the work we do.

Your gift can be made by check, credit card, online, or through planned giving. For donations to the Auxiliary Emergency Fund, Children of Warriors National Presidents Scholarship, or Spirit of Youth, make checks payable to the American Legion Auxiliary National Headquarters. For contributions to the Mission Endowment Fund, Veterans Projects Fund, or Veterans Creative Arts Festival, make checks payable to the American Legion Auxiliary Foundation.

Main checks to American Legion Auxiliary National Headquarters, Attention: Development Director, 8945 N. Meridian St., Indianapolis, IN 46260.

**American Legion Auxiliary**  
National Headquarters  
8945 N. Meridian St., Indianapolis, IN 46260  
P: (317) 569-4500 | F: (317) 569-4502  
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[www.ALAFoundation.org](http://www.ALAFoundation.org)

**American Legion Auxiliary National Headquarters**  
Published in 2018

**American Legion Auxiliary**

**They Gave. They Give. Will you?**

**Giving Opportunities**

**American Legion Auxiliary**

**In the Spirit of Service Not Self for Veterans, God and Country**

*A how-to guide for branding the American Legion Auxiliary*

*Revised April 2018*

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# INTRODUCTION

## WHY A BRANDING GUIDE?

Our brand is our identity. It's our reputation, our promise. It's how the public recognizes us. It's our big picture and our message. One of the American Legion Auxiliary's brand promises is to effectively deliver our mission.

Think of a brand. It can be an old or new one, one that has changed over time or that is still strongly rooted in tradition, or one with which you're most familiar. What brand popped into your head?

Let's say it was McDonald's — long established and well known across the globe. McDonald's has a strong brand. We know their colors are red and yellow. We can clearly picture their big Golden Arches. We know their mascot, Ronald McDonald, and what he looks like. We know that they promise to provide food quickly to children and adults. And, we might even be able to recite their slogan, "I'm lovin' it." We know all of this because of intentional and effective branding.

Branding is essential to the survival of an organization. The amount of interference and clutter generated by competing brands in print and electronic media can be overwhelming. Some of the most recognizable brands in the world have a "big picture" or "master template" look that they use to communicate who they are — think Coca-Cola, Disney, or Apple. Through a brand, as studies have shown, people begin to develop emotional attachments and strong feelings for a brand much as they would for another human being.

Because the American Legion Auxiliary's units and departments are spread across the United States and its territories, we need to develop a strong and cohesive brand. Your unit/department might not be aware or even concerned about what another unit/department is doing. But, what they do and how they look can affect your reputation.

The public should be able to pair the ALA with

our core values, mission, and look in the same way they can look at the cursive white script and red background on a soda can and immediately think Coca-Cola.

## WHO SHOULD USE THIS GUIDE?

Everyone has a role in creating and maintaining the Auxiliary's brand, but the people who should use this guide the most are communications professionals and volunteers when writing, designing, or producing Auxiliary-related material or when guiding contractors/vendors to produce material.

## HOW SHOULD THIS GUIDE BE USED?

This guide is multi-purpose. By establishing a brand for the American Legion Auxiliary, we can, for example, improve fundraising interest and potential because of enhanced credibility that will come with a standardized and professional image. This guide will also serve as an easy-to-follow template that will make the job easier at all levels. Also, by establishing a unique brand, we will differentiate ourselves from other veterans service organizations.

Refer to this guide when producing any American Legion Auxiliary-related materials. Let this guide be your reference in all steps of production; it contains small details such as size and color of documents and larger concerns such as how the Auxiliary's mission should be reflected in its branding efforts.

The purpose of this guide is not to hinder the progress of the American Legion Auxiliary or its units/departments, but rather to strengthen our entire organization. We want to enhance our identity, maintain and build upon consistency, and simplify and update our look and feel. We need to communicate who we are, what we do, and why it matters. By producing materials that are uniquely ours, the American Legion Auxiliary will be easily recognizable no matter where material is produced or in what format it's published.

# THE AMERICAN LEGION AUXILIARY

## EMBLEM & ITS USAGE

### EMBLEM USAGE

The word “emblem” used hereafter shall mean logo, insignia, badge, medal, emblem, or any colorable imitation thereof or the reproduction thereof, of the American Legion Auxiliary name and symbol. The name and emblem of the American Legion Auxiliary are registered service marks in the U.S. Trademark Office (Original 1920 Patent No. 55398, renewed by Acts of Congress, Aug. 1935, June 1949, June 1962 and April 1976) and are protected by criminal and civil enforcement provisions of federal law. The official emblem of the American Legion Auxiliary is on file at National Emblem Sales, The American Legion National Headquarters, Indianapolis, Ind. (<http://emblem.legion.org>).

The national organization may grant permission to use the name and emblem in accordance with that resolution, other resolutions and U.S. Trademark Law. American Legion Auxiliary National Headquarters is charged with resisting and restraining any unauthorized use of the name “American Legion Auxiliary” or the emblem.

A resolution, passed Jan. 13, 1948, states that the manufacture, sale, or purchase for resale, either separately or appended to, or to be appended to, or the reproduction on any article of merchandise manufactured or sold, of the badge, medal, emblem, or other insignia or any colorable imitation thereof, of the reproduction thereof for commercial purposes of the American Legion Auxiliary, or the printing, lithographing, engraving, or other like reproduction of such badge, medal, emblem, or other insignia or colorable imitation thereof the American Legion Auxiliary shall be in accordance with the rules and regulations declaring the policy of the American Legion Auxiliary.

The use of the emblem by the individual unit member shall be limited to the wearing of the official insignia and to the possessions of authorized jewelry or merchandise bearing the emblem, using the imprint of the emblem

upon stationery and official supplies, upon unit publications, and to the use of authorized regalia or merchandise bearing the emblem.

The use of the emblem by departments shall be the same as by use of units, except that convention committees in several departments are privileged to use the emblem for decoration and souvenir purposes, subject in each instance to the approval of the national secretary.

Any other use of the name “American Legion Auxiliary” or the emblem shall be subject to the approval of the national secretary, provided, however, (a) that any requests for such other use of the emblem by units shall first be subject to department approval before submission to the national secretary, and (b) that any other such use by the departments, when approved by the national secretary, shall be confined within the territorial limits of the department.

No unit, county, district or department of the American Legion Auxiliary, and no officer or member thereof, has authority to grant the right to manufacture, reproduce or deal in items bearing the name and/or emblem of the American Legion Auxiliary.

Use of the American Legion Auxiliary emblem is controlled by the national organization. All requests for approval to use the emblem must first be sent to the department secretary. The request letter must state who will perform the duplicating (manufacturer), the name of the product, its intended use and the exact amount being ordered. Additional quantities require new authority. The department secretary indicates her acknowledgement and affixes her signature before forwarding the request to the national secretary.

The letter authorizing use of the emblem by the national secretary must be issued to the manufacturer and will be sent directly to the manufacturer. Copies of the authorization letter



# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

will be sent to the department secretary and the person making the request if that information has been provided. For more information on permission to use the emblem, see The American Legion website: [www.legion.org/emblem/faq](http://www.legion.org/emblem/faq).

Any other use of the name “American Legion Auxiliary” or the emblem shall be subject to the approval of ALA National Headquarters. These restrictions apply equally to the emblems of The American Legion and the Sons of The American Legion.

## NAME

- ★ Always capitalize the first letter of each word of the name the American Legion Auxiliary. If it appears in lowercase letters, the words could become confused with the other words in a sentence.
- ★ Never shorten the name American Legion Auxiliary to something like “Legion Auxiliary” or “American Auxiliary.”
- ★ The full name American Legion Auxiliary should be spelled out for the general public. Don’t refer to our organization as ALA or the Auxiliary to external audiences. To avoid repetition, use words such as organization on second reference.
- ★ Our organization should not be referred to as the Women’s Auxiliary or the Ladies Auxiliary.

For internal audiences, spell out American Legion Auxiliary on first reference. Subsequently referring to it as the Auxiliary or ALA to save space is acceptable.

## TRADEMARK & COPYRIGHT

The American Legion owns the trademark on the American Legion Auxiliary emblem. Because copyright protects our work, you should always apply for a copyright on any published materials. The copyright is also a good place to keep track of your last update by listing it with the copyright information.

## EMBLEM IN PRINT & ONLINE

Use of the ALA emblem in print and online is governed by National Headquarters to ensure correct and proper use. The use of the emblem in the electronic medium does not constitute permission to reproduce it. Permission to reproduce the emblem is confined to those activities listed in “Emblem Usage” on the previous page. If a local unit, post, or department wishes to use the emblem on a newly designed graphic, a letter of request for approval must be sent to the national secretary’s attention.

Units are confined to using the emblem or reproduction of the emblem on stationery, unit publications, notices, posters, placecards, or matters of similar character used in the ordinary routine and conduct of legitimate unit business. Departments are similarly limited. Any other use of the name “American Legion Auxiliary” or the emblem shall be subject to the approval of the national organization.



*Simply put, a brand is a promise. When customers trust they’ll get the result they expect, a preference for that brand is created. Good things begin to happen.*

— eBay’s branding guide

## OUR EMBLEM

Our emblem is the main identifier of our organization, and it’s one of our most valuable assets at the American Legion Auxiliary. Over the course of our 100 years of history, our emblem has remained unchanged and has become well known within our organization — we must preserve and perpetuate this.

# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

## OUR NAME

For the same reasons we treat our emblem with respect and avoid the misuse of it, we should not misuse our name. Always use our full, proper, and trademarked name in communications.

## CORPORATE AND TRADE NAMES

The corporate name is the official legal designation of a company or organization. Corporate names should be spelled out in full. The following are correct and incorrect usages of corporate names:

### Correct:

THE AMERICAN LEGION  
American Legion Auxiliary

### Incorrect:

the American Legion  
THE AMERICAN LEGION Auxiliary

A trade name is the name under which an organization promotes itself to its members and the public and under which it conducts business. In some cases, the trade name may be the same as the corporate name.

### Correct:

The American Legion  
THE AMERICAN LEGION  
American Legion Auxiliary  
AMERICAN LEGION AUXILIARY

### Incorrect (to external non-member audiences):

the Legion  
the AL  
the Auxiliary  
the ALA

## PRODUCTS THAT SHOULD CONTAIN THE AMERICAN LEGION AUXILIARY EMBLEM

Any materials produced that could have any bearing at all on our brand should contain the ALA emblem. This includes both internal and external productions including, but not limited to, written, designed, constructed, recorded, or otherwise made materials.

Examples of materials that should include the American Legion Auxiliary emblem include, but are not limited to: business cards, envelopes, letterheads and footers, forms, brochures, and posters.

Examples of materials not necessary to apply our emblem to include, but are not limited to: internal emails, materials for inter-office/department/unit-only use.

## EMBLEM USE ON GRAVE MARKERS

Purchases of grave markers from American Legion Flag & Emblem Sales do not require approval of the national secretary. The use of the American Legion Auxiliary emblem on grave markers purchased from outside sources requires approval from both the department secretary and the national secretary. All requests must first be sent to the department secretary. After approval there, it will be forwarded to the national secretary's attention for consideration.

For a deceased member, the following information is required:

- ★ Full name and address of the member.
- ★ Name and number of the unit to which she belonged.
- ★ Verification that she was a member in good standing at the time of death.
- ★ Name and address of the manufacturer of the grave marker. If the manufacturer is unknown, the name and address of interment must be sent.

# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

To receive approval for the use of the American Legion Auxiliary emblem on a grave marker on a pre-need basis, one of two conditions must be met:

1. She must have been a member of the American Legion Auxiliary for at least 20 consecutive years.
2. She must be a Paid Up For Life (PUFL) member, regardless of the length of her consecutive membership. If the member is deceased and the request is made by her family, the member must have been a PUFL member at the time of her death.

## SIGNATURES

### Co-branding

When producing materials that are co-branded, the size of each partner's emblem/logo should be proportional to their contribution in the partnership. When each partner has contributed equal shares, both emblems/logos should be of equal size. But, special consideration should be given to each emblem/logo. The ALA emblem is unique in that it contains small, embedded text. If the logo is printed too small, the text becomes unreadable and therefore, the emblem does not appear as it should.



*Diet*  
**COKE**

As you can see in the graphic above, the emblems/logos are of comparable size. But, which one is more readable? The logo for Diet Coke is much more readable. This is a topic to discuss with any co-sponsor because of the differences between each organization's emblems/logos. When co-branding with any organization or company, request high quality or source graphics. Do not pull images or graphics from websites.

### Co-branding with The American Legion Family

Another consideration — when producing materials co-branded with the Legion Family, all emblems should always be of equal size.



### Size requirements

The main consideration to keep in mind in terms of size is readability. Our emblem is unique in that it contains small text within the body of the emblem. The text of our emblem should always be easily readable on any production.

### LOGOTYPE & FONT

Adobe Garamond Pro is the preferred font for "American Legion Auxiliary" because of its clean, professional look and readability. This type treatment in conjunction with the emblem is called a logotype. A common treatment is a stacked vertical treatment or a color bar placed with the emblem (see samples on page 8). The emblem may also be placed on top of complex graphics and photography.

### PLACING REQUIREMENTS

The American Legion Auxiliary emblem should always be prominently displayed at the top of any production with nothing placed above it. Except in some rare instances, the American flag is permissible to be placed above our emblem.

A best practice is to avoid using our logo over any "busy" or colorful background (i.e., anything that will interfere with the readability or overall visibility of our emblem). If such a background is unavoidable, use the "outerglow" feature in Adobe InDesign. This adds a halo effect around the emblem and softens the colors around it, thereby making it appear more visible.

# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

## EMBLEM COLORS & USAGES

There are five color versions of the American Legion Auxiliary emblem available for use: the four-color, two-color, one-color, grayscale (black), and reversed emblem. Each one has its specific use and purpose, as this page will explain.

- ★ The four-color emblem should be used as much as possible because it is the most common version and the one we want the public to be most familiar with.



The four-color version should be used on all materials produced for websites, full-color publications (e.g., magazines, brochures, or other materials published in full-color) or video productions.

- ★ The two-color PMS emblem (PMS stands for Pantone® Matching System) should be used on items such as envelopes, letterheads, business cards, and other items when they are produced in bulk. Utilizing the two-color PMS emblem will help keep costs lower than printing with a four-color emblem.



A PMS color is a predetermined mix that produces consistent color between printings, used between designers and printers. (To learn more, go to [www.pantone.com](http://www.pantone.com).) While using PMS colors can help cut costs when producing materials in bulk, four-color printing can be more cost-effective for smaller batch jobs because of the initial cost of a PMS color. Keep in mind that a color will look differently printed on coated paper than it will on uncoated. For additional information on colors, please see the Design Guidelines section in this Branding Guide.

- ★ The one-color PMS emblem should be used at the graphic designer's discretion, usually for cost savings with one-color printing.



- ★ The grayscale or black emblem should be used only when items will be printed and copied in black. Otherwise, please use a color emblem.
- ★ A reversed logo (white) can be used on such things as T-shirts, when white is required to print on top of a color background.
- ★ A brochure-style emblem (below) is also available with the words "American Legion Auxiliary" using the Adobe Garamond Pro font to the right of the emblem in both Pantone and CMYK blue, black, grayscale, and two reversed (white) versions.



American Legion  
Auxiliary

*Four-color*



American Legion  
Auxiliary

*PMS two-color*



American Legion  
Auxiliary

*Four-color, black*



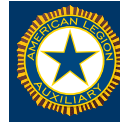
American Legion  
Auxiliary

*PMS one-color  
(540c or 541u)*



American Legion  
Auxiliary

*Grayscale*



American Legion  
Auxiliary

*Four-color,  
reversed*



American Legion  
Auxiliary

*Reversed*

# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

## AMERICAN LEGION FAMILY LOGO: COLORS & USAGES

There are three versions of the American Legion Family logo available for use: four-color, grayscale (black), and reversed. Please reference earlier pages in this guide on American Legion Auxiliary emblem usages.

In addition, the individual emblems can be rearranged as shown below for layouts that require less width, such as the backside of a Family-branded shirt.



The American Legion Family



The American Legion Family



The American Legion Family



The American Legion Family

# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

## PROPER TRADEMARK USAGE OF AMERICAN LEGION AUXILIARY GIRLS STATE NAME AND LOGOS IN MEDIA RELATIONS, PROMOTION, AND PUBLICITY

The American Legion Auxiliary holds registered trademarks for the terms “American Legion Auxiliary” and “Girls State,” plus several iterations thereof, as well as the official American Legion Auxiliary emblem. The word “emblem” used herein shall mean insignia, badge, medal, emblem, or any colorable imitation or reproduction thereof, of the American Legion Auxiliary.

The American Legion Auxiliary national organization (National Headquarters) may grant permission to use the name and emblem in accordance with U.S. trademark law. National officers are charged with resisting and restraining any unauthorized use of the name “American Legion Auxiliary” or the emblem.

Some examples of proper use include: American Legion Auxiliary Michigan Girls State, American Legion Auxiliary Buckeye Girls State, etc.

An American Legion Auxiliary Girls State program may use the “American Legion Auxiliary” and “Girls State” trademarks for stationery, publications, notices, posters, or similar correspondence items without requesting national approval only for official Auxiliary business, assuming that such usage complies with the national organization’s pre-approved emblems with no alteration.

No other objects or lines shall be directly imposed upon the emblem. An application for permission needs to be submitted to the national organization for any other merchandise intended to bear the name or emblem of the American Legion Auxiliary Girls State program that is not ordered from The American Legion Emblem Sales office.

This provision is especially important because the manufacturer has no right to make use of any of the Legion Family emblems without written permission. Use of the American Legion Auxiliary trademarks/emblem is controlled by National Headquarters. All requests for approval to use the trademarks must be submitted to the ALA national secretary. The written request must state the name of the product, its intended use, the person or company who will perform the duplicating (manufacturer), and the exact amount being ordered. The request may be submitted via email, with the details included in an attached document. Additional quantities require new authority. You must seek approval even if the manufacturer is a Legionnaire or ALA member. The letter authorizing use of the trademarks by the national secretary must be issued to the manufacturer and will be sent directly to the manufacturer.

Copies of the authorization letter will be sent to the department secretary and the person making the request, if that information has been provided.

Use of the name and emblem in print and online is governed by National Headquarters. If a program wishes to hire a third-party web designer to create its website or other online content, it must seek the same approval as if ordering manufactured goods. A request form must be sent to the national secretary for approval, and letters of approval must be sent to the web designer before he/she can begin work; this approval applies to pro bono work as well. Contact [NatlSecy@ALAforVeterans.org](mailto:NatlSecy@ALAforVeterans.org) to obtain a request form.

If an American Legion Auxiliary Girls State program wishes to display one of the ALA’s trademarked names or emblems on a website, it must seek permission from the national secretary. Approval may be requested and granted via email. The use of the emblem in the electronic medium does not constitute permission to reproduce it. Permission to reproduce the

# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

emblem is confined to those activities listed in the “Emblem Usage” section in this guide. If an American Legion Auxiliary Girls State program wishes to use the name and emblem on a newly designed graphic, a letter of request for approval must be sent to the American Legion Auxiliary national secretary.

This provision is especially important because of the danger of creating additional emblems or trademarks which are not registered, and in some circumstances, can endanger or destroy the marks already protected.

Examples of items bearing the American Legion Auxiliary Girls State program emblem for which you will need a national letter of permission:

- ★ Clothing
- ★ Mugs, plates, etc.
- ★ Third-party website design
- ★ Anytime new graphics or logos are created for your program
- ★ Any manufactured item

Examples of items that may bear the American Legion Auxiliary Girls State program emblem without a national letter of permission:

- ★ Unit/department publications
- ★ Notices
- ★ Posters
- ★ Place cards
- ★ Matters of ordinary routine; reports and other conduct of legitimate unit/department business

**PLEASE NOTE:** The ALA Girls State and ALA Girls Nation emblems cannot be altered due to trademark. National Headquarters has created two custom versions available for each department upon request. Contact [ALAGS@ALAforVeterans.org](mailto:ALAGS@ALAforVeterans.org) to request an emblem.

“Swoosh” version example:

AMERICAN LEGION AUXILIARY  
COLORADO



AMERICAN LEGION AUXILIARY  
KENTUCKY



“Text” version example:



American Legion Auxiliary  
Alaska  
**Girls State**



American Legion Auxiliary  
Little Rhody  
**Girls State**

# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

## AMERICAN LEGION AUXILIARY GIRLS STATE EMBLEM COLORS

Just as with the American Legion Auxiliary emblem, there are different color versions of the American Legion Auxiliary Girls State emblem available for use: the four-color, four-color with black background, grayscale (black) and reversed emblem. Each one has its specific use and purpose.

## AMERICAN LEGION AUXILIARY GIRLS NATION EMBLEM COLORS

Just as with the American Legion Auxiliary emblem, there are different color versions of the American Legion Auxiliary Girls Nation emblem available for use: the four-color, four-color with black background, grayscale (black) and reversed emblem. Each one has its specific use and purpose.

AMERICAN LEGION AUXILIARY  
SOUTH DAKOTA



AMERICAN LEGION AUXILIARY



AMERICAN LEGION AUXILIARY  
SOUTH DAKOTA



AMERICAN LEGION AUXILIARY



AMERICAN LEGION AUXILIARY  
SOUTH DAKOTA



AMERICAN LEGION AUXILIARY



AMERICAN LEGION AUXILIARY  
SOUTH DAKOTA



AMERICAN LEGION AUXILIARY





# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

**THE FOLLOWING DISPLAYS OF THE ALA EMBLEM ARE PROHIBITED:**



*Condensing, skewing, distorting, modifying in any way*



*Stretching of the emblem in any way*



*Applying any visual effect*



*Altering the proportional relationship of any element*



*Changing or altering the typeface or placement of typeface*



*Deleting any element of the emblem*



*Printing the emblem in any other color than approved*



*Allowing type or other items to obscure any part of the emblem*



*Printing or using a low-resolution or unreadable graphic*

# THE AMERICAN LEGION AUXILIARY FOUNDATION LOGO & ITS USAGE

## ALA FOUNDATION LOGO COLORS & USAGES

There are five color versions of the American Legion Auxiliary Foundation logo available for use: the four-color, two-color, one-color, grayscale (black), and reversed emblem. Each one has its specific use and purpose, as this page will explain.

- ★ The four-color logo should be used as much as possible because it is the most common version and the one we want the public to be most familiar with. The four-color version should be used on all materials produced for websites, full-color publications (e.g., magazines, brochures, or other materials published in full-color), or video productions.



- ★ The two-color PMS emblem (PMS stands for Pantone® Matching System) should be used on items such as envelopes, letterheads, business cards, and other items when they are produced in bulk. Utilizing the two-color PMS emblem will help keep costs lower than printing with a four-color emblem.



A PMS color is a predetermined mix that produces consistent color between printings, used between designers and printers. (To learn more, go to [www.pantone.com](http://www.pantone.com).) While using PMS colors can help cut costs when producing materials in bulk, four-color printing can be more cost-effective for smaller batch jobs because of the initial cost of a PMS color.

- ★ The one-color PMS emblem should be used at the graphic designer's discretion, usually for cost savings with one-color printing.



- ★ The grayscale or black emblem should be used only when items will be printed and copied in black.



- ★ A reversed logo (white) can be used on such things as T-shirts, when white is required to print on top of a color background.



- ★ There is an additional horizontal logo version as also shown, which is also available in different color versions.



## FOUNDATION LOGO TAGLINE

- ★ The American Legion Auxiliary Foundation tagline (Ensuring Our Mission of Service Endures) should appear in the standard fonts, either Adobe Garamond Bold or Times New Roman Bold.
- ★ The tagline should appear centered, under the American Legion Auxiliary Foundation logo as appropriate, as shown below.



Ensuring Our Mission of Service Endures

# THE AMERICAN LEGION AUXILIARY EMBLEM & ITS USAGE

## PIN AND JEWELRY DESIGN

Usage of the American Legion Auxiliary emblem on pins, jewelry, and other related manufactured items should follow these guidelines:

- ★ The ALA's emblem should be prominently displayed at the top of any production with nothing placed above it. The only exception to this rule is that the American flag may be placed above the emblem.
- ★ The ALA's emblem should be legible and large enough to read the American Legion Auxiliary name.
- ★ Do not place the ALA's emblem on a busy background. No lines or other designs or objects may pass behind the emblem. The emblem must be either highlighted with a glow or it's best to place the emblem on a solid background.
- ★ The ALA's emblem should not be used as a substitution for a letter or number, or as a design object or other element.
- ★ Colors should be as accurately matched as best as possible.

## THE FOLLOWING DISPLAYS OF THE ALA EMBLEM ARE PROHIBITED:



*Emblem should not be placed on a busy background.*



*Emblem should be legible and large enough to read, and placed on a solid background.*



*Emblem should be at the top of any production and should not have other art elements attached to it.*

# BRANDING STYLE

## AMERICAN LEGION AUXILIARY WAVE

The use of the American Legion Auxiliary wave provides our products with a clean, cohesive look. It represents forward movement within our organization. It provides our documents with a modern look. The wave should be used on all materials as applicable.

There are two versions of the ALA wave as a solid graphic and as a line. The solid graphic is available in red and blue, with the blue version of the wave being preferred. The solid red version should be used mainly with darker background colors. An example of this design element appears in our brochures and booklets. The background

of the Legislative Advocacy Guide below is blue. Therefore, we used a red wave.

The wave line, as shown in two examples below, is to be used as an alternative to the solid wave, such as to minimize printer ink usage, and is available in blue, black, or reversed (white).

The wave graphics are not to be altered in color or general appearance. They are designed and intended to generally flow along the bottom edge of a document, and, if possible, the solid wave should bleed off of the left, right, and bottom edges. The solid wave graphic can be stretched left to right as needed, as long as it does not lose its general shape. Neither graphic should be placed vertically on any documents.



# BRANDING STYLE

## THE FOLLOWING DISPLAYS OF THE ALA EMBLEM ARE PROHIBITED:

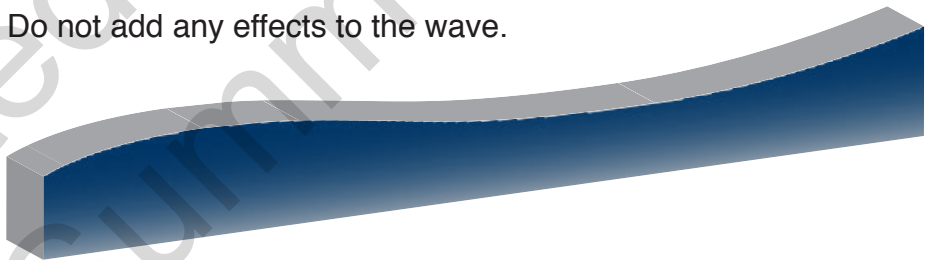
Do not alter the colors.



Do not alter the size or shape.



Do not add any effects to the wave.



Do not delete any part of the wave.



Do not place the wave vertically.



# BRANDING STYLE

## APPROVED ALA TYPEFACES

The American Legion Auxiliary has chosen the Adobe Garamond Pro and Helvetica type families because of their clean, professional appearances and readability. If your computer does not come equipped with Adobe Garamond Pro, we recommend similar fonts from the Garamond family such as Garamond or ITC Garamond, or other substitutions can be used such as Palatino, Minion Pro or Times New Roman. A substitution for Helvetica is Arial.

Following are samples of the ALA appropriate typefaces:

Adobe Garamond Pro  
ABCDEFGHIJKLMNOPQRSTUVWXYZ  
abcdefghijklmnopqrstuvwxyz

*Adobe Garamond Pro Italics*  
*ABCDEFGHIJKLMNOPQRSTUVWXYZ*  
*abcdefghijklmnopqrstuvwxyz*

**Adobe Garamond Pro Bold**  
**ABCDEFGHIJKLMNOPQRSTUVWXYZ**  
**abcdefghijklmnopqrstuvwxyz**

Helvetica  
ABCDEFGHIJKLMNOPQRSTUVWXYZ  
abcdefghijklmnopqrstuvwxyz

**Helvetica Bold**  
**ABCDEFGHIJKLMNOPQRSTUVWXYZ**  
**abcdefghijklmnopqrstuvwxyz**

## WHY TYPOGRAPHY IS IMPORTANT

Typography is one in a set of many elements to be used for providing a consistent look for the American Legion Auxiliary. Each typeface has its own unique personality and purpose. For example, Comic Sans is a typeface many people single out as being unprofessional and one that should not be used to compose a message intended to be taken seriously.

Look at the following statement typed in Comic

Sans:

The President of the United States of America has issued the following warning...

Now compare that statement with this one typed in Adobe Garamond Pro:

The President of the United States of America has issued the following warning...

Comic Sans has an inherent juvenile look. Its rounded corners lack the authority of the serified typeface of Adobe Garamond Pro. Similarly, Adobe Garamond Pro wouldn't be the most appropriate choice for an invitation to a child's birthday party.

Which looks better:

Dear Jimmy, please come to Johnny's 2nd birthday party.

OR

Dear Jimmy, please come to Johnny's 2nd birthday party.

As you can see, every typeface has a personality and an intended use. For this reason, please refer to the following additional information on typefaces.

## GENERAL TYPOGRAPHY GUIDELINES

Our typography should be consistent. This means do not enlarge, extend, skew, condense or otherwise alter the typeface. It is also important to know in what instances it is OK to use typeface effects.

Boldface type should be used only for titles, headlines, to make words stand out, and, very rarely, for emphatic use. Bolding words emphasizes their importance within a body of text. Overusing the bold effect can seem hostile or abrasive and could easily turn readers away from your text.

Similarly, italics should be used sparingly. Italic type is mainly used when typing foreign words or

# BRANDING STYLE

phrases to differentiate them from surrounding words. Italics can also be used for emphasis. Titles of books, movies, publications, etc., should be italicized.

Other effects such as underline, strikethrough, or shadows should never be used. In special branding circumstances, National Headquarters might modify these rules.

Avoid using all capital letters, with the exception of titles and headlines. Using all capital letters can seem aggressive or hostile much in the same way using all bold letters can.

## TYPOGRAPHY SIZE

Do not use type sizes together that are close in size. The difference between 9-pt. and 10-pt. type is negligible — it will most likely go unnoticed. Use font sizes from 9-pt. to 14-pt. for most documents that are of standard sizes.

If you need to use bullet points, we suggest using stars as the points, if possible. If your computer has the font Zapf Dingbats, the capital “H” key is a five-point star, and can be printed in the American Legion Auxiliary’s blue color.

## HYPHENATION

We suggest that hyphenation be turned off or used sparingly.

## COLOR

A header, title, and large type may be in American Legion Auxiliary’s blue color. For text within the body of a document, black is the standard color for text. Avoid using color text, as it is difficult to read. Color text will also lessen the visual appeal of the American Legion Auxiliary wave.

Utilizing other colors for text produces results inconsistent with our brand and products that look unprofessional or otherwise unimpressive. White text should be used on ALA blue or red backgrounds. The color of the ALA wave should

not be altered in any way. For more information on color, including ALA’s official colors, see the Design Guidelines section of this guide.

## DOCUMENT SIZE

The standard size for documents is 8.5”x11.”

Standard copy/printer paper is this size.

Other sizes are used for special documents, presentation pieces, posters, or differently sized items.

## LAYOUT

Document layout needs to be consistent. Most elements of proper layout are things we put to use every day and are common practice. Titles are placed at the top of the page. Headers go above titles. The main body of text is placed in the middle of the document. And, the footer or any footnotes are placed at the bottom of the document. The main body of the text should be left justified, which is the justification used throughout this guide.

## IMAGERY/ART

Imagery and art can mean photography, graphics, and illustrations. These items should always be appropriate for our target audience. Be mindful of the American Legion Auxiliary’s mission and vision at all times when producing imagery for any production.

Another important aspect of imagery is quality. Poor quality imagery detracts from the effectiveness of your production and our overall goal of generating and maintaining a cohesive brand. Always use high-resolution pictures that aren’t blurred, pixelated, too dark, too bright, or off-colored.

Maintain high standards for all productions. Any material the American Legion Auxiliary produces affects how the public perceives our organization.

# BRANDING STYLE

## PHOTOGRAPHY LAYOUT

Photographs created or taken for the American Legion Auxiliary should reflect our mission and organization's values. Try to use photos with smiling, positive people engaging in our mission. Use subject matter that will resonate well with our audience.

Include a wide range of demographics and ethnicities. With this in mind, you should also utilize a variety of photographs when illustrating any production. Highlight the diversity of our organization. A brochure with pictures that lack diversity is not a good representation of our organization's demographics.

When using photographs, make sure they match or pair well with the subject matter at hand. If you're producing materials about the Auxiliary Emergency Fund, don't include pictures of youth volunteering in their community. Instead, consider using photos of members volunteering at a disaster clean-up site, for example.

In addition to subject matter, attention should be focused on how the photos are placed in a production. When possible, try to utilize square photos. Center your subject matter. Crop photos carefully.

Place your photos in a similar way as those pictured at right: square, no borders with subjects centered. In general, try to stack the photos as shown — either in groups of two or three. Drop shadows can also be used.





# PHOTOGRAPHY GUIDELINES

Pictures speak louder than words. In most cases, what you write won't resonate as strongly with someone as a picture. American Legion Auxiliary photography should seek to capture a moment of genuine interaction between people or moments of service in the spirit of the Auxiliary's mission.

## STEPS FOR SELECTING PHOTOGRAPHS

- ★ Does the photo illustrate mission movement?
- ★ Is what's happening in the picture authentic and positive?
- ★ Are the subjects being genuine?
- ★ Can our audience and/or the public relate to the picture quickly and with ease?
- ★ Is the photo free of inappropriate items such as alcoholic beverages or political signs?

## BRAND-ALIGNED MESSAGING

All photographs should reflect our mission and values, which are inherent in our brand. Refer to the "Brand Promise & Voice" section in this guide to find brand-aligned messaging ideas.

## QUICK TIPS

- ★ Try to capture smiling faces when appropriate.
- ★ Include at least two subjects unless the action in the photograph is done alone.
- ★ Try to capture the moment — get real emotions and interactions, not staged ones.
- ★ People should almost always be the focus.
- ★ Capture intimate moments of interaction between volunteers and those being served.
- ★ Naturalism and realism are important in terms of lighting, setting, interacting, etc.



- ★ Minimal editing is OK for most photographs. Don't make them appear artificial in any way. If the photograph requires too much editing to make it usable, don't use it. And always be respectful when editing.

## WHAT NOT TO DO

- ★ Don't force interactions, emotions, reactions, settings, or smiles.
- ★ Don't cut people off at the edge of a photo.
- ★ Ensure good lighting. Do not use photos that are too dark.
- ★ Don't include tobacco, alcohol, obscene gestures, or brand names/logos/emblems.
- ★ Don't make relationships between subjects appear ambiguous.

## STOCK PHOTOGRAPHY VS. MEMBER PHOTOGRAPHY

Be mindful of where all of your photographs come from. Use real Auxiliary members in your photos as much as possible. Each individual stock photograph must be purchased to obtain the rights of usage. These individual purchases can add up to a great expense. This is why it is important our members and staff understand and follow these basic photography guidelines.

When using member photography, make sure the person from whom the photograph came had permission to shoot where they did. Also make sure the photographer has at least verbal consent to use all their photographs in print (written consent should always be the goal). For a consent form, visit [www.ALAFORVeterans.org](http://www.ALAFORVeterans.org). If you need to purchase stock photography, use reputable sites such as Shutterstock.com or Getty Images. Before you purchase, read the usage rights. This is important as there are different rights (and prices) depending on the distribution.

If you are utilizing an outside vendor for photography or for providing photographs, be sure the vendor is following copyright restrictions on photographs.

# PHOTOGRAPHY GUIDELINES

## SUBMITTING PHOTOGRAPHS TO ALA NATIONAL HEADQUARTERS

American Legion Auxiliary National Headquarters wants to hear from YOU! How do you work the ALA mission? Have you recently hosted an event for veterans, military, and their families and have a story or photos to share? Has your ALA unit done something outstanding for your community that's of national interest? Show your dedication to *Service Not Self* by sending us photos of you serving the mission!

What kind of photos should I submit? Photos should reflect the ALA mission and values. Please consider photos with smiling, positive people actively engaged in serving veterans, military, and their families. Examples are volunteers handing out items to veterans at a stand down or members of The American Legion Family fully branded and serving current servicemembers' families at an event.

Pictures should be provided in maximum resolution in JPEG format with captions provided. Sending us material from your smartphone? Please be sure to select the largest file size possible when emailing the message to us. Example: On an iPhone, select the "Actual Size" option.

Ready to submit? GREAT! Simply email PR@ALAforVeterans.org. Please note that if used in ALA media, all submitted items are subject to editing for clarity, style, and format. By submitting material, you acknowledge that you are legally entitled to distribute the work and allow it to be redistributed. We may use such materials with or without your name and for any lawful purpose, including, for example, such purposes as publicity, illustration, advertising, and web-related content. In providing photos, you represent that you own all copyrights and have been given the authority by each individual depicted in the photograph to provide photos to ALA National Headquarters.

Here are examples of photos that need improvement:



Photo is too dark; person is cut off and not centered.



Photo is blurry and has poor color tones.

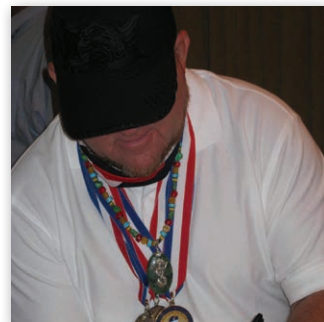


Photo is missing person's face and is too dark.

# VIDEO GUIDELINES

With video growing in importance as a medium to deliver key messages to external audiences, it is critical to maintain an experience that is recognized as part of the American Legion Auxiliary identity.



The photography guidelines also apply to video. Authenticity is the rule: your subjects telling their stories in their own words, and in their own space. Staged studio scenarios and voiceover might occasionally be appropriate, but whenever possible, video should capture a moment of genuine interaction between people or moments of service in the spirit of the ALA's mission.

## STEPS FOR SELECTING VIDEOS

Select subjects or events in the spirit of the ALA's mission. Does the video illustrate mission movement? Can our audience and/or public relate to the video quickly and with ease? Is the video free of inappropriate items such as alcoholic beverages or political signs?

## BRAND-ALIGNED MESSAGING

All videos should reflect the ALA's mission and values, which are inherent in our brand. Refer to the "Brand Promise & Voice" section in this guide to find brand-aligned messaging ideas.

## USE PROFESSIONAL EQUIPMENT WHEN POSSIBLE

Poor cameras, lighting, and sound can make even the most exciting content look underwhelming and, by extension, reflect badly on the brand. Be sure to test your equipment before the final recording to verify the quality of the video and audio.

## SOUND QUALITY

Most people won't use a microphone other than what's on their video camera. A separate handheld or lapel microphone can make a world of difference in quality and can be purchased inexpensively. There are wireless and wired microphones. A good camera store should be able to assist you with locating the right microphone for your camera. If an external microphone isn't possible, it is advisable to keep the subject who is speaking relatively close to the camera's built-in microphone.

## QUICK TIPS

- ★ Rather than just showing a talking head, look for opportunities to capture images of your subjects doing the mission, volunteering, or just moving about in their environment.
- ★ The footage can be cut into an interview, for example, to add visual interest and make the video more dynamic.
- ★ Edit until you have a brief and effective video. For online promotional use, two to three-minute videos are most effective.
- ★ Video can be shown in many contexts, including shared on other websites. Be sure to label and tag your video appropriately including names of major participants, dates, event, etc.
- ★ When possible, use a tripod to hold the video camera steady so images do not appear shaky. Unsteady video work can cause the camera to move in and out of focus and be distracting to viewers.



# VIDEO GUIDELINES

## COPYRIGHTED MUSIC

If you plan to use music as part of your video, please be advised that you should not use professionally recorded music without permission. You must always secure written permission from the copyright owner before using any work.

If you plan to use music as part of your video, legal, library music is available. Prices vary greatly from nearly free to fairly expensive. It does take a little searching for royalty-free production music. Some computer software such as GarageBand has stock music available, including the ability to create your own.

## CONSENT

When your video focuses on a person, be sure the videographer has at least verbal consent to use video of the person (written consent should always be the goal). For a consent form, visit [www.ALAforVeterans.org](http://www.ALAforVeterans.org). If you need to purchase stock photography or video clips, use reputable sites such as iStock.com or Getty Images. Before you purchase, read the usage rights. This is important as there are different rights (and prices) depending on the distribution.



## YOUTUBE

When uploading a video to YouTube, be sure to provide descriptive information:

- ★ Title: Add “American Legion Auxiliary” to the title and your department/unit name.
- ★ Description: Include names of relevant subjects, titles of presentations, dates of events, etc. Be sure to also include a link to your website for further information.
- ★ Tags: These keywords help people find your video. Separate tags by a space (e.g., American Legion Auxiliary, The American Legion).
- ★ Category: Nonprofits & Activism
- ★ You should choose “Public by Default” under “Broadcast Options” if you want your video to show up in searches.
- ★ Analytics: Pay attention to a video’s analytics regarding how many views, shares, minutes watched, and audience retention. Using these statistics can help you develop strategy for creating new and powerful video content.

# DESIGN GUIDELINES

## PROFESSIONAL DESIGNERS

Part of supporting good branding practices is to use a professional graphic designer specially trained to convey messages in pleasing and aesthetical ways in both print and web design. A professional designer will help to create visual solutions with layout, color, fonts, photography, and illustrations that will ensure communicating a strong and professional image that creates the desired response. Hiring a professional designer can also save time and money.

## SOFTWARE REQUIREMENTS

For professional print design that supports the American Legion Auxiliary's brand, we suggest using the industry standard Adobe creative suite software that today's professional graphic designers and the commercial printing industry use and support.

For print use, this suite of software includes:

- ★ **InDesign** for page layout of brochures, booklets, advertisements, and more
- ★ **Illustrator** for creation and editing source graphics, illustrations, and logos
- ★ **Photoshop** for photo and image editing, resolution, and color conversion for both print and web use

While office software such as Microsoft Word or Publisher is common, commercial press printing requires files with higher resolution and CMYK (four-color) artwork that the Adobe creative suite creates and supports. For example, the ALA solid wave is a high-quality EPS graphic format that was created with Adobe Illustrator and is not compatible with importing into Microsoft Word.

## PRINT VS. WEB RESOLUTION

Image resolution is discussed as either dpi (dots per inch) or ppi (pixels per inch). Computer displays, for example, operate upwards of 100 ppi. For sharp, high-quality press printing, 300 dpi is optimum for both color and grayscale images. For press printing, as resolution decreases, print

quality will begin to suffer such as a loss in sharpness and clarity, and images will begin to look pixelated. A high-resolution image will be a larger file size, but it is always recommended to use as close to 300 dpi at the actual printed size as possible for all images in press printing. One exception to the resolution of images for press printing is the usage of pure black-and-white line drawings that can require a much higher resolution of 1200 dpi.



Photo printed at computer screen  
72 dpi resolution



Photo printed at print  
300 dpi resolution

## BITMAPPED VS. VECTOR GRAPHICS

Digital images are saved as two types of graphics: bitmapped or vector.

Bitmapped graphics include pictures from a digital camera or scanner, and are subject to the resolution (dpi or ppi) that the graphic is saved at, as to how sharp and clear that the graphic prints and looks. File formats for bitmapped graphics are most often JPEG, PNG, GIF, and TIFF.

Vector graphics are typically the original source graphics for business logos and for the ALA emblem that were created in software such as Adobe Illustrator, and are actually described using mathematical definitions instead of being a collection of "dots" that form a bitmapped graphic. The benefits of vector graphics are that they can

# DESIGN GUIDELINES

be scaled or printed at any size — they will still look as sharp at a large size as they did when small. They can also be transparent from the background, include separated layers, include assigned Pantone colors, smaller in file size, and are most often what graphic designers and printers want for commercial press printing due to not being subject to a bitmapped graphic's resolution. File formats for vector graphics are most often EPS and AI (Adobe Illustrator) and are used to create JPEG versions of the American Legion Auxiliary emblem.

## COLORS

Computers, digital cameras and scanners save files in RGB (red, green, blue) colors, whereas press printing is most often done in four-color process CMYK (cyan, magenta, yellow, black), or a combination of colors, such as two-color printing or printing that includes PMS spot colors (PMS stands for Pantone® Matching System, which is a color standard used by designers and printers).

It is also important to understand that RGB colors often do not match CMYK colors, and color shifts can result when changed from one to the other.

In fact, there are more than 16.7 million RGB color combinations vs. 1 million CMYK color combinations.

Therefore, when submitting files for printing, commercial printers will always require that images are in CMYK only. Printers have long been using CMYK printing before the existence of today's digital technology and RGB.

Adobe Photoshop software is able to convert images to and from RGB to CMYK. Photoshop also allows for image resolution to be changed from a digital camera's native resolution (often 72 dpi) to 300 dpi print resolution.

Colors also print differently between coated (smooth finish) and uncoated (rough finish) paper stocks. Therefore, National Headquarters suggests two different colors when printing blue, depending on paper choices.



## AMERICAN LEGION AUXILIARY OFFICIAL COLORS



**PMS#:** 540  
**CMYK Breakdown:** 100, 55, 0, 55  
**Stock Choice:** Coated Paper



**PMS#:** 1807  
**CMYK Breakdown:** 0, 100, 96, 28  
**Stock Choice:** Coated or Uncoated Paper



**PMS#:** 541  
**CMYK Breakdown:** 100, 57, 0, 38  
**Stock Choice:** Uncoated Paper



**PMS#:** 873  
**CMYK Breakdown:** 30, 30, 60, 10  
**Stock Choice:** Coated or Uncoated Paper

# DESIGN GUIDELINES

## STATIONERY

The stationery of the American Legion Auxiliary is very important and plays a role in the branding and image of our organization through correspondence. National Headquarters makes available stationery templates for customization. These stationery templates include letterhead, #10 envelopes and business cards. Using these templates and our selected fonts will ensure that as an organization, our correspondence positively reinforces our image.

For cost savings and to promote our good stewardship of financial resources, our stationery templates include the two-color version of the ALA emblem.

## LETTERHEAD AND ENVELOPES WITH LOCALIZATION

Auxiliary letterhead and #10 envelopes are provided as Adobe InDesign (version CS6) and Adobe Illustrator (version CS3) templates. Your graphic designer can edit with local contact information and provide files to a commercial printer for printing.

Once customized, you can also request that your designer create a Microsoft Word template by placing JPEG graphics of the stationery in the header and footer of a Word document, and then providing it as a template Word document.



For cost savings, stationery is printed with the two-color version of the ALA emblem.

# DESIGN GUIDELINES

## BUSINESS CARDS

Business cards make it clear who you are and what you and the American Legion Auxiliary do while providing your contact information. Cards may be kept by the recipient or handed to someone as a referral. Business cards often serve as a first impression and can influence how someone remembers you.

ALA business cards are provided as Adobe InDesign (version CS6) and Adobe Illustrator (version CS3) templates for your graphic designer to edit with local contact information and provide to a commercial printer for printing.

The business card template allows for up to

two titles, three phone numbers and two email addresses. If not all contact information lines are used, lines should be spaced out as the first example shows.

A department's web address can be included as the second email address line; however, [www.ALForVeterans.org](http://www.ALForVeterans.org) should always remain part of Auxiliary business cards.

As a cost savings tip, ask your printer to print the two-color background shells in bulk, and then imprint with black ink the individual's name and contact information as needed.



Yearly positions should include the administrative year along with member's title, as seen in the example on the left.



[www.ALForVeterans.org](http://www.ALForVeterans.org) should always be included.



# DESIGN GUIDELINES

## FLYERS

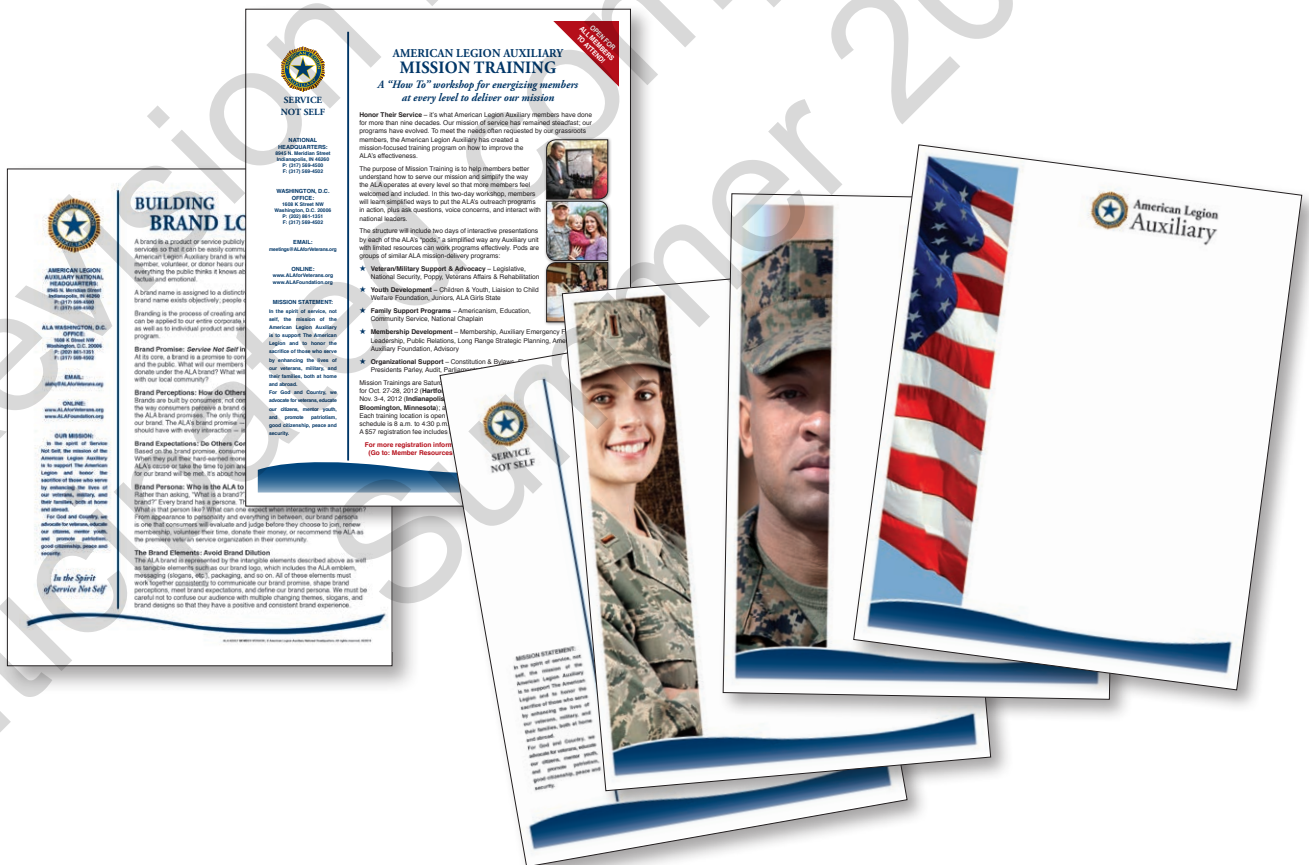
Flyers are an effective and inexpensive marketing method to promote an event and provide information that a business card alone cannot do. Adobe InDesign flyer templates are available for your graphic designer to edit and create ALA-branded flyers. Fillable, branded PDFs are also available for use to create custom flyers.

Auxiliary-branded flyer designs should include:

- ★ ALA emblem, contact information, and ALA mission statement placed along the left column.
- ★ Flyer message located on the larger, right side.
- ★ Photos, stacked along the right side.
- ★ Solid or line version of the blue ALA wave along the bottom.
- ★ Date the file was last revised.

Recommendations for creating flyers:

- ★ Use attention-grabbing headlines that are short and to the point.
- ★ Write easy-to-read sentences to promote an event and get your message across.
- ★ Use bullet points, as readers often pay them extra attention.
- ★ Include positive pictures to complement the message.
- ★ Be sure to end with a call to action. Should they call you, visit your website, or go somewhere else for additional information? Encourage the reader to take action now.
- ★ Remember to always have a second set of eyes to proofread before printing.
- ★ Print in color as often as possible.



# DESIGN GUIDELINES

## BROCHURES

Similar to flyers, brochures can also be used to provide information. Adobe InDesign brochure templates are available for your graphic designer to edit and create ALA-branded brochures for both 8.5"x11" and 8.5"x14" paper.

Auxiliary-branded brochure designs should follow these guidelines:

- ★ The brochure's front cover should include the ALA emblem with the American Legion Auxiliary written beside it in reversed white letters on an ALA blue background (see brochure-style emblem). The cover should also include three positive pictures complementing the brochure's subject or message. A short sub-heading should be above the top picture, the

brochure's title should be along the left, and the tagline "In the Spirit of Service Not Self for Veterans, God and Country" should be included below.

- ★ The red ALA wave should be included at the bottom of both the front and back of the brochure and should bleed off the page.
- ★ Headlines within the brochure should be in caps and in ALA blue.
- ★ Additional related pictures should be included as needed.
- ★ Contact information should be included on the back side of the brochure.
- ★ Coated paper is recommend for the best print quality in commercial printing.
- ★ Date the file was last revised.

**AMERICAN LEGION AUXILIARY**

**CHILDREN OF WARRIORS NATIONAL PRESIDENTS' SCHOLARSHIP**

It is important to acknowledge the sacrifices of servicemembers who preserve our freedom, but that is not enough. Children from the children of those who serve also should be honored. The Children of Warriors National Presidents' Scholarship provides students recognition in the form of financial support for higher education. When you give to the National Presidents' Scholarship, it is our way of showing how much we, as a nation, care.

**MISSION ENDOWMENT FUND**

The American Legion Auxiliary Foundation provides a way to secure our legacy and heritage of Service Not Self, ultimately enhancing the quality of life for future generations of veterans, military, and their families. As an endowed fund, the monies are permanently restricted so that future generations may benefit from Auxiliary programs that support all of our veterans and promote education, good citizenship, and outreach to veterans facing tough challenges. Your donation today will help ensure we're here to help veterans tomorrow.

**VETERAN PROJECTS FUND**

Make a direct impact on veterans, military, and their families in your community through the Veteran Projects Fund. Each unit, district, county, and department is eligible to apply for a grant to support new, one-time needs of their local veterans. Donations collected for this fund directly benefit our nation's heroes in need.

**VETERANS CREATIVE ARTS FESTIVALS** (Local and National)

The arts can be powerful therapy, and the American Legion Auxiliary recognizes that. Both locally and nationally, the Auxiliary sponsors amazing events that assist veterans in healing from both their physical and psychological wounds through visual and performing arts. Each year, the artistic achievements of veterans being treated at U.S. Department of Veterans Affairs facilities across the country are displayed for all to see. With your gift, the show can go on.

**AUXILIARY EMERGENCY FUND**

No matter how thoroughly we prepare, we all encounter hard times. In some cases, the challenge is too difficult to overcome alone. The AEF could be a helping hand for a struggling Auxiliary member in need of food, shelter, or utilities for her family that is a natural disaster or a time of financial crisis. Established in 1969, the AEF is a safety net for those in desperate need. When you give to the Auxiliary Emergency Fund, you're giving a fellow Auxiliary member not just help, but hope.

**American Legion Auxiliary**

**Emergency Fund**

Members Helping Members in Crisis

In the Spirit of Service Not Self for Veterans, God and Country

**American Legion Auxiliary**

**Giving Opportunities**

They Gave. They Give. Will you?

In the Spirit of Service Not Self for Veterans, God and Country

# DESIGN GUIDELINES

## T-SHIRT DESIGN AND PRINTING

T-shirts can be a great way to promote events and market the American Legion Auxiliary and The American Legion Family. You can use The American Legion's Flag & Emblem Sales or a local T-shirt printer of your choice.

## PRINTING, COSTS, AND FABRICS

T-shirt printing is typically charged per color printed, the number of sides printed, and printed by adding one ink color at a time. Therefore, the most inexpensive printing is to print only one ink color (such as white ink on a red shirt, or blue ink on a white shirt).

Be sure to ask your printer about using USA-produced fabrics. These fabrics typically cost more; however, consider other ways to lower T-shirt costs, such as by using a single print color over multiple colors, and by using donations and sponsorships. If you do use a USA-produced fabric, consider adding to the design that the shirt was 100% made in the USA.

We also suggest using complementary fabric colors to your ink colors, including to select the fabric color as either red, white or blue over any other colors.

## GRAPHICS

Vector graphics need to be used; therefore, you most often need to either use the printer to create the artwork for you or a local graphic designer who can handle vector graphics (see page 25 about vector graphics).

## MULTIPLE INK COLORS

Generally, T-shirt printers prefer graphics set up as Pantone colors (see page 8 about Pantone colors), meaning that each color inside the artwork is easily separated for printing.

## EMBROIDERY

Embroidery often uses multiple colors of threads in segments over typical printing that puts small dots

of ink on paper or fabric. Therefore, embroidery has size limitations for reproducing The American Legion Family emblems, and the vendor may need to soften the detail because it can be difficult to produce. For example, small lettering is a limiting factor with embroidery.

The type of fabric you'll want embroidered is also important to know because different fabrics will require a different number of stitches. If you're interested in embroidery, please contact your printer for further discussion. Also, consider using patches for The American Legion Family emblems sold by American Legion Flag & Emblem Sales.

## IMAGE SIZE

Although this may not work for every printer, for T-shirt items, create artwork that fits within 14" x 16". This image size generally fits a large shirt, so note that the image will look larger on a small shirt, or smaller on an XXL shirt. Use as much area on the shirt as possible so that your message is well communicated and easy to read. Be sure to ask your printer for a specific template when providing artwork.

## LAYOUT GUIDELINES:

- ★ Emblems should be placed at the top of the design.
- ★ If you're using a single emblem on the front of a shirt, place the emblem on the left side (over the heart).
- ★ For the layout of multiple American Legion Family emblems, see page 9.
- ★ Use large, easily to read block lettering.
- ★ Keep messages short and to the point.
- ★ Consider printing T-shirts on front and back, in addition to sleeves for the extra attention they'll bring over printing on just one side.
- ★ Do not include a year as to not date the T-shirt, so that members can continue to wear it long after the event.
- ★ Include the ALA's national website on the T-shirt for the public to go to for more information ([www.ALAforVeterans.org](http://www.ALAforVeterans.org)).

# SOCIAL MEDIA GUIDELINES

## WHAT IS SOCIAL MEDIA?

Social media includes websites and applications (commonly referred to as “apps”) that allow users to create and share content, such as videos and pictures, or to participate in social networking. Popular examples include Facebook, Twitter, YouTube, Snapchat, Instagram, Pinterest, Tumblr, Flickr, LinkedIn, Blogger, Google+, and more.

The Merriam-Webster dictionary defines social media as “forms of electronic communication (as websites for social networking and microblogging) through which users create online communities to share information, ideas, personal messages, and other content (as videos).”

## WHY SHOULD YOUR ALA UNIT OR DEPARTMENT CARE ABOUT SOCIAL MEDIA?

Social media is a great way to increase the visibility of your unit/department and the American Legion Auxiliary. It allows you to spread your message and engage in conversation with others in real time, and can also be used to encourage active participation from your members and possibly even recruit new members.

According to the Pew Research Center, “around 7 in 10 Americans use social media to connect with one another, engage with news content, share information, and entertain themselves ... today, 69 percent of the public uses some type of social media.”



*Social media will help you build up loyalty of your current customers to the point that they will willingly, and for free, tell others about you.*

—Bonnie Sainsbury, named one of “Top 25 Most Influential Social Media Influencers” by *Forbes*

## WHICH SOCIAL MEDIA PLATFORM SHOULD YOU USE?

Each social media platform provides a unique way for you to interact with others and has different user demographics depending on whom you want to interact with. Following is a short analysis of the most popular social media.



### Facebook

Facebook is the largest social media network — with 2 billion active users — making it a great place for organizations to connect with their communities. It has a desktop website and also an app. It’s great for posting a variety of content, including videos, photos, blogs, links, and general updates. Facebook is more low maintenance than other social media — it does not require daily posting to build a following.

Demographics: Facebook is most popular for 25-54 year olds, and the majority of its users are women.

### Twitter

Twitter is a great place to quickly connect with others from all over the world. It allows for short text updates (240 characters or fewer) with videos, photos, and links. Twitter is ideal for sharing news quickly and easily interacting with others.

Demographics: Twitter is most popular for 18-29 year olds and is almost evenly used by both men and women.

### Instagram

Instagram is a strictly visual social media platform — users are only able to post videos and photos. Instagram is an ideal platform to promote events and volunteering activities. It is almost entirely mobile as users cannot post or take photos from the desktop website.

Demographics: The majority of Instagram users are women between 18-29 years old.

# SOCIAL MEDIA GUIDELINES

## Snapchat

Made popular for its disappearing content (posts are available for only 10 seconds at a time and are deleted after 24 hours), Snapchat is accessible only through the mobile app and is another strictly visual social media. It does not have a hashtag option or allow for sharing, so only users who have added you are able to view your content. This social media platform is great for capturing moments during events like ALA Girls State.

Demographics: Over half of Snapchat users are under the age of 24.

*Demographics are as of 2018 and are provided by Forbes, Statista, and Sprout Social.*

## GENERAL BEST PRACTICES FOR SOCIAL MEDIA

This section is meant to help you more efficiently utilize social media to share the ALA's message of who we are, what we do, and why we matter.

### Think Before You Post

Be yourself, but use common sense. Think twice before posting something that may hurt the image of the American Legion Auxiliary or compromise your privacy, and never post confidential or proprietary information. Be aware that courts may judge certain material as proprietary, copyrighted, defamatory, libelous, or obscene.

### Get Social

Social media is meant to be social — think of it as an ongoing conversation. Engage with others by including a call to action such as sharing, retweeting, liking, or commenting on your posts to encourage social sharing. Comment where appropriate to keep the conversation going. Take a sincere interest in members of your social media circle and be generous about sharing their contributions.

### Know the Etiquette

Ever get an email written in all uppercase letters and find yourself taken aback? In social media,

there are also cultural norms, expectations, and conventions that govern user interactions. Failure to observe them may compromise your credibility.

### Talk about the American Legion Auxiliary

It's certainly OK and encouraged to talk about the American Legion Auxiliary, our programs, volunteers, projects, and mission. Share examples of activities going on in your unit or department, keep your content fresh, and update it often.

### Be Timely

Become the go-to place for your audience to find information about the ALA by posting timely, relevant, and quality content.

### Post a Photo

Your followers see a lot of text when they sign in to Facebook or Twitter — you want to stand out! Research has shown that using visuals such as photos and videos with social media posts greatly increases engagement.

### Add Variety

Engage your followers by offering a mix of content such as photos, videos, questions, blogs, and links.

### Celebrate

Share good news, celebrate milestones, congratulate members, and post other happy occasions. Audiences want to celebrate your victories with you, no matter how small.

**In addition to the above best practices, please observe the following guidelines:**

### Adhere to Brand and Identity Standards

All American Legion Auxiliary-sanctioned social media should feature the appropriate visual identifiers and conform to the Auxiliary's branding guidelines (including emblem usage). Additionally, no beer, cigarettes, offensive material/gestures or otherwise reputation/image-jeopardizing items should be in pictures.

# SOCIAL MEDIA GUIDELINES

## Be Thoughtful

You are officially representing the American Legion Auxiliary, so exercise good judgment before posting your own personal views and responding to provocative posts. If someone from the media contacts you via social media, please redirect them to National Headquarters' Communications Division. Never use ALA-branded social media to endorse a political candidate, service, business, etc.

Refrain from posting offensive material, and ask your members to do the same. Address any posts on your timeline that you feel are controversial or might offend members. In general, it's best to not delete posts (unless they are blatantly offensive/vulgar), but rather to respond to them publicly and politely.

## Respect Privacy (Including Your Own)

Don't post confidential, proprietary or work-related information not intended for public consumption or information that may compromise your privacy or the privacy of a fellow member or volunteer.

## USING ANALYTICS

Each social media platform provides analytics/ insights of your profile to help you determine how well your posts are performing, the demographics of your social media followers, and more. These analytics are helpful for you learn more about your audience, including how old your followers are (which can help you to tailor your posts to that age group), what kind of content your audience responds to (do they like photos or links?), and what time of day your audience is online (so you can post when your followers are active). Learn more about each social media platform's analytics by visiting the Help Center on the platform.

## HASHTAGS: Q&A

Q: What is a hashtag?

A: A word or phrase prefaced with the # symbol.

Q: Why use a hashtag?

A: A hashtag essentially is a way to start or add to a discussion around a certain topic. The hashtag #veterans is telling the world that your post is related to veterans in some way. Hashtags make it easy for people to search for and find posts on a certain topic. For example, if you're interested in finding Instagram posts about the American Legion Auxiliary, you could search #AmericanLegionAuxiliary.

Q: How do I use hashtags?

A: Simple: Just use the # symbol.

Don't include it before every word in your posts (i.e., #dont #do #this #in #your #tweets). Include only topical hashtags.

This is the correct way to tweet: "ALA Unit 1 is volunteering at a stand down today. #veterans #volunteering" OR "ALA Unit 1 thanks our #military and #veterans".

Before you create a hashtag, search available sites to see if other permutations exist. Using more popular hashtags instead of creating your own will help ensure its visibility.

Q: Where can I find which hashtags people are using?

A: Check out hashtags.org or other similar sites to see what other hashtags people are using.

Q: What are other uses for hashtags?

A: Many organizations, including the American Legion Auxiliary, use hashtags at events and conferences. For example, the ALA Girls Nation hashtag for 2017 was #ALAGirlsNation17. This helps create a specific conversation around the event and encourages participation in the event from afar. Hashtags can also be used as rallying points for specific causes.

# SOCIAL MEDIA GUIDELINES

## SETTING UP SOCIAL MEDIA ACCOUNT PROFILES AND PASSWORDS

Profile names for social media accounts should be consistent with your overall web and social media presence. You'll want to be mindful of what similar organizations and others within the American Legion Auxiliary are using to carefully choose profile names. Names should be short, easy to remember, and not difficult to spell. For example, the National Headquarters profile name on Facebook, Twitter, and Instagram is simply "alaforveterans," which is in line with the website URL ([www.ALAforVeterans.org](http://www.ALAforVeterans.org)).

Be sure to include ALA, your unit number, and your department in your name. For example, ALA South Carolina Unit 6 uses the Twitter name "ALASCUnit6." Similarly, the ALA Department of Massachusetts uses the name "ALA Department of Massachusetts" for Facebook.

Each social media account should be assigned at least two administrators/managers to be in charge of settings and password management. Allowing for two administrators ensures the account is still accessible by someone in the event of an emergency or departure. Admins should not share login details and passwords without careful consideration. Passwords should be kept unique enough for proper security and should be changed on a regular basis, including following a person's departure or change in ALA activities or duties.

Use this list to record your account information:

### Account One:

Profile Name: \_\_\_\_\_

Manager 1: \_\_\_\_\_

Manager 2: \_\_\_\_\_

### Account Two:

Profile Name: \_\_\_\_\_

Manager 1: \_\_\_\_\_

Manager 2: \_\_\_\_\_

### Account Three:

Profile Name: \_\_\_\_\_

Manager 1: \_\_\_\_\_

Manager 2: \_\_\_\_\_

### Account Four:

Profile Name: \_\_\_\_\_

Manager 1: \_\_\_\_\_

Manager 2: \_\_\_\_\_

### Account Five:

Profile Name: \_\_\_\_\_

Manager 1: \_\_\_\_\_

Manager 2: \_\_\_\_\_

# WEBSITE GUIDELINES

## BEST PRACTICES FOR A WEBSITE

A well-designed, user-friendly website can help you attract new members, and serve as a powerful education, resource, and communication tool in identifying your ALA organization as the “go-to” authority on all things related to veterans, military, and their families in your community.

### **Accessibility: Responsive web design**

1. Your site should be compatible and flexible with difference devices, operating systems, and browsers that visitors are using.
2. Determine the type of web presence you will have, what information you want to make available to your audiences (ALA members and those outside the organization), how you will maintain it, and how you'll pay for it. Examples of a web presence for a business include a corporate website, or a social media point of presence (e.g., a LinkedIn company page and/or group, a Facebook business/brand/product page, or a Twitter account).
3. Decide on a domain name. Examples include:
  - ★ ALAUnit5Texas.org
  - ★ ALAIndiana.org
4. Determine a hosting site (service that connects your site to the Internet). You will probably have to pay a nominal fee for the domain name. You may be able to find a host for free. Two affordable and highly reputable domain registrars:
  - ★ NameCheap (<http://www.namecheap.com>)
  - ★ GoDaddy (<http://www.godaddy.com>)

### **Consistency: The overall look and feel from the homepage to the inside landing pages**

1. Use the ALA Branding Guide to help you design your website with a professional appearance, including design, choice of colors, graphics, and layout.
  - ★ Your site should feature the appropriate visual brand-aligned identifiers such as brand awareness and credibility. For example:
    - Consider patriotic colors, keeping with red, white, and blue.
    - The ALA emblem should be included on your website, especially on the homepage.
    - Typefaces should be easy to read. It's important not to mix too many of them within your website.
    - Visit [www.ALAforVeterans.org](http://www.ALAforVeterans.org), the ALA national website, for examples of ideal color, graphics, news, and resource content.
2. Make the ALA mission matter. You want the mission to be immediately obvious to your site visitor.
  - ★ Point toward the mission in action with words and photos.
3. Include general information about the American Legion Auxiliary. Think about those visiting your site for the first time and the types of information they are looking for.
  - ★ Provide accurate and current information on the unit/department.
  - ★ Include the name and email address of a contact person, or use a general account (example: [webmaster@ALAUnit5Texas.org](mailto:webmaster@ALAUnit5Texas.org)) if multiple people will be maintaining your site.
  - ★ Provide a list of upcoming unit/department events and who to contact for more information.
  - ★ Scholarship and program information should be included.
  - ★ Post public relations material that emphasizes your latest mission outreach activity promote upcoming events.



# WEBSITE GUIDELINES

4. Establish a system for monitoring and oversight, including the appointment of personnel who are entrusted with the responsibility for managing the website and its content. Make sure at least two people are trained on how to manage your website and have access in the event that one person is unexpectedly unable to monitor the website.

- ★ The homepage of your website should be updated regularly. People visiting your website will be more likely to keep checking it if the content is current and fresh.
- ★ Monitor your website regularly to ensure it is live and links are working properly. Non-functioning sites and broken links will frustrate users, and they may stop checking your site.

## **Conventionality: Where the main navigation resides**

1. Include at least one link to [www.ALAforVeterans.org](http://www.ALAforVeterans.org) on your homepage. When including content like PDFs or other documents on your website from [www.ALAforVeterans.org](http://www.ALAforVeterans.org), include links to the information rather than posting files directly to your site. If material changes at the national level, the link will ensure your website visitors receive the latest information.
2. Carefully consider your placement of the ALA emblem and your link appearance throughout.
3. Include clear navigation tabs in the header and footer for easy movement throughout.

## **User experience: How enjoyable the site is for users to interact**

1. Be sure to include contact information for your department or unit in an easy-to-find location on your site.
  2. Create your site with media friendliness in mind. Receiving media attention raises awareness of who you are and what you do in your community.
- ★ Journalists should be able to find information easily, such as event dates and addresses, social media pages for your unit/department,

and press releases, etc. Display contact information (email and phone) clearly, especially for an upcoming event.

3. Avoid language on your website that contains internal references, acronyms, and jargon that may confuse users. Examples include NEC, PNP, PDP. Spell them out on first reference and then abbreviate as appropriate.
4. Carefully select content and make sure it is approved for public access.
  - ★ Don't share personal information without written consent. (e.g., phone numbers, addresses, health conditions).
  - ★ Don't post information that can jeopardize the safety of members. For example, you wouldn't want to include an update on the website about someone being out of town or their travel arrangements.
5. Avoid sharing copyrighted material from other sources or trademarks owned by third parties unless written authorization has been obtained.
  - ★ Don't endorse products, political candidates, services, or businesses.

# EDITORIAL GUIDELINES

Just as newspapers and magazines have guidelines that they follow for everything they write, so does the American Legion Auxiliary. By using these guidelines, we can produce consistent copy, avoid errors, and bolster our brand and professional image.

But, before we discuss the specifics of style, we need to cover what and how to communicate. Your message is, of course, the most important item in anything you produce. The ALA's brand, mission, and values should all be reflected in any production. Avoid outdated, difficult, or easily misconstrued words and phrases. Remember: In most cases, a nickel word will do as well as, if not better than, a dime word. This will help the reader focus on the message and not the semantics of what you're saying.

What to communicate seems like a no-brainer. But, sometimes we can miss the mark. What we communicate needs to be relevant to the audience we're writing for, not just relevant to you or those around you. Consider what they care about or what questions they need answered. You should tailor your message to the people with whom you're communicating.

In everything we produce, our brand promise should be present — *Service Not Self*. And remember that the brand promise is comprised of our brand attributes: God, Country, Veterans, Education, Youth, Patriotism, Citizenship, Military, Democracy, Peace and Security. These elements should almost always be present.

When writing, always lead with the most pertinent, catching, relevant, or human information. Don't leave the "good stuff" or the "meat" of your story until the end or even the middle. Studies have shown that a large majority of newspaper readers read only the first few sentences, or what's known as the "lead." The lead is the information that will most certainly grab a reader's attention.

Although these are conventions of writing in journalism, they are also best practices to follow to ensure your message doesn't become buried in your writing or that readers aren't intrigued enough to read past your first paragraph.

## THE STYLE

The American Legion Auxiliary follows Associated Press (AP) style. There is a caveat though: the ALA has, as an addendum to the Associated Press style guide, its own style guide. The ALA Style Guide includes common spellings and proper usages of words and phrases unique to our organization that would not be included in the Associated Press Style Guide.

## WHY USE AP STYLE?

Over the years at the American Legion Auxiliary, it has become clear that many units/departments have different stylistic conventions. This produces a fragmented organization and one that appears to not work in sync with itself.

Imagine if you picked up the newspaper one day and saw a random placement of periods and commas, words that only college professors could understand, content about only one topic that was of no relevance to you, and misspelled words in every sentence. You would most likely stop reading that newspaper and never pick it up again.

Following a cohesive style avoids the above scenario. Additionally, a cohesive style will provide:

- ★ Consistency — our readers will come to expect us to write things a certain way. If one person writes "email" and another person writes "e-mail" and another person writes "E-mail" and even another writes "E-Mail," this will make our readers confused, and they might begin to question our credibility. (The correct spelling is "email," as per AP Style.)

# EDITORIAL GUIDELINES

- ★ Credibility — as explained previously.
- ★ Correctness — AP Style helps us use words, numbers, dates, names, punctuation, and titles correctly.
- ★ Clarity — AP Style and ALA style are designed to help you get the point across simply and without undue questions.

## AP STYLE BASICS

This section will familiarize you with the basics of AP Style. Note that these are only basics. For a full listing, please refer to an AP Style Guide.

### Numbers

- ★ Use numerals for all numbers above nine; spell out all numbers under 10. (Note, however, the exceptions below.)
- ★ Use numerals for ages, sums of money, time of day, percentages, house numerals, years, days of month, degrees of temperature, proportions, votes, scores, speeds, time of races, dimensions and serial numbers.
- ★ Spell out numbers, no matter how large, when they begin sentences; rephrase the sentence if long numbers are awkward. Exception: When starting a sentence with a year, do not write it out.
- ★ Use figures for ordinal numbers above ninth; spell out ordinals under 10th.

### State Names

- ★ Use these abbreviations when writing about a state: Ala. Fla. Md. Neb. N.D. Tenn. Ariz. Ga. Mass. Nev. Okla. Vt. Ark. Ill. Mich. N.H. Ore. Va. Calif. Ind. Minn. N.J. Pa. Wash. Colo. Kan. Miss. N.M. R.I. W.Va. Conn. Ky. Mo. N.Y. S.C. Wis. Del. La. Mont. N.C. S.D. Wyo.
- ★ Do not abbreviate Alaska, Hawaii, Idaho, Iowa, Maine, Ohio, Utah, Texas.

### Titles

- ★ Abbreviate titles followed by a name. Do not abbreviate titles following names or standing alone.  
Prof. Lyle E. Harris  
Assoc. Prof. Tim Pilgrim  
Asst. Prof. Cheryl Breeden  
Atty. Gen. Col.  
Gov. Lt. Col.  
Lt. Gov. Maj.  
Sen. Capt.  
Rep. 1st Lt.  
Gen. 2nd Lt.

# BRAND PROMISE & VOICE

## BRAND PROMISE

Our brand promise is our essence. It's what we aspire toward every day — *Service Not Self* for God and Country. Those words are at the core of all we do at the American Legion Auxiliary.

The ALA brand is not just our emblem, our name, our tagline. Our brand is our promise. It's our set of fundamental principles as understood by anyone who comes into contact with us. It is our reason for being and how that reason is expressed through various communication channels. Our brand is our identity and our image. Protect it. Promote it.

## BRAND ATTRIBUTES

The brand promise of the American Legion Auxiliary — *Service Not Self* for God and Country — is composed of a variety of attributes:

- ★ God
- ★ Country
- ★ Veterans
- ★ Military and their families
- ★ Education
- ★ Youth
- ★ Patriotism
- ★ Citizenship
- ★ Peace
- ★ Security
- ★ Democracy

The material the American Legion Auxiliary produces and its actions must align with these attributes — it's what ALA members and the public expect and what the Auxiliary should expect of itself. The organization must embody these attributes and bring its mission to life.

## BRAND PERSONALITY

Everyone has a personality, but we don't develop our personality by explicitly telling others who we are — personality is developed implicitly by consistent actions. Telling someone you're funny won't make you funny, but telling a

joke or acting goofy might work. Actions speak louder than words.

With this in mind, we don't need to state at every opportunity who we are and what we're about, but, we do need to produce material that will reinforce the personality we want others to see us as having.

## OUR PERSONALITY

*Veterans Service Organization:* The American Legion Auxiliary is the largest women's patriotic service organization in the world.

Our three-quarters of a million members are fiercely dedicated to serving, helping, and meeting needs. Our focus is what it's always been: servicemembers, veterans, and their families.

*Advocates for Patriotism:* We know that freedom isn't free. For some of us, the sacrifices still have a sting. It is from this place of appreciation that ALA members work to protect our country's founding values and to honor those who put their lives on the line for us. We do that by telling others about the significance of respecting our flag as a symbol of our great nation. We do that by providing care and comfort to our veterans. And we do that by encouraging all Americans to live out their patriotism with a sense of pride for this land we call home.

*For God and Country:* If you want your structure to stand the test of time, you'll exercise great care in choosing your builder and insist on a rock-solid foundation. That's exactly what the American Legion Auxiliary did nearly a century ago when we founded our organization on God and Country. Then and now, everything we're involved in can be traced back to the affirmations in our Preamble, beginning with those words, "For God and Country."

# BRAND PROMISE & VOICE

Also, we need to put ourselves in the shoes of our current audiences and any potential new audience our brand might reach. Will they understand what we say? Will a connection be made? In relation to elements of both our brand promise and brand personality, we need to communicate effectively and clearly to ensure a meaningful exchange takes place between our brand and the public. This means avoiding internal acronyms and jargon. We should use clear, strong language that relates to both our brand promise and personality.

## BRAND MESSAGE

One of the most important things to do in effective storytelling is to show, not tell. This goes back to brand personality. What all this means is that in communicating our message, we need to show people the effectiveness of the ALA. For example, don't tell someone the Auxiliary Emergency Fund is a great idea; show them how it has affected peoples' lives and helped them recover in times of trouble. Give them facts or statistics, and share someone's story.

Also, include a call to action in your message. Encourage people to sign up for volunteer events or come to your unit/department meetings. By doing so, you're communicating both elements of our brand promise and brand personality. Also, strive to stoke the public's emotions. The elements of our brand are ones that people of all types are passionate about. And, in everything you produce, remember our brand promise: *Service Not Self*.

## BRAND VOICE

### Our Unique Cause — Mission Statement

In the spirit of *Service Not Self*, the mission of the American Legion Auxiliary is to support The American Legion and honor the sacrifice of those who serve by enhancing the lives of our veterans, military, and their families, both at home and abroad. For God and Country, we advocate for veterans, educate our citizens, mentor youth, and promote patriotism, good citizenship, peace, and security.

### Our Unique Vision — Vision Statement

The vision of the American Legion Auxiliary is to support The American Legion while becoming the premier service organization and foundation of every community providing support for our veterans, our military, and their families by shaping a positive future in an atmosphere of fellowship, patriotism, peace and security.

## PROOF POINTS

Proof points are facts that will persuade the public to learn more about the ALA or urge them to action on our behalf.

Examples of proof points:

- ★ Nearly 1 million young women have attended ALA Girls State/Girls Nation since its beginning in 1937.
- ★ Auxiliary members volunteer millions of hours for veterans annually.

## KEY PROMOTIONAL PHRASES

Key promotional phrases used by the American Legion Auxiliary in advertising, promotional pieces, speeches, news releases and any other public materials include elements like these:

- ★ Volunteer (people do not need to be eligible for membership to volunteer with us to support our veterans)
- ★ *Service Not Self*
- ★ "In the Spirit of Service Not Self for Veterans, God and Country"
- ★ Nearly a century of service
- ★ Three-quarters of a million members strong
- ★ 8,000 communities nationwide
- ★ With The American Legion Family, caring advocates dedicated to service



# FREQUENTLY ASKED QUESTIONS

## **May I alter the ALA emblem?**

No. The American Legion Auxiliary emblem may not be altered for any purpose. For details on emblem usage, please see page 4, including improper usage samples on page 12.

## **Who do I contact for ALA emblem usage approval?**

Use of the American Legion Auxiliary emblem is controlled by the national organization. All requests for approval to use the emblem must first be sent to the department secretary. The request letter must state who will perform the duplicating (manufacturer), the name of the product, its intended use and the exact amount being ordered. Additional quantities require new authority. The department secretary indicates her approval and affixes her signature before forwarding the request to the national secretary.

## **Who makes decisions relating to graphic standards?**

Questions relating to graphics standards outside of emblem usage should be addressed to National Headquarters' Communications Division at PR@ALAforVeterans.org.

## **Where do I find template samples for stationery, flyers, and brochures?**

Templates may be found at [www.ALAforVeterans.org](http://www.ALAforVeterans.org) under marketing resources. Original source files in Adobe InDesign or Illustrator are available, as well as fillable PDF templates for custom flyers.

## **If an American Legion Auxiliary unit is interested in developing a webpage but lacking in expertise, is there a way to get some help? Our unit is trying to think of ways to get more members involved.**

Using a social media site like Facebook is a good way to start promoting your unit and can provide a free online presence that may work for you. Many times, a relative or friend of someone in your unit who understands and has expertise in developing websites can be a good starting source. You may also find a school group, local college student, or community member who would be willing to help develop a website as well. The important thing when looking at developing a site is creating one that your members will be comfortable with using and one that will be easy to manipulate. If you do move forward with developing a website, you have permission to copy content and information from the national website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org) for your webpages. To learn more about website guidelines, visit pages 36-37.

## **Why is AP Style the ALA national organization's go-to journalistic standard for writing?**

By following a cohesive style, ALA communications materials will be provided with consistency, credibility, correctness, and clarity. For more information, please see pages 38-39.

# ALA NATIONAL HEADQUARTERS COMMUNICATIONS DIVISION

We are here to help you communicate. Sharing who we are, what we do, and why we matter is our specialty and our passion.

As the world's largest women's patriotic service organization, our programs are well attended, and our members and volunteers are passionate. However, the importance of developing and maintaining a strong brand is always necessary. Having a cohesive brand is important for many reasons: It heightens public awareness of our organization, increases our credibility with professionalism, and differentiates us from similar organizations.

The communications landscape changes daily. The realm of online communications and the internet itself is still the Wild West in many respects. This fact alone can scare potential online users away and confuse anyone who doesn't have a basic understanding of the benefits of this important communications outlet.

Our organization has nearly three-quarters of a million members, and we have departments and units in every state and territory of the United States. Because of this, it is important we develop and maintain a cohesive, true, and proper American Legion Auxiliary image.

Your job now is to take this guide and its

information and utilize it to perpetuate our good name and brand identity. When referring to this guide, please don't hesitate to contact the ALA National Headquarters Communications Division with any questions about promoting our brand. Our goal is that this information will allow you to better serve the American Legion Auxiliary's mission of serving veterans, the military, and their families.

**You can contact American Legion Auxiliary National Headquarters at (317) 569-4500 or email the Communications Division at [PR@ALAforVeterans.org](mailto:PR@ALAforVeterans.org).**

We wish you much success as you move the ALA's mission forward. Happy branding!

## American Legion Auxiliary Mission:

*In the spirit of Service Not Self, the mission of the American Legion Auxiliary is to support The American Legion and honor the sacrifice of those who serve by enhancing the lives of our veterans, military, and their families, both at home and abroad.*

*For God and Country, we advocate for veterans, educate our citizens, mentor youth, and promote patriotism, good citizenship, peace and security.*



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[www.ALForVeterans.org](http://www.ALForVeterans.org)  
[www.ALAFoundation.org](http://www.ALAFoundation.org)

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## **An Overview of American Legion Auxiliary Mission Programs**

American Legion Auxiliary programs are where we do the mission outreach work by providing direct service to veterans, military servicemembers and their families. This work is a great opportunity to welcome new friends and supporters to join us; there is plenty of work for everyone!

Partnering with other organizations outside The American Legion Family can be beneficial—it gives us opportunities to raise awareness and reach new people. When doing so, we should consider the cost/benefit ratio when evaluating the terms of Auxiliary involvement. If Auxiliary members are providing most of the labor and resources, the event should include the American Legion Auxiliary or Legion Family name. Each case is different, but be conscious of this so the American Legion Auxiliary is fairly represented.

The following information relates to the “rubber meets the road” part of the ALA’s program committees. It is meant to help you identify what you need to know so you can search out specific information in the Plan of Action or on program pages of the ALA national website.

### **Americanism**

Purpose: To inspire, recognize, and perpetuate responsible citizenship through education and acts of patriotism.

Basic information to know about this program:

- Americanism Essay Contest -- theme changes each year
- As members of the Citizens Flag Alliance, we advocate for a constitutional amendment to protect the flag by supporting the federal legislation
- Americanism is a vital component of Junior Activities and ALA Girls State
- Basic flag etiquette -- see The American Legion’s Flag FAQs

### **Awards**

More than 340 national awards are detailed in the annual Plan of Action, but some go without a winner due to lack of nominations/applications. A complete list of winners may be found on the national website shortly after national convention.

Since most of the winning members do not attend national convention, national awards (in the form of certificates, plaques, etc.) are shipped from National Headquarters to the Department Secretary on the last day of convention. This saves the Secretary from having to figure out how to transport all those items safely home from the convention city.

Winners of national awards are announced at the “PreCon” (pre-convention) meetings that take place the weekend prior to the official start of convention; only a very few significant awards are presented on stage during national convention.

Departments and units are encouraged to celebrate the achievements of these winners, whether the awards are presented at a department or unit meeting, or simply shipped to the winner along with a letter of congratulations from the Department President and/or Department Program Chairman.

### **Children & Youth**

Purpose: To work collaboratively with The American Legion to direct and sponsor programs and services that provide care and protection for our nation’s children, especially those of our military and veterans.

Basic information to know about this program:

- Youth Hero Award – requires a physical act of valor. If this condition is not met, honoree receives a “Good Deed Award,” which is a certificate, not a medal.
- Hero Pack is a term used by Operation: Military Kids. OMK is currently transitioning Hero Packs to Family Packs for servicemembers who are returning home.

- Auxiliary members not only donate to the Child Welfare Foundation, but we can apply for grants from it too.
- The Legion has many programs for youth that Auxiliary members also support, such as the oratorical contest, Legion baseball, etc.

### **Community Service**

Purpose: To strengthen our local communities with uniquely identified opportunities of service by providing volunteer leadership, encouraging the stewardship of its patriotic citizens, acknowledging our country's military history, and supporting the families that have sacrificed for our freedom.

Stand downs: organized by self-appointed community coalitions, they typically include food, shelter, clothing, health screenings, benefits counseling, and job counseling and referral services for homeless veterans. The philosophy of a stand down is to give homeless veterans a hand up, not a hand out.

Welcome-home/send-off events are a way for Auxiliary units to say thank-you to servicemembers for their service to our nation. These are both celebrations as well as outreach events, often offering resources for OEF/OIF/OND combat servicemembers, veterans, and their families.

### **Education**

Purpose: To promote quality education for children and adults through classroom activities, literacy programs, scholarship promotion, and support of education beyond high school, especially for military children.

Basic information to know about this program:

- National Scholarships
  - Children of Warriors National Presidents' Scholarship (3 non-member winners in each division for a total of 15 scholarships)
  - Non-Traditional Student (one winner per division; must be a member of Auxiliary, Legion, or Sons of The American Legion)
  - Spirit of Youth Scholarship (one ALA Junior winner per division)
  - Scholarships also available for ALA Girls Nation, Girls State (Samsung), Honorary Junior National President and Junior VA volunteer. Some are significant scholarships – more than \$20,000.
  - The Auxiliary discontinued the Girl Scout scholarship several years ago due to lack of participation.
- Units and departments have two roles with scholarships: making candidates aware of what is offered and how to apply, and evaluating local applications to move candidates on to the next level of judging.
- Deadline for all National scholarships is March 1, even though they are being turned in at the local unit; this ensures that winners will be selected and named in time to print information about Auxiliary scholarships in school graduation publications.
- National scholarship checks are made payable to the college or university, not the individual. National Headquarters works with individual winners to verify enrollment.
- The Legion no longer publishes *Need A Lift?* scholarship guide

### **ALA Girls Nation/Girls State**

Purpose: To provide an outstanding, unique and coveted educational opportunity for the young women of our nation that instills the basic ideals and principles of American government through this citizenship training.

American Legion Auxiliary units in 49 states host American Legion Auxiliary Girls State, a week of learning focused on responsible citizenship and love for God and country. Students are assigned to mock cities where, divided into the "Federalist Party" and "Nationalist Party," they are immersed into learning about the political process from dedicated volunteers, making sure the program's

nonpartisan governmental, patriotic and civic objectives are carried out with intense learning along with some fun.

Two girls are selected from each ALA Girls State program to attend ALA Girls Nation. ALA Girls Nation “senators” meet for a week in Washington, D.C., where they run for political office, campaign for the passage of legislation and meet with Congressmen and Senators from their states. Capping off the week of ALA Girls Nation is a possible meeting with the President of the United States at the White House. Each year ALA Girls Nation convenes at the end of July at a facility in the Washington, D.C. area.

The National Auxiliary invests \$348,000 -- approaching half a million dollars -- for 98 girls to participate in this immersive learning experience, rooted in Auxiliary values. That's roughly \$3,500 for each senator. One department reported an investment of nearly \$500 per student. So it is important we refer to this investment as “American Legion Auxiliary Girls State” or “American Legion Auxiliary Girls Nation.”

The persons who bear the liability for the ALA Girls State Program are the officers and directors of the corporation – the officers and Department Executive Committee members. Volunteers also bear personal risk and add to the risk exposure of the department. The ALA Girls State is a signature program of the organization, and as such the entire ALA Girls State program poses one of the greatest potential for liability to the organization, particularly in this day and age. Today, the amount of legal risk that comes with conducting a weeklong live-in program for juveniles is huge. All decisions affecting the conduct and outcomes of an ALA Girls State program need to be made by those liable for the decisions – the officers and DEC.

While the exact role of the Department Secretary in ALA Girls State varies from state to state, the Department Secretary, as an officer of the corporation who also serves as the department operations executive, should be apprised of all that is going on with a program that brings major risk exposure to the organization. Because the Department Secretary is the one constant officer of the organization, her expertise and risk aversion insight are critical to conducting a successful ALA Girls State program.

Eligibility -- Young women who have successfully completed their junior year of high school and who have at least one more semester remaining are considered. Previous participants of a Girls State competition are not allowed to attend a second session. Only those who illustrate leadership, character, scholarship, loyalty and service in their schools and community should be considered. Merit and ability are the basis for evaluation during the actual citizen selection process. At this time, Hawaii does not offer an ALA Girls State program.

Samsung Scholarship – any ALA Girls State participant is eligible to apply for these scholarships; the amount varies, but as many as nine students won scholarships over \$20,000. A total of \$300,000 is awarded each year to Boys and Girls State participants.

The national committee is called Girls Nation, and it is not necessary to put ALA in front of it when referring to the committee.

Vital information about ALA Girls State and Girls Nation can be found in the ALA Girls State Program and Operations Guide, which is available for free download at [www.ALAforVeterans.org](http://www.ALAforVeterans.org).

### **Junior Activities**

Purpose: To interest eligible young women (under age 18) in adult Auxiliary membership through positive experiences of mission-based volunteer opportunities that instill the ideals of the organization.

Basic information to know about this program:

- 3 levels of patches: Red rim for Kindergarten to 3<sup>rd</sup> grade, Yellow rim for grades 4-8, and Blue rim for grades 9-12. There is a one-time patch for raising money for the Children of Warriors scholarship, and each year there is also a new membership patch based on the National President's theme. Both of these have blue rings.
- Parke Scholarship for Junior members – the national Auxiliary contributes to this scholarship. Applicants must be a sophomore in high school who has 100 hours of scheduled volunteer time at a VA to be eligible. Information about the Parke Scholarship can be found on the Junior Activities page of the national Auxiliary website.
- The ALA Junior Handbook (available on the national website and through Emblem Sales) is really written for adults who work with Juniors, but useful information is included for Junior members too.
- Junior Activities has its own Facebook page. Be careful with social media related to anything to do with youth. With young Juniors, consider using only first names with Department and post information about where you will be only after the event has ended.
- Veterans History Project –The Library of Congress asked the Auxiliary to promote involvement only to students enrolled in grades 10 and above due to maturity needed to produce useful content.
- A high percentage of Junior members has an immediate family member in the service.
- **National Junior meeting:** Held the weekend immediately prior to the start of national convention in the convention city, it is open to ALA Junior members ages 8 and older.
  - This national meeting is one more opportunity for the Auxiliary to build lifelong associations with these young members, cross-pollinating the very best ideas from unit to unit.
  - It is also an opportunity to develop leadership skills among Junior members, as they participate in service projects, give reports, campaign and run for office.
  - Since Juniors are members of the Auxiliary — not a separate organization -- the role of honorary national Junior officers is simply to serve at the National Junior Meeting, even though they hold the title for the year preceding the meeting where they serve.
  - There are roughly 80,000 Junior members in the Auxiliary, but attendance at the National Junior Meeting runs between 45-75 girls each year, so its effectiveness is evaluated from year to year.
  - Many participants attend with their grandparents or a designated chaperone, though only Junior members, national committee members and other invited guests are permitted in the room during the event.
  - Registration information for the National Junior Meeting is sent out with convention information, though (unlike convention registration which cannot be submitted until official membership counts are taken 30 days prior) registration for the National Junior Meeting takes place for several months leading up to the event.
  - Each department is entitled to one official department representative; that name will be provided to National Headquarters by the department secretary. The official representative is expected to attend all sessions, sit in the area designated for her department, answer roll call and report the total number of Junior members present from her department. Each department receives one vote, which is to be cast by the official representative. All Junior members of the Auxiliary are welcome to attend the meetings. They will sit behind the official representatives and offer input before their official representative votes.
  - Each honorary Junior department president is asked to submit a summary of activities for her department; these are copied and shared with attendees at the National Junior Meeting. Details about this report may be found in the National Junior Meeting information sent out with national convention information.

### **Legislative**

Purpose: To train and inform members to become grassroots advocates for veterans and their families with local, state, and national elected officials, supporting the Legislative agenda and initiatives of The American Legion.

Auxiliary members are encouraged to subscribe to *The Dispatch*, published by The American Legion to keep The American Legion Family aware of legislative issues and the official positions of The American Legion on those issues.

The Auxiliary convenes its Washington DC Conference in conjunction with The American Legion's annual meeting to review The American Legion's legislative priorities. Armed with information and enthusiasm, Auxiliary members "take to The Hill" to make their voices heard.

### **National Security**

Purpose: To promote a strong national defense by strengthening and supporting military servicemembers and their families.

Basic information to know about this program:

- While VA&R focuses on veterans, National Security focuses on active-duty servicemembers.
- Families of National Guard members are particularly vulnerable since they don't have the support of a military community or base during their spouse's deployment. Connect with them through Family Readiness Groups (FRGs).
- Blue Star/Gold Star Banners
- CERT (Community Emergency Response Team) training
- POW/MIA table ceremony

### **Partnering with other organizations**

While the Auxiliary does support other military organizations with our time and financial resources, monies raised by Auxiliary members should be for Auxiliary programs. The Legion Family is very efficient, and in many cases 100% of monies donated actually goes to help a veteran or their families. Other organizations spend as much as 30-50% of the funds they raise on administrative costs, so we use our funds where they will have the greatest impact.

The Auxiliary exists to help veterans and military families, so publicly supporting other non-military-related causes confuses the public about what we do, who we are and why we matter. If you are participating in a community event, it is great to wear your Auxiliary gear as a way to raise visibility for the Auxiliary, but if a unit picks a project to endorse, it should have some connection to the military. Each small community has its own quirks, so use your good judgment while keeping these things in mind. This shared passion about helping veterans, military service members and their families is why ALA members donate and renew their membership year after year.

In many communities, Auxiliary members share or trade locations for poppy distribution with the VFW. Be sure to read the Poppy FAQs regarding co-mingled funds. Hint: it is not allowed.

### **Plan of Action**

Anyone who cares about helping veterans can learn something from the Plan of Action, though it is written as an annual action plan for ALA members. It contains helpful resources, How To sheets and specific information about the requirements to win an award, among other things.

The Plan of Action is not just a newer name for the Plan of Work; it was re-invented as action-based manual providing measurable objectives for accomplishing the mission of the American Legion Auxiliary. Most departments build their Plan of Action on the national objectives, adding in local partners and deadlines, and integrating their Department President's project, which should be compatible with the National President's objectives for the year.

Each spring, the National Vice President gathers the women she plans to appoint as national chairmen at the National Chairmen's Meeting. Together with staff from Auxiliary National Headquarters, the chairmen and the National Vice President review awards, budgets, contests, partnerships and objectives for each program in order to update the Plan of Action for the coming Auxiliary year.

The timing of a department's year is different than the national year, so every attempt is made to get the national Plan of Action into the hands of department leaders as soon as is practically possible. While the main objectives remain consistent from year to year in order to provide consistency for departments, the National President does refresh the content each year with her own refinements.

Beginning mid-June, the next year's Plan of Action is available free on the Auxiliary's website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org). Printed copies may be purchased through Administrative Services at National Headquarters, 317-569-4500.

## **Reporting**

The national organization asks every member to report both monetary and volunteer service hours through the appropriate channels so it can tell an accurate story of the huge impact Auxiliary members have on the veteran community.

In an effort to increase reporting about the good work ALA members are doing, an attempt was made a couple of years ago to simplify the national data that is collected, focusing only on the most critical numbers, which are called "Impact Numbers." However it takes several years for a change to take hold, and the ALA is still missing critical volunteer hour numbers. Additionally, some members simply want to do the service and aren't concerned about whether their hours are counted or not. Units and Departments should brainstorm ways to work around this obstacle, even using estimates when necessary.

Due to the variances in number of members, staffing, and use of technology, it is not practical to lay out a method all departments can use for collecting data, but there are tools available on the national website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org). Some departments have had success with naming one person to be responsible for establishing and overseeing the reporting process.

If it is unrealistic to expect some members to report on their own activity, then units and departments should find ways to capture efforts through other channels, especially when there is no tangible reward at stake, such as an hour bar. Perhaps the volunteer who heads up a specific project for a short period of time could informally collect estimates of service hours from participants who won't report, in order to report one overall project hour number to the unit or department.

Convincing members to care about reporting should start with the need to tell the Auxiliary's story. Our common passion is veterans, and the Auxiliary (along with The American Legion Family) can have a very powerful voice in the public marketplace when we talk about our members providing \$1.85 billion worth of service to veterans each year. It is likely the number is much higher if we really captured each hour Auxiliary members spend in service to their communities.

As long as each volunteer service hour is only counted once, it doesn't really matter what program it is counted for, because the impact comes when all the numbers are rolled up into one giant number.

Unless specified, reporting and contest deadlines in the national Plan of Action are national deadlines, so local deadlines need to be worked backward from the national deadline. Reporting periods can be confusing due to the time gap between when a unit must collect annual data and when national collects the data, but most units collect in April, Departments in May and National in June.

Impact numbers are one part of reporting, and the other is human interest. The chairmen and officers like to be able to talk about and show the work of Auxiliary members because it demonstrates what we do and why we matter. Sharing a success story allows other members to take advantage of what has already been learned and use it for the good of the mission. Pictures are important because they draw people into the story.

National Program Chairmen request data from Department Chairmen in January for their Mid-Year reports (which are presented to the NEC at the DC Conference), so Department Chairmen must also establish a process and deadlines with department leadership. Verbatim transcripts of these reports are available on the national website at [www.ALAforVeterans.org](http://www.ALAforVeterans.org) in a report called Proceedings, from the DC Conference.

Proceedings are also available for National Convention, where the national chairmen give oral reports from stage. National Chairmen also submit a written report which is printed in the convention guide/annual report which is distributed to each registered convention attendee.

### **Pods**

A pod is a grouping of programs that are alike in some way. Some units have said it is hard to work all the programs when they have few members who are active. The pods are a way to simplify the programs so there are only five pod chairmen instead of 15 or more program chairman.

Pods allow for more combined and efficient efforts within a unit. For example, a pod allows a group of people, headed by a pod chairman, to combine elements of an Americanism project and an Education project (both part of the Family Support Pod) if they can handle only one project. Pods do not have objectives of their own.

Unit members are not expected to complete all the objectives of the Plan of Action; just pick a few that fit your unit well. If unit members enjoy their work, it will create an inviting atmosphere, and others who care about veterans will want to join in.

Unless a department is so small that it does not have enough members to serve as committee chairmen, it is not necessary to have pods at the department level.

This is how the Mission Outreach pods are organized:

#### **Veteran/Military**

Legislative  
National Security  
Poppy  
Veterans Affairs & Rehabilitation

#### **Youth Development**

ALA Girls Nation  
Children & Youth  
Junior Activities

#### **Family Support**

Americanism  
Education  
Community Service

#### **Poppy**

Purpose: To honor veterans for their service and sacrifice by promoting and educating people about the poppy's history, and the financial benefit realized by our nation's veterans as a result of its distribution.

Basic information to know about this program:

- Donated poppy funds are restricted on how they can be used
- Any day can be poppy day - check with your department
- We "distribute" poppies rather than sell them
- May 2013 Legion Poppy resolution has opened up the playing field

- How to “fluff” a poppy
- Why the tag must be included; tag no longer needs a year on it
- Poppy Poster contest
- Lots of resources on the ALA’s website, including How To sheets
- Buy kits for making poppies through Emblem Sales

### **Veterans Affairs and Rehabilitation (VA & R)**

Purpose: To initiate, sponsor, and participate in programs and services that assist and enhance the lives of veterans and their families, ensuring restoration and/or transition to normally functioning lives physically, mentally, socially, and vocationally.

Basic information to know about this program:

- The Legion considers any service member who has served one hour to be a veteran
- Volunteers who work at VA facilities participate in the Veterans Affairs Voluntary Services “VAVS” program and are registered into their timekeeping package, but those volunteer hours still need to be reported to the ALA. See the Veterans Affairs & Rehabilitation Volunteer Guide
  - Hour bars are rewards for service hours completed. Most departments buy a pin for volunteer, and Auxiliary National Headquarter provides the bars indicating the hours of service performed. Note: Field service hours and Home service hours are being combined for the 2014-2015 year
- The Auxiliary is a national sponsor of the National Veterans Creative Arts Festival (VCAF), which uses art therapy to help veterans
- Mini VCAF grants are available from National Headquarters (while funds last) to start a local VCAF “feeder event” in your area. Look for the form on VA&R page of ALA website.
- **American Legion Family resources for veterans:**
  - Service Officer- Accredited American Legion service officers are specially trained to provide expert assistance, free of charge, to veterans and their families. Contact your local Legion Post for the name of your area’s Legion Service Officer.
  - Family Support Network 1-800-504-4098
  - Operation Comfort Warrior
  - The Legion’s Temporary Financial Assistance (TFA) program awards cash grants to minor children of veterans who are eligible for American Legion membership. These grants help families in need meet the cost of shelter, food, utilities and health expenses
  - Homeless Veterans Task Force works to ensure local services and resources are available to homeless veterans and their families. The Task Force, which has chairpersons in each department, collaborates with government agencies, homeless service providers and veterans service organizations to develop and implement initiatives that will help homeless veterans. Task Force chairpersons can also provide direct aid to veterans and their families





# American Legion Auxiliary Communications Style Guide

Updated: 4/25/2014 11:59 AM

## General Style Points and Common Terms

9/11 - Acceptable in all references to describe the attacks in the United States on Sept. 11, 2001.

Abbreviations – If the abbreviation is an extremely well-known term in the Auxiliary, you can use the abbreviation on first reference for internal communications; otherwise, if less common, or if it conflicts with another abbreviation, spell out the term on first reference. Example: National Veterans Creative Arts Festival to NVCAF. When you're shortening a name/word ('Nam), use a closing apostrophe, not an opening apostrophe.

active-duty

addresses – Refer to AP Style.

adjutant (Legion equivalent to secretary)

Aide to the National Commander (official title)

ALA (American Legion Auxiliary; additional acceptable abbreviation is "the Auxiliary" internally)

*ALA In the Know eBulletin* (a programming best-practices e-publication available by signing up online)

*ALA eNews* (the Auxiliary's monthly e-publication available by signing up online)

ALAMIS (American Legion Auxiliary Management Information System; one word)

also – Beginning a sentence with "also" is acceptable but makes your writing inelegant. Constructions using "also" as an adverb, such as "he is also going on the trip" versus "he also is going on the trip" are both acceptable. Some might argue that "he is also going on the trip" is a split infinitive, but it is not.

American Legion Auxiliary Emblem

American Legion Auxiliary Foundation

attribution – Use the past tense, and try to vary the verbs. Said, recalled, added, mused, quipped, etc. Use full name or title on first reference and last name on subsequent references.

*Auxiliary* magazine (formerly titled *National News*; now a quarterly publication for all senior members)

Awareness Assembly – former name of annual mid-winter conference. Now named Washington, D.C. Conference (name changed through resolution at 2011 National Convention in Minneapolis).

beside vs. besides – "Beside" describes something standing next to something else ("the nightstand is beside the bed"), but "besides" describes an additional point ("No one besides Smitty would say a thing like that"). It is acceptable modern usage to employ beside in the place of besides ("That's beside the point"); however, it is not acceptable to use besides in the place of beside.

big picture – Do not hyphenate either when used as an adjective ("He takes a big picture view of things"), or as a noun ("You fail to see the big picture"). Common usage has made hyphenation unnecessary.

Blue Star Member

Blue Star Mother

Boys State

bullet points – Bullets are an acceptable method for listing and itemizing concepts in copy for both printed and electronic content. If a bullet point is a complete sentence or contains multiple sentences, ensure that it ends in a punctuation mark such as a period, question mark or exclamation point. If a bullet point is a statement that contains other punctuation marks (commas, semicolons, etc.), ensure that it ends in a punctuation mark. If a bullet point goes over a full line of copy, ensure that it ends in a punctuation mark. If other bullet points in a series end in a punctuation mark, ensure all bullet points in the series end in a punctuation mark. If a bullet point is just a single word, or a few words, then it does not have to end in a punctuation mark. Avoid using bullets in conjunction with other forms of listing punctuation. For instance, when bulleting a complex list previously organized with semicolons; do not try to preserve the sentence structure with semicolons as well as bullets. Rather, make each bulleted clause a standalone statement in sentence case and punctuated with a period.

bulletproof – All one word.

bylaws (capitalize as part of title)

cancel – Use one “l” when writing “canceled” or “canceling.”

capital (of a state)

capitol (of a building)

catchall – One word; not two; no hyphenation. Literal meaning is a receptacle that contains odds and ends, but the implied meaning is something that encompasses a variety of items.

cents – For amounts of money smaller than one dollar, write the measurement out with the amount in numerals (55 cents). For amounts larger than one dollar, use the dollar sign and decimal point (\$3.78).

ceremony (capitalize when part of title of ceremony)

chairman (capitalize as title when preceded or followed by name of committee or organization)

chairmen (plural of chairman, capitalize as title)

Chapel of Four Chaplains, Chapel of the Four Chaplains

chaplain (capitalize when preceding name, as in title)

chapter (Legion Rider equivalent to unit)

checkup – Do not hyphenate. One word.

Children & Youth (Auxiliary program)

Children of Warriors National Presidents' Scholarship – If the title needs to be shortened due to space limitations, use “National Presidents' Scholarship.”

Chef de Chemin de Fer (40 & 8 title for National Commander)

cities – Use AP Style.

co – Avoid hyphenation in instances involving the prefix “co,” such as “coworker.”

colon – Use full colons per AP. Capitalize the first letter of the first word following the full colon only when it is a proper noun or the beginning of another sentence.

Colors (i.e., "Presenting the Colors")

Color Guard

committee (capitalize when referring to a specific group--i.e., NECs. Also see entries on Mission Outreach Committees and Member Support Committees)

community service (capitalize as Auxiliary program title)

composition titles (including publication titles) – Different than AP. Go with Chicago. Books, newspapers, magazines, movies, music, works of art, etc. are all italicized. If the name actually begins with an article, capitalize the article (*The New York Times*; *the Los Angeles Times*). Applies to all publications – print and electronic.

constitution (capitalize for United States or as title)

Constitution & Bylaws

contest (capitalize only with title of particular one)

convention (lowercase unless part of title or unless referring to National Convention)

county (capitalize when used with an Auxiliary name as a title)

coworkers – Lowercase and all one word with no hyphen.

dash – use an em dash with space on each side (example: "Small American flags were placed on each grave – a fitting tribute to show our troops we are ever grateful.")

dates – Use AP Style. When referring to Sept. 11 terrorist attacks, use Sept. 11 and 9/11.

department (capitalize when used with a state name as a title)

department chairmen

department committeewoman

Department Executive Committeewomen

department \_\_\_\_\_ chairman (capitalize when name of committee is given)

Department Leaders National Conference (DLNC)

Department of Veterans Affairs (not Veterans Administration)

departementaux (8 & 40 equivalent to departments)

detachment (SAL equivalent to department)

director (Legion Rider equivalent to president)

district

dollars – When writing specific dollar amounts, use the dollar sign and comma and decimal point if necessary (\$3,456.89). For approximated dollar amounts of one million and above, you can use write out the measurement (\$3.5 trillion).

dos and don'ts – Do not use apostrophes on pluralisms of words such as “dos and don'ts.”

enewsletter

eUnit

each other – Pronoun denoting a reciprocal relationship between two entities. For more than two, use one another. The possessive form of each other is each other's (not each others').

easy-to-follow – Hyphenate.

Eight and Forty or Eight et Forty or Eight & Forty or 8 & 40

Ellipsis ( ... ) – An ellipsis is treated like a word, so it has a space on either side.

email – All lower case, no hyphen.

emblem (capitalize when American Legion Auxiliary Emblem)

Emblem Sales – The official name is “American Legion Emblem Sales.” When promoting the group's flag sales, send readers to its flag-specific website ([www.AmericanLegionFlags.com](http://www.AmericanLegionFlags.com)). The site is separate from Emblem Sales' site, and they use it to specifically promote flags and patriotic items to both the Legion and non-Legion market.

essay contest (capitalize only if title, as a particular one)

Family Support Pod – Includes Americanism, Education, Community Service, National Chaplain programs.

Far East – Capped.

Federal

firsthand – Do not hyphenate.

First Lady – Stray from AP Style. Cap both words.

follow-up, follow up – Used as an adjective or a noun, the phrase should be hyphenated (as a follow-up to yesterday's meeting ...; here's that follow-up report you requested). As a verb, do not hyphenate (the police will follow up on the anonymous tip).

*Forty and Eighter* (40 & 8 magazine)

flag

Flag Code – On second reference, always refer to as Flag Code...not Code, the Code, etc.

foundation - Capitalize when referring to ALA Foundation. Do not use ALAF.

fractions – Always spell out and hyphenate (one-third; not 1/3, or one third).

fundraising – one word

Gateway to Services – Formal/official name is ALA Gateway to Services – Resources for Veterans and Military Families.

Girls State (no apostrophe, use ALA Girls State, at least on first reference)

Girls Nation (no apostrophe, use ALA Girls Nation, at least on first reference)

Gold Star Member

Gold Star Mothers

grassroots

ground breaking, groundbreaking – When used as a noun, write as two words (“I attended the ground breaking of the new hospital”). When used as an adjective, write as one word with no hyphen (“This groundbreaking new loan”).

guesswork – All one word, no hyphen.

Gulf War

heads-up, heads up – Hyphenate when used as a noun or an adjective (I wanted to give you a quick heads-up on the upcoming meeting). Do not hyphenate when used as an interjection (Heads up--the boss is coming in this week).

headquarters (lowercase when alone, capitalize when referring to National Headquarters)

Heroes to Hometowns

homecoming

honorary [level] Junior [office] (capitalize when preceding name, as in title)

how-to sheet

Hyphenation – Per AP Style, when in doubt, hyphenate two or more words when used as a modifier or noun. However, once a hyphenated phrase becomes part of modern English usage, the hyphen may get dropped. When in doubt, refer to this style guide and other hyphenation guides for further reference. Do not place a figure of speech that is hyphenated in quotation marks; use one or the other. Do not hyphenate adverb constructions ending in “ly” (“superbly executed attack”), but do hyphenate them when part of a compound modifier (“slightly-smaller-than-expected gains”).

in-house – Hyphenated.

Internet – Capped.

intranet – An internal corporate website for employee use. Lowercase.

Juniors, Junior members

Junior Activities (capitalize as committee title)

kick start, kick-start – Two words. Do not hyphenate when used as a noun; hyphenate when used as a verb (the kick start on my motorcycle is broken; let’s kick-start this program and get it going).

Korean Conflict (see *war vs. conflict entry*)

La Boutique des Huit Chapeau et Quarante Femmes (8 & 40)

La Secretaire-Caissiere Nationale (8 & 40 equivalent to national secretary)

Le Chapeau National (8 & 40 equivalent to the national president)

Les Petis Salons (8 & 40 title)

Lebanon/Grenada

Legion Family, the Legion Family

Legionnaires

legislation (capitalize when part of title)

legislature (capitalize when part of title)

lifelong – One word. Continuing through life.

long-term – Hyphenate.

Madam President

membership drive (capitalize only if special title of particular drive)

Membership Development Pod – Includes American Legion Auxiliary Foundation, Membership, AEF, Leadership, Public Relations, Long Range Strategic Planning, Advisory programs.

Membership Workshop

Member Support Committees - Auxiliary Emergency Fund, Cavalcade of Memories, Constitution & Bylaws, Finance, Leadership, Liaison to Child Welfare Foundation, Membership, Past Presidents Parley, Public Relations

memorial (capitalize when part of title)

MIA (Missing In Action)

Mission Outreach Committees - ALA Girls State/ALA Girls Nation, Americanism, Children & Youth, Community Service, Education, Junior Activities, Legislative, National Security, Poppy, Veterans Affairs & Rehabilitation

MSO (military service obligation)

multi – In general, avoid hyphens with constructions involving the prefix “multi.”

multifamily – No hyphen.

multimillion – No hyphen.

nation

national

National Chairmen’s Meeting

National Committee (capitalize when a committee name)

National Convention

national division (central, eastern, northwestern, southern, western; capitalize when preceding name, as in title)

National Executive Committee

National Executive Committee Meeting

National Executive Committeewoman

National Headquarters

national president (capitalize if followed by name, as in title)

National President's Award for Excellence

National Presidents' Scholarship – formal title is Children of Warriors National Presidents' Scholarship

National Anthem

*National News* (former title of the American Legion Auxiliary's magazine; now a best-practice showcase and how-to guide placed in center area of magazine)

NVCAF (National Veterans Creative Arts Festival) – The American Legion Auxiliary has been an official sponsor of this event since 2000.

nonprofit – One word. Do not hyphenate.

noon – an acceptable replacement for 12 p.m. However, do not write "12 noon," because it is redundant construction.

Numerals – Use AP Style. Examples: numbers between zero and nine should be written out, and numbers 10 and above should use numerals (five, 15). Ordinal numbers are treated the same way (first, second, 10th, 34th). Note: The affixes on ordinals are not superscripted (no matter how badly Microsoft Word wants to superscript them). Ensure a comma is used in numbers entering the thousands (example: 1,000).

OEF/OIF/OND (Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn)

OK – Follow AP Style.

online – One word; no hyphen.

on-site – Hyphenate when used as an adjective.

one another -- Pronoun denoting a reciprocal relationship between three or more entities. For sets containing two entities, use each other. The possessive form of one another is one another's (not one another's').

one-time – Hyphenate when used as an adjective (this one-time event ends soon).

Organizational Support – Includes Audit, Constitution & Bylaws, Finance, Cavalcade of Memories, Past Presidents Parley, Parliamentary, National Historian programs.

overall – One word when used as an adjective or other modifier.

Panama

partners (8 & 40 members)

Past Department Commander (PDC)

Past National Commander (PNC)

Past Department President (PDP)

Past National President (PNP)

past president (capitalize when followed by name, as part of title)

Past Presidents Parley (no apostrophe)

Percentages – In newsletters and long, printed documents, always use the word “percent” written out in body copy and the percent symbol (%) in headlines (per AP Style).

photo-op – Short for photographic opportunity. Hyphenated.

Plan of Action (POA)

Pledge of Allegiance

pod – Not an acronym; capitalize only when referring to the pod title. Example: “Veteran/Military Support & Advocacy Pod.”

Poppy Day(s)

poppy distribution (not sale)

poppy funds

Poppy Poster Contest

Poppy Program

post

post home

POW (Prisoner Of War)

pre – Follow AP Style and Webster’s rules on this prefix. In nearly all cases, use of the “pre” prefix does not involve a hyphen.

prefixes – Follow AP Style and Webster’s rules on prefixes: Generally, do not hyphenate when prefix starts with a consonant (“multimedia”). Use a hyphen when a prefix ends in the same vowel that starts the root word (“pre-existing condition”) — exceptions to that rule are “coordinate” and “cooperate.” Use a hyphen if the word following the prefix is capitalized. Use a hyphen to join double prefixes (“sub-subcommittee”)

president (capitalize if followed by name, as in title)

President of the United States of America

proactive – Common usage has eliminated necessity of hyphenation. Write as one word.



Proceedings (of National meetings)

PUFL (Paid Up For Life)

publication titles – See composition titles.

region (north, south, east, west)

representative (capitalize if followed by name, as in title)

round-robin – Hyphenate. Figure of speech describing a process in which the stages thereof happen in succession and turns that repeat (“We rotated the serves in our volleyball game in round-robin fashion”).

run-down; run down – Hyphenated when used as a noun (Give me the run-down on the August numbers). Not hyphenated when used as a verb (Run down to the store and get me some milk; He was run down by tractor trailer rig).

Salon Nationale La Boutique des Huit Chapeau et Quarante Femme (official name of 8 & 40)

salons (8 & 40 equivalent to units)

seasons – Per AP, lowercase (summer, fall, winter, spring) and derivatives (springtide), unless part of a formal name (Summer Crab Feast).

secretary (up if preceding name, as in part of title)

seasoned member

senator (capitalize if followed by name, as in title)

Sept. 11 - The term for describing the attacks in the United States on Sept. 11, 2001. *Also see 9/11.*

Sergeant-at-Arms

servicemember

servicemember by branch, such as soldier(s), Marine(s), sailor, airman/airmen, Coast Guardsman/men

set up, setup – Used as a verb, it is two words (“He set up the tables”). Used as a noun or adjective, it is one word (“That’s a nice setup” “She’ll be setup for the year”).

single-family – Hyphenate when used as an adjective.

social media

Sons of The American Legion (SAL)

squadron (SAL version of an Auxiliary unit or Legion post)

stand down

state names and abbreviations – Use AP Style. For *Auxiliary* magazine, spell out state names.

step-by-step – Hyphenate.

stories – Departure from AP Style. Spell out the number of stories up to nine, and hyphenate when used as an adjective (The ordinance affects eight- to 10-story buildings).

tagline – The official tagline of the American Legion Auxiliary is “In the Spirit of Service Not Self for Veterans, God and Country.”

telephone numbers – Format telephone numbers in copy with parentheses and follow with hyphens.  
Example: (555) 867-5309.

thank you, thank-you – Two words when used as an interjection (“Thank you,” he said). Hyphenated when used as an adjective (“I received a nice thank-you card”) or a noun (“He left without so much as a thank-you”).

The American Legion (TAL); also acceptable: “the Legion”

the American Legion Auxiliary

The American Legion Family

The American Legion Riders (Riders)

the Auxiliary (preferred internal abbreviation for “American Legion Auxiliary”; ALA also acceptable when spelled out on first reference)

three-series comma – When listing more than two items, a comma is not required before the conjunction tying together the last item in the series (“I ate a sandwich, an apple and a pear”). However, if each item in the list is quite long, a comma is acceptable if the lack thereof creates an awkward or confusing construction.

time of day – Abbreviate with a.m. or p.m. (“the class starts at 7 p.m.”).

titles/leadership titles – Capitalize when the title precedes a name (example: National President Peggy Thomas). Lowercase when listed as a general term (example: The department secretary sitting over there is from Indiana.)

tried-and-true – Hyphenate.

U.S., United States – Follow AP Style: Spell out United States when referring to the country, and use the abbreviation when used as an adjective (I live in the United States. U.S. cheese exports are up).

unit (capitalize when used with an Auxiliary name as a title)

Unit Handbook

United States

USO

VA (Veterans Affairs)

VA&R (Veterans Affairs & Rehabilitation)

VAVS (Veterans Affairs Voluntary Services)

Veterans Day (no apostrophe)

Veteran/Military Support & Advocacy Pod – Includes Legislative, National Security, Poppy, VA&R programs.

VIM - Very Important Member: now referred to as PUFL members

vice president (capitalize if followed by name, as in title)

vice commander (capitalize if followed by name, as in title)

Vietnam War (The Vietnam Conflict also is acceptable. See war vs. conflict entry.)

virtual post (Legion equivalent to Auxiliary eUnit)

VSO (Veterans Service Organization)

war - Capitalize as part of the name of a specific conflict: the Afghanistan War, the Iraq War, the Civil War, the Cold War, the Korean War, the Vietnam War, the War of 1812, World War I, World War II, the Gulf War.

war vs. conflict – Many U.S. presidents aptly speak of the Korean War as well as the Vietnam War. However, only Congress has the authority to declare war, and the U.S. Congress did not do so when we fought in Korea or Vietnam, which is why each officially remains a “conflict.” The American Legion adopted a resolution in 1963 to refer to that period of hostilities as the “Korean War,” and indeed the Washington Mall memorial honoring those veterans was dedicated as the “Korean War Memorial.” We agree with the Legion that the hostilities in Korea should be considered a war, and wish someday Congress would adopt a simple resolution acknowledging and honoring those who fought in that era as Korean War veterans. Our Korea and Vietnam veterans deserve the utmost respect, and we agree those “conflicts” and all others where the life of a U.S. service member is lost should be regarded as wars.

War on Terrorism

Washington, D.C.

Washington DC Conference – formerly known as Awareness Assembly (name changed through resolution at 2011 National Convention in Minneapolis)

website

welcome-home event

weight – use AP Style

widow unit

World War I

World War II

women’s organization (not woman’s)

women veterans (not female veterans)

Youth Development Pod - Includes Children & Youth, Liaison to Child Welfare Foundation, Junior Activities, ALA Girls State/ALA Girls Nation programs.

## **PUNCTUATION GUIDE**

Series/Oxford Comma: As per AP style, we do not use the last comma in a series, unless the list is extremely long or very descriptive. We recommend using the series comma, though, when crafting

documents with legal information or when a missing comma could be misconstrued as designating one item (i.e., “The guilty parties are Mark, Josh, Julie and Bob...” In a court of law, “Julie and Bob” could be considered one of three parties).

Spaces following a period: Use a single space after a period at the end of a sentence.

Revision in progress.  
Anticipated completion date:  
Summer 2024



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## HOW TO FINANCIALLY SUPPORT OUR MISSION-BASED PROGRAMS

**Committee:**

### National Finance

**Submitted by:**

Nicole Clapp, National Finance Chairman

**Contact Information for Questions:**

nclapp@grantregional.com, 608-723-6236, or your department Finance chairman

**Objective:**

Provide support for the mission-based programs and activities of our national organization.

**How to donate to the American Legion Auxiliary National Organization and to the American Legion Auxiliary Foundation:**

- Once your annual unit budget has been approved, it is time to start supporting the mission-based programs and activities your unit has budgeted by completing the attached form and submitting donations directly to National Headquarters or via your department.
- Please make this form available to individual unit members, and explain the importance of donating to the national mission funds.
- **National Funds Supporting the ALA Mission:**  
Donations can be made to support the American Legion Auxiliary as follows:
  - a) **ALA National Scholarship Fund**
    - **Children of Warriors, National Presidents' Scholarship Fund:** Supports the children of our nation's heroes—our veterans through endowed gifts. These scholarships are awarded to 15 students annually who excel in academics and volunteer in their communities.
    - **Spirit of Youth Scholarship Fund:** Supports four separate scholarship opportunities. One is for American Legion Auxiliary Junior members; another is for the Honorary National Junior President; another is for participants in the American Legion Auxiliary Girls Nation program; and one is for Non-Traditional Student Scholarships supporting people who are part of the Legion Family pursuing a college degree later in life or allowing them to pick up where they left off when their studies were interrupted.
  - b) **Auxiliary Emergency Fund:** When a sudden financial crisis befalls an eligible Auxiliary member, the AEF may be able to provide temporary emergency assistance when no other source of help is available.
  - c) **American Legion Auxiliary Foundation:** As a 501(c)(3) public benefit corporation, the ALA Foundation provides ways for individuals and corporations to support the Auxiliary's charitable and educational outreach programs through endowed gifts, grants, and sponsorships that require donations go to a 501(c)(3). The ALA Foundation secures our legacy of service for future generations of veterans, military, and their families. The ALA Foundation supports the mission of the ALA and receives donations for:
    - **ALA Mission Endowment Fund** – a long-term fund where earnings from the endowment's principal are used to support the American Legion Auxiliary forever.
    - **ALAF Veteran Projects Fund** – a fund where donations can be received and then granted to benefit American Legion Auxiliary national programs, departments, and units through:
      - Small grants being made to help departments and units accomplish emergent mission program needs. Departments and units must demonstrate that they will be funding part of the project for which a small grant is sought.
      - Supporting National and Local Veterans Creative Arts Festival(s) that showcase the artistic achievements of veterans being treated at Veterans Administration (VA) facilities across the country. The American Legion Auxiliary is the national presenting sponsor of the event. ALA Foundation micro grants support local Creative Arts festivals.

Revision in progress.  
Anticipated completion date:  
Summer 2024

## How to Prepare for an IRS Audit

It is highly recommended that your organization have an audit committee that ensures you are ready for an IRS audit and are compliant with good governance practices. The tasks of an audit committee can also be performed by other committees or by department officers. Here are some example tasks the audit committee typically performs:

1. Determine the adequacy of internal control. Make sure your organization has internal checks and balances in place. Test your financial procedures to see if they are being used. Review your board minutes and make sure they match your financial statements. Make sure that more than one person is collecting funds, dispersing funds, recording minutes, signing checks, and preparing financial reports.
2. Determine the accuracy of your financial reports and records. Review your income and expense statements, balance sheet, and statement of changes in financial position.
3. Make sure all of your activities and procedures are being carried out with proper authorization. Review your corporate charter and bylaws, and make sure documented procedures are being followed. The board (DEC) minutes will be the best asset to determine this.
4. Determine the physical existence of assets. Verify account balances. Review deeds, tax assessments, and appraisals of items owned.
5. Review your tax-exempt status and any activities that could endanger it.

Although not all inclusive, the following lists some of the documents that the IRS can request from you if you are audited. The IRS has a form called the "governance check sheet" their agents use when reviewing nonprofits. It can be found online at: [www.irs.gov/pub/irs-tege/governance\\_check\\_sheet.pdf](http://www.irs.gov/pub/irs-tege/governance_check_sheet.pdf)

1. Original application for non-profit status, articles of incorporation, bylaws, and any amendments.
2. IRS letter granting tax-exempt status.
3. Minutes of all board meetings and committees.
4. Brochures, newsletters, and any advertising from the organization.
5. Financial records including:
  - Chart of accounts
  - General ledger
  - Working trial balance
  - Cash receipts and cash disbursements journal
  - Cancelled checks
  - Invoices
  - Bank statements
  - Credit card statements

- Expense reports
- Three years of Form 990s
- Contracts, Notes
- Copies of all 990s, W-2, W-4, and any other federal documents
- Description of membership benefits if any
- Detail of any Fundraiser Fees and Event Schedules

#### **Audit Suggestions:**

1. All positions taken on the Form 990 should be supported and documented.
2. Ensure minutes are taken for all board and committee meetings.
3. Independent contractor classifications should be documented and defensible.
4. Adopt written policies on whistle blower, conflict of interest, document retention and destruction, and executive compensation and evaluation policies.
5. Keep a binder with key organizational documents, such as articles of incorporation, approval letter, a conflict of interest policy, and other documents.
6. Keep a binder for minutes from the board and any committee meetings. Put a sticky tab on each page where a motion was approved.
7. At the end of each year, put all the brochures, reports, and documents from the year into a folder.
8. Save all financial documents in line with your document retention policy.
9. Be courteous and respectful to the IRS agent.
10. Provide prompt responses to IRS officials. Don't make them wait. Responses should be well thought out and thorough.
11. Make things easier for the agent when providing documents: provide them in the same order as requested and references to documents to allow for an easier trail and, if necessary, explanations as to the relevance of the document. Assign a designated employee (or an outside professional) to be the go-to person for the agent. All document requests should be handled through this person. Consider having your professionals (CPA, attorney) review documents before providing them to the IRS.
12. Provide only information requested. Don't volunteer any more information. Agents will examine everything you send in and additional documents will slow down their review process.
13. Prepare a list of all documents and information provided to the agent. Employees interviewed should document questions asked and responses provided.



**American Legion Auxiliary  
Manual of Ceremonies  
and  
Proper Parliamentary Points**

**Please see  
American Legion Auxiliary  
Unit Handbook**

Revision in progress.  
Anticipated completion date:  
Summer 2024

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The American Legion Auxiliary Department Operations Guide, published April 25, 2014.

**UPDATE HISTORY:**

#	Date	Author(s)	Description (Substantive or Proofing)
01	None	None	None

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Anticipated completion date:  
Summer 2024



**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Appendix D:**

**Constitution & Bylaws  
and Standing Rules**

Revision in progress.  
Anticipated completion date:  
Summer 2024



**American Legion Auxiliary**

# **Department Operations Guide**

**Constitution & Bylaws and Standing  
Rules is a separate publication.**

**To download, please go to:**

**[www.ALAforVeterans.org](http://www.ALAforVeterans.org), or purchase  
a copy from Emblem Sales at  
[www.emblem.legion.org](http://www.emblem.legion.org).**

**Please check [www.ALAforVeterans.org](http://www.ALAforVeterans.org) following the  
yearly National Convention to see if any amendments  
were added. National headquarters will notify  
departments of any changes.**

Revision in progress.  
Anticipated completion date:  
Summer 2024



**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Appendix E:**

**Frequently Asked Questions**

Revision in progress.  
Anticipated completion date:  
Summer 2024





**American Legion Auxiliary**

**Department  
Operations  
Guide**

**FREQUENTLY ASKED QUESTIONS  
(FAQs)**

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Summer 2024

# FREQUENTLY ASKED QUESTIONS (FAQs)

## CHAPTER 1

### CORPORATE STRUCTURE – FAQs

#### **FAQ 1: The Need for a Unit to Incorporate**

Should we seek incorporation at the state level or are we protected by the federal exemption status that the ALA has as ‘national’ organization? We were discussing this because the question of legal liability was brought up and we would like to know if we are protected as a unit.

**RESPONSE:** The American Legion Auxiliary’s Counsel General, the National Judge Advocate, advises units that handle money be incorporated in order to mitigate potential risk exposure of the unit’s members.

Incorporation provides legal protection for an organization by limiting the liability of the individual members of the organization. The American Legion Auxiliary’s Counsel General strongly recommends incorporation. It should be noted that the act of incorporating as a not-for-profit corporation does not automatically confer tax exempt status. A not-for-profit corporation may exist and operate according to the purpose of its articles of incorporation without being tax exempt. Also, if a not-for-profit corporation loses its tax exempt status, it may still otherwise continue its operations; however, it must pay appropriate federal, state and local taxes, and donations it receives are not tax-deductible to the donor.

Information referenced in the Appendix can assist your unit in understanding its obligations for a) Operating as a tax exempt not-for-profit corporation permitted to use the name and trademarks of the American Legion Auxiliary, and b) Filing an annual IRS Form 990. American Legion Auxiliary (ALA) Units and Departments are separate entities that operate independently as affiliates of the ALA National Organization.

All ALA entities – units, departments and districts/counties/councils – are permitted by the national organization to use the name and trademarks of the American Legion Auxiliary and must comply with the national legal requirements for use of same. As independently operating not-for-profit corporations, Departments and Units must duly report to their respective state governments and to the federal government via the IRS Form 990. Departments, districts/counties/councils, and units that have maintained their exempt status by complying with IRS requirements and that are in good standing are tax exempt under the ALA National Organization Group Exemption Number (GEN).

Therefore, by virtue of the American Legion Auxiliary National Organization Group Exemption, ALA Units and Departments that have not had their tax exempt status revoked by the IRS or that have not obtained a separate tax exempt number via a Letter of Determination from the IRS fall within the Group and are tax exempt under Section 501 (c) (19) of the Internal Revenue Service Code.

The purpose of the IRS federal group exemption is to exempt the American Legion Auxiliary National Organization and those falling under the ALA’s National Group Exemption (GEN 0964) from federal income tax. The Auxiliary at all levels is otherwise subject to other federal taxes such as payroll taxes and tax on unrelated business income. Units, departments, and districts/counties/councils may also be subject to certain state and local taxes, including hotel, hospitality, service, and sales taxes. All states are different; be sure to consult with a tax adviser

knowledgeable about your state's not-for-profit tax requirements to determine if not-for-profit organizations in your state are afforded any state tax exemptions.

The federal TIN/EIN does NOT indicate tax exempt status. An organization can be incorporated as a not-for-profit and have the required TIN/EIN but still NOT be tax exempt. The IRS's discretion to grant not-for-profits exemption from paying federal income taxes is an entirely separate federal filing and determination process. For units, departments and districts/counties/councils, the ALA National Organization Group Exemption provides tax exempt status unless the IRS has specifically revoked a Unit's or D/C/C's exempt status.

Both the federal TIN and the federal EIN are unique 9-digit identification numbers. If units, departments or districts/counties/councils have or will have employees, an EIN is required; otherwise, a TIN is sufficient. While units, departments, and districts/counties/councils are strongly advised to incorporate, the units, departments, districts/counties/councils should apply for and obtain a TIN/EIN whether or not incorporated. Each TIN/EIN is on file with the IRS and should be used on all tax returns and correspondence, and should be retained permanently for ready reference.

*Please see related documents in the appendix for additional guidance.*

**FAQ 2: Allowance for intermediate bodies**

Has there been a change in how the ALA National organization accounts for the ALA Districts/Counties/Councils (D/C/C)?

**RESPONSE:** Yes, the American Legion Auxiliary National Constitution & Bylaws AMENDMENT adopted 8/28/2012 amended the National Bylaws Article 1, Organization, Sections 3 and 4 to grant discretionary authority to departments to create intermediate bodies between the units and department (commonly known as districts/counties/councils).

*Section 4. Departments shall have authority to create intermediate bodies between the Units and Department to act as a liaison between such organizations and for the purpose of promoting the programs of the American Legion Auxiliary.*

\*Note, revisit your ALA Department Constitution and Bylaws regarding the department's recognition of districts, counties, councils. Make sure the department's bylaws grant the department governing body the authority to establish ALA D/C/Cs.

**FAQ 3:** I don't completely understand what subsidiaries to the department are. I have been told that our Girls State program IF it is incorporated – and IF a district is chartered, they also become subsidiaries. Are there any other occasions when a department would have a subsidiary?

**RESPONSE:** Subsidiaries are incorporated entities created by a department. Subsidiaries are permitted to use the name, emblem, and/or trademarks of the ALA provided they comply with the five (5) rules of a subsidiary as explained previously. Examples of a department subsidiary organization include districts, counties, councils; ALA Girls State programs; ALA fundraising arms such as ALA thrift stores, ALA income-generating enterprises, and ALA foundations.

**FAQ 4:** Our ALA District/County/Council (D/C/C) has an EIN. Does that mean our ALA D/C/C is incorporated?

**RESPONSE:** No, obtaining a Tax Identification Number/Employer Identification Number (TIN/EIN) does not incorporate, nor legalize your ALA District/County/Council to conduct business as a separate entity with the related benefits and protections of incorporation. The state in which your Department exists is where you would initiate the incorporation of your ALA District/County/Council to legalize the organizational structure. Visit your state government website for guidance, as each state varies regarding nonprofit incorporation and registration.

**FAQ 5:** What does incorporated mean?

**RESPONSE:** An incorporated organization has filed the required federal, state and local government paperwork to create and register the organization as a separate legal entity for conducting business and is recognized by the federal, state and local government.

**FAQ 6: Steps for incorporation**

How do we become incorporated?

**RESPONSE:** The proper steps to lawfully organize your ALA District/County/Council vary from state to state as to the incorporation and registration process. The first step is to determine your state requirements. *Seek professional advice regarding to the lawful establishment of your organization's structure. "Incorporation" is a term for classification purposes. The answers to these FAQs do not constitute professional advice by the ALA National Organization.*

**FAQ 7:** Is the national Girls Nation incorporated?

**RESPONSE:** American Legion Auxiliary Girls Nation is not a separately incorporated entity. ALA Girls Nation is a program of the national organization, operated by the National organization, and, therefore, wholly accountable to the national organization as a program. There is no need for ALA Girls Nation to be separately incorporated. The ALA Girls Nation program is nationally trademarked by The American Legion who owns the names and all trademarks of American Legion Auxiliary Girls State. The program functions as a national committee comprised of nine (9) committee members serving one-year terms, whose chairman serves as the director of ALA Girls Nation.

With the establishment of the American Legion Auxiliary Foundation, there is no longer a need for any department's ALA Girls State program to be separately incorporated. Funders limited to donating only to a 501(c)(3) corporation and who wish to award grants or donate funds to a department's ALA Girls State program may donate the funds or award the grant to the American Legion Auxiliary Foundation – a 501(c)(3) corporation – and the Foundation will in turn sub-grant the funds to the department in keeping with the donor's intent. The national ALA Foundation eliminates the need for departments' to assume to burden of managing a separate subsidiary whose reason for existence can solely be to raise funds for the program, since a department's ALA Girls State program is wholly accountable to the department, whether separately incorporated or not.

A separately incorporated ALA Girls State program must comply with the five (5) rules of a subsidiary as provided in the National Standing Rules, Section VIII, Department Subsidiary Corporations.

**FAQ 8:** Do all of the other Girls State programs fall under the blanket of the incorporation for National?

**RESPONSE:** A department's ALA Girls State program that is not separately incorporated is a program of the department and operated by the department. An ALA Girls State program that is not incorporated, therefore, is tax-exempt the same as the department which falls under the National ALA's IRS Group Exemption Number (GEN).

As stated above, a separately incorporated ALA Girls State program is a subsidiary of the department, and is wholly accountable to the department. An ALA Girls State program does not need to be incorporated. With the advent of new IRS regulations and corporate trademark protection, Counsel General does not advise a department's ALA Girls State program be separately incorporated.

A department does have the authority and the discretion to create – or not create – subsidiary organizations. They are wholly accountable to the department. The department's governing body may establish in its bylaws or rules any other designations, requirements, or restrictions on a subsidiary organization. The department must establish its rules (bylaws, standing rules, and/or policies) by action of its governing board or department convention, in keeping with the department's own governing documents (Constitution, bylaws, standing rules). Keep in mind, that American Legion Auxiliary Girls State is a trademarked program and must operate within the federal rules established by patent and trademark laws.

For further information on ALA Girls State, please refer to the *ALA Girls State Program and Operations Guide (May 2012)*, which states, “some ALA Girls State programs are incorporated as a separate legal entity from their Auxiliary Department, and other ALA Girls State programs are run by the Auxiliary Department. Regardless of whether an ALA Girls State program is separately incorporated or not, the ALA Girls State program is subordinate to and accountable to the department, and the relationship between the ALA Girls State program and the Auxiliary Department should be clearly defined. A separately incorporated ALA Girl State program is a subsidiary of and subordinate to the Auxiliary Department. While a separately incorporated ALA Girls State program may have a separate board of directors and Articles of Incorporation, the Auxiliary Department must maintain certain controls over the ALA Girls State program in order to preserve the American Legion Auxiliary's trademarks and comply with corporate law.”

“Each program's operations fall under the purview and oversight of the department and the department's governing body. The department executive committee or governing board must approve or confirm the department's ALA Girls State board and/or directors, its budget and financial reports and statements, and ensure that the program has appropriate polices in place that avert risk and exposure to liability. Every ALA Girls State program should inform the department about major dates and events connected with its ALA Girls State program.”

“While some ALA Girls State programs operate within their departments as separate 501(c)(19) or 501(c)(3) corporations, these programs are still trademarked extensions of the American Legion Auxiliary organization and of the Department which is the authorized entity within the organization. As such, “American Legion Auxiliary Girls State” is a trademarked program and must operate within the federal rules established by patent and trademark laws.”

**FAQ 9:** We want to establish an ALA Girls State alumnae association. Does this have to be approved by the DEC and then voted on by the membership?

**RESPONSE:** An ALA Girls State alumnae association needs to be authorized by the department's governing board (DEC) to incorporate as a subsidiary organization of the department. Because the association intends to bear the trademarked names “American Legion

Auxiliary” and “Girls State”, it cannot organize as a corporation on its own; the DEC must vote to approve establishing it.

Establishing a subsidiary is not a matter that goes before a convention body. Convention delegates are not directors of the corporation, and, therefore, bear no liability for the legal conduct and comport of the organization. DEC members are directors of the corporation, and, as such, they do bear liability for the actions of the corporation. Therefore, the DEC, as the governing board, are the ones with the authority to do the corporation’s important business such as to approve and amend budgets, confirm appointments, and establish subsidiary corporations. If a department wants to seek a vote of support from the convention body, it could, but the resolution would not be a vote for the Convention to authorize establishing the subsidiary. It would only be a vote of support that the DEC do so; or conversely could be a vote of disapproval, requesting the DEC to not authorize the subsidiary.

**FAQ 10:** Are the DEC meetings closed meetings where the membership cannot attend?

**RESPONSE:** You would need to check with your state’s laws governing nonprofit businesses to determine if DEC meetings can be closed. Most states have “open door” or “sunshine” laws that require meetings be open to the public unless such meetings are addressing a subject matter that requires the meeting to be closed for legal reasons, usually referred to as meeting in “executive session” or “closed session”, to discuss such things as compensation of officers or conduct of officers, directors, or confirmed appointed leaders.

**FAQ 11:** What does “TIN/EIN” mean?

**RESPONSE:** The TIN/EIN is the identifier assigned by and used for reporting business activities at both the federal and state levels.

**FAQ 12:** Are districts/parishes, etc. in a state required to be chartered? I now that our 8 districts have their own EIN numbers for their bank accounts.

**RESPONSE:** The American Legion Auxiliary National Bylaws Article I, Organization, Section 4 grants departments the “*authority to create and charter intermediate bodies between the units and department...*” Counsel General recommends all intermediate bodies be incorporated to protect the officers of the intermediate body. Intermediate bodies must be chartered to be eligible to use the national Auxiliary’s IRS Group Exemption for federal taxes.

For further information on chartering intermediate bodies, please see the Tax, Bond, Districts/Counties/Councils information in the Appendix and that is provided to every department at the annual Department Leadership National Conference.

Other than an ALA unit, any organization that uses the name and emblem of the ALA and which is incorporated in the same state as the department (or DC or Puerto Rico) is a subsidiary organization to the department, whether incorporated as a for-profit or not-for-profit organization. A department’s subsidiary organizations may include districts, counties, councils; ALA Girls State programs; ALA fundraising arms such as ALA thrift stores, ALA income-generating enterprises, and ALA foundations. All subsidiaries are accountable to and subordinate to the department and must follow the rules as provided in the ALA National C&B.

An intermediate body – i.e. a district/county/council/parish etc. – can be incorporated as a 501(c)(19). There are many ALA subsidiary organizations, including a few districts, counties,

councils etc. that incorporated as 501(c)3 corporations for the purpose of raising funds, since many foundations and corporations restrict donations to only 501(c)(3) corporations.

Please note that an incorporated intermediate body is indeed a subsidiary corporation to the department and is, therefore, fully accountable to the department and must comply with the five (5) rules of a subsidiary as provided in the National Standing Rules, Section VIII Subsidiary Organizations, Department Subsidiary Corporations.

**FAQ 13:** How does an ALA District/County/Council apply for an ALA charter?

**RESPONSE:** A separate application and instructions for ALA districts/counties/councils has been published by the ALA national organization and made available to each ALA Department or via the ALA National website ([www.ALAforVeterans.org](http://www.ALAforVeterans.org)). Submission of your application for an ALA District/County/Council (D/C/C) charter initiates the process by the ALA Department. The ALA department submits the application to ALA National Headquarters, Membership Division, for processing.

The ALA National Headquarters may impose a processing fee for the ALA D/C/C charter applications, similar to what is charged for processing unit charters.

**FAQ 14:** When does an ALA D/C/C need to submit its Charter Application?

**RESPONSE:** The ALA National Organization requires all NEW charter applications be completed by April 30th of each year to be listed for inclusion of ALA chartered organizations in the annual report submitted each June to the IRS for the ALA National Group Exemption.

Please note that the process is ongoing and the ALA National Organization will submit a Group Exemption inclusion letter after each charter application is processed and an ALA National Charter has been issued.

**FAQ 15:** Why does our ALA D/C/C need to be concerned about trademark protections?

**RESPONSE:** The American Legion (TAL) owns the name, emblem and trademarks of the American Legion Auxiliary (ALA). The ALA is required to authorize and control the use of the ALA's name, emblem and trademark. Permission for affiliated chartered organizations to use the name and marks of the ALA must be granted by the national secretary in keeping with corporate law and federal regulations.

**FAQ 16:** I have been asked by an Auxiliary Unit if the American Legion of their post has the authority to prevent an Auxiliary member from attending the Auxiliary meeting. The American Legion Constitution and Bylaws indicate that the American Legion will not interfere with the Auxiliary.

**RESPONSE:** You are correct that according to the national bylaws of both the American Legion and the ALA, the two organizations are separate and neither has authority over the other. A Legion post does not have the authority to determine who may attend an ALA meeting. A post's private social club, as a separate business enterprise, may control who is allowed to patronize the social club, but the post has no authority over who may attend an ALA meeting.

**FAQ 17:** One of our Units would like to know what their liability is to the post when it comes to funds. The Unit has \$30,000 in CDs that is money they have saved from fund raisers for scholarships, poppies, Girls State and other designated programs. The post is having financial difficulties and wants them to give them this money. Some of their members think it would be



okay to do this and others think they would be defrauding the people that had gotten the money for the above programs. The members of the post are telling them they are to support all the post activities no matter what and need the money to save the post (the bar has drained the Legion funds) and they are demanding this money. They have asked for the official opinion from the National Judge Advocate and asked me to contact him for them. Can you please forward this or advise me as to whether you feel this would be fraud or not and what their responsibility is when it comes to this kind of project. They really want to know if it would be "fraud" to give up this money. I told them they were under no obligation to give up their savings to the post, but I did not know it could be considered defrauding the public for taking this money for one thing and spending it on another. Please advise.

**RESPONSE:** This issue is addressed in the ALA National Constitution & Bylaws and Standing Rules. Units and posts are separate entities. Neither has authority or control over the other.

Via a prearranged agreement between both parties, a unit may agree to pay a post for specific stated purposes such as meeting expenses or use of space, but otherwise a post has no authority to demand money from a unit. An ALA department/unit is not responsible for a Legion department/post's debts and has no liability for same and vice versa.

Donations received by any nonprofit are to be used in keeping with the donor's intent and may not be used for any other purpose. If donors contributed to the ALA at any level for a specified purpose, such as scholarships or a service program, the ALA entity cannot use that money for any other purpose.

If an ALA unit is not going to use the collected funds for the purpose for which they were collected, the unit must return the funds to the donors or may only use them for a like purpose (e.g., another scholarship or a similar service project). It is fraudulent for any ALA entity - national, department, intermediate bodies, subsidiaries, units, et al - to use funds that were collected for a specific charitable mission purpose for any other purpose.

**FAQ 18:** A member told me that she thought there was an IRS ruling that nonprofits can only give their funds to other nonprofits if they cease operating. Do you know if that is true?

**RESPONSE:** If a nonprofit organization has been granted tax exempt status by the IRS, either singularly or as part of a group exemption (GEN), and that nonprofit organization dissolves (as a corporation) or ceases its operations and ceases to exist (an unincorporated organization), then the organization must distribute its remaining assets (after the settlement of all the organization's outstanding debts) to fulfill another tax exempt purpose. That is to say, yes, a tax exempt nonprofit that dissolves or ceases to exist must distribute its assets (money, financial holdings, and real and business personal property) to another tax exempt organization.

The answer to how a nonprofit that is ceasing operations must distribute its remaining assets/funds/ is rooted in the reason why the organization was granted exempt status in the first place. The IRS grants to organizations that exist for the betterment of the public good an exemption from paying federal taxes, i.e. to those organizations whose purpose is to benefit the good of society (e.g. charitably, educationally, spiritually). Every tax exempt organization must annually report to the IRS (via the IRS Form 990) that it is serving the public good and has continued to fulfill its charitable purpose, and, therefore, has continued to earn the privilege granted by the federal government to waive the payment of federal taxes in exchange for the public good performed by the organization.

Inherent in the whole government philosophy of granting a reprieve from paying federal taxes to those organizations that contribute to the public good is the expectation that funds raised by the tax exempt organization are used for the organization's charitable purpose, and not to pay monetary dividends to stakeholders.

For-profit organizations are not tax exempt because corporate profits are used for personal gain – dividend paid to shareholders. For-profit organizations pay taxes on their income. The customers who buy the goods and services offered by for-profit organizations do not receive any personal tax benefit for making the purchase (“giving” the organization personal money in exchange for an item or service). The profit realized on a customer's purchase yields no tax break to either the organization or to the paying customer. In the for-profit sector a paying customer is just that – a paying customer.

Funds received by nonprofit organizations are tax-exempt because the funds are used for the delivery of charitable purposes – there are no profit-dividends paid to shareholders. Persons giving money to a nonprofit are doing so to help the nonprofit fulfill its charitable purpose. In return for this voluntary exchange of money for mission delivery, the nonprofit is “awarded” by the government with a waiver of paying federal taxes, and the donor is “awarded” a tax deduction on his/her personal income tax return. In the nonprofit sector a paying customer is a donor. And a donor expects more than personal gratification from a purchase; a donor expects that the nonprofit organization will use his/her money to serve a charitable good.

This concept is important to understand when a tax-exempt nonprofit organization undergoes the process of “winding down” (a bona fide legal term) and its board/officers decide how to distribute the organization's remaining assets. The assets were obtained to fulfill a charitable purpose. Both the organization and its many donors received income tax breaks for the money received; therefore, the organization cannot use the remaining assets for personal gain or personal delight. The funds/assets were obtained for a charitable purpose and they must continue to be used for a charitable purpose.

Since the American Legion Auxiliary was created and exists to support the purposes of The American Legion, Counsel General has long advised that an ALA entity ending its existence distribute its remaining assets either a) another ALA entity (e.g. another unit, or department, or national), b) to an entity of The American Legion (e.g. its home post, or department, or national) or c) to divide the asset distribution and give portions to a combination of ALA/TAL entities.

*Note:* Not all nonprofits are tax exempt; but all ALA chartered units were tax exempt under the American Legion Auxiliary National Group Exemption (GEN). Therefore, even though a unit's exempt status may have been revoked by the IRS, that unit still acquired its assets for a charitable purpose recognized by the federal government. Those proceeds, in turn, must still be used for a charitable purpose or else distributed to another nonprofit entity to fulfill a similarly tax-exempt charitable purpose.

**FAQ 19:** We have in our County Standing Rules that in order to advance to County Vice President, you must have served as a Unit President. The other day I was at a meeting where it was stated this is against National. I know it would be wrong to have it in the C&B, but I thought the S/R could have this. Please give me an answer.

**RESPONSE:** Departments, intermediate bodies, subsidiaries, and units may not establish provisions in their constitutions, bylaws, and standing rules that conflict with the ALA National Constitution, Bylaws, and Standing Rules. The ALA national governing documents place no

limitation on the rights of members, including the right to aspire to hold office and become a candidate for office in the organization. The only national criteria that apply to members seeking office in the ALA are those regarding membership in general; officers of the ALA should be members in good standing. Departments, intermediate bodies, subsidiaries, and units are advised against placing conditions in their governing documents that infringe on members' rights to seek elective office in the organization.

**FAQ 20:** Should the Department Secretary be part of the department finance committee?

**RESPONSE:** The Department Secretary, in her dual role as department corporate officer and department headquarters executive, should be required to attend each meeting of the department finance committee. The Department Secretary, in her role as department headquarters executive, should not be a voting member of the department finance committee. It would be a conflict of interest for the Department Secretary in her role as the executive responsible for department operations to vote on financial policy matters that she in turn would be executing. Conversely, the finance committee does not manage the department budget; it oversees the monthly financial reports which include aggregate income and expense tracking. This separation of management and governance provides for appropriate fiduciary checks and balances.

The Department Secretary is an officer of the corporation and as such should be an active participant in meetings of committees/task forces, etc. that pertain to the manner in which the corporation operates, i.e. the "organizational support" committees such as finance, audit, C&B, membership.

**FAQ 21:** Can a department part-time employee hold a department program chairmanship appointed by the Department President:

**RESPONSE:** Unless your bylaws or governing documents prohibit same or if your governing documents are silent on the matter, then the Department President may appoint any person to a chairmanship if she is otherwise eligible to serve in that position provided she is confirmed by the Department Executive Committee (DEC) or executive board. If the bylaws do not prohibit it, then the DEC would make that decision as part of its role to make confirmation decisions on any appointments.

**FAQ 22:** Can a chairman of a committee (finance chair, Americanism chair, VA&R chair, etc.) serve on the DEC with voting rights? They are appointed by the Department President to hold those chairmanships.

**RESPONSE:** That depends on what your bylaws/governing documents state. At the national level, for instance, the National C&B states that national chairs have voice but not vote on the NEC. They can make motions and participate in debate, but cannot vote. If your department bylaws state specifically who serves on the DEC, and if the department chairs are not listed as among those who constitute the DEC, then the chairmen cannot be added without amending your governing documents. If your bylaws are silent on this subject and do not specify precisely who comprises the DEC, then there is nothing that prohibits it. The key is: does your Department C&B specifically describe who constitutes the DEC. If the list is specific, then it is presumed others cannot be added without amending your governing documents.

**FAQ 23:** Can a member hold two (2) voting positions on the DEC? (Being a department officer and a District President, which are both representatives serving on the DEC).

**RESPONSE:** No, the superior office she holds takes precedent; she cannot vote twice. Each board member has but one (1) vote, no matter how many hats (or seats) she wears or positions she holds.

**FAQ 24:** In our department C&B it states that the Judge Advocate serves as our Counsel General. He told us he is not going to do it. He doesn't have the time and does not care what our C & B says. What would you suggest? We figure we have to hire a lawyer.

**RESPONSE:** Your Department Constitution & Bylaws cannot conflict with those of the national organization, nor can they conflict with the Legion's. You need to determine what your Legion Department C&B states. If their governing documents are silent on their department judge advocate serving as counsel to the Auxiliary, then you have no grounds or standing by which you can protest your Legion Department Judge Advocate's decision. Your department has an unenforceable provision. That does not make it an invalid provision – just an unenforceable one. Lawyers can refuse clients – it happens all the time.

The practical effect of this provision in your bylaws stating that the department judge advocate shall serve as the Auxiliary's department counsel is that this is the ALA department's mandatory first choice. If your mandatory first choice does not accept, then the department governing body has a fiduciary responsibility to ensure that the department has the necessary services of legal counsel, whether that is executed by engaging an attorney on a retainer fee basis or selecting legal counsel as needed.

**FAQ 25:** If a District President is not fulfilling her responsibilities and is sending out letters to members about her unhappiness in the Department Auxiliary, can she be removed, but not expelled, from the Auxiliary? Would it be the same as removing a unit member?

**RESPONSE:** As provided in the ALA National Bylaws and Standing Rules, departments have the discretion to establish intermediate bodies for the purpose of assisting the department to advance its programs. Districts are subordinate to the department. A district/county/council exists at the discretion of the department, as authorized by the department, is administratively subject to the department, and is totally under the department's jurisdiction.

If a district officer is not fulfilling her responsibility, the department governing board (for most departments that is the DEC) has the authority to discipline or remove an officer who is not fulfilling her responsibility provided that due process is followed as described in the ALA national Standing Rules. Please consult the ALA National C&B and Standing Rules for further guidance as your department considers its options.

### **Trademark and Emblem Usage: FAQs**

All requests for the use of trademarks and emblems, other than the use of the ALA emblem as a standalone image without any other detail, must include a picture or image of the design.

**FAQ 26:** Without my prior knowledge, some of my department's members have purchased T-shirts with the ALA emblem and trademark and are selling them for a unit fundraiser. I don't know where they purchased the merchandise, but have been told it was from National Emblem Sales. Is this a violation of ALA trademark usage rules and what do I do as a department leader?

**RESPONSE:** If the manufacturer is not National Emblem Sales, the production of any merchandise containing the ALA emblem requires a letter of permission from the national secretary. Any fundraising event needs to have the approval of the executive committee (board) of the unit/department that is running the event and must comply with all state and local laws. Sale of ALA merchandise should be carried out in accordance with unit/department policies and

procedures including conflict of interest policies and utilize proper cash controls (such as two people counting all cash collected from sales). If any doubt or questions arise, the department should seek advice from the department and/or national secretary.

**FAQ 27:** Department Juniors want to buy T-shirts with the ALA trademark and logo, tie dye them, and then sell them as a fundraiser for buddy kits for the children of soldiers who are deploying in our department. Is a permission letter required from the national secretary?

**RESPONSE:** If you use a private vendor to manufacture the shirts, you need to secure a permission letter. Also, because the Juniors plan to alter the shirts – that is, they want to tie dye them which can alter the appearance of the ALA emblem and trademark, a letter of permission from the national secretary is required. Remember, any fundraiser sponsored by your department (or a group thereof – in this case, the Juniors) must be approved by your department’s board and fundraisers must follow relevant state and local laws and best practices, including financial controls and conflict of interest policy.

**FAQ 28:** The department ALA Girls State Committee wants to design a new logo for the GS program this year which includes the ALA emblem and trademark as well as the state flag and American flag. This logo will be used in our promotional materials and other items like T-shirts for the participants. What does my department need to do to properly comply with all trademark regulations?

**RESPONSE:** Any alterations to the ALA emblem or trademark – even if they follow the proper rules such as providing space around the emblem – require a letter of permission from the national secretary. Members of your Girls State Committee should submit a request for approval to the department secretary. If the department secretary approves, she should forward the request to the national secretary for her approval. In order for the national secretary to approve the Girls State design, a permission request must be submitted that includes a clear list of all uses of the logo, including for merchandise, publications, place cards, banners, etc. For materials that are to be produced by a manufacturer, the permission request must have all the necessary information including the vendor name and item description, number, and use.

**FAQ 29:** A unit in my department wants to issue a press release for a stand down they are holding in conjunction with the Legion post, Sons squadron, and Riders chapter. Do we need to get a permission letter to issue the press release?

**RESPONSE:** What a great example of Legion family unity and collaboration to serve veterans! It is also great that the unit is engaging the press and telling The Legion Family story. For use of ALA trademark/emblem in an official unit press release, no permission letter from the national secretary is required. Because you are referencing the Legion post, Sons squadron, and Riders chapter in the press release, however, you should definitely have them approve a copy before sending it out. While the national organization does not require you to get department approval for such use, it would be a courtesy to provide your department headquarters with advance notice and a copy of the press release for its records.

**FAQ 30:** The department convention is coming up and we’re going to have a parade again this year. As is the tradition in my department, each district is creating a banner to march behind, which will of course include the ALA emblem, along with other designs created by district leaders to represent the district’s character. Similar banners are created every year. Do we need to get a permission letter?

**RESPONSE:** This use of ALA trademark and emblem, while creative, exciting, and permissible absolutely does require a permission letter from the national secretary each year because of

potential alterations to the emblem and trademark (including the space directly around them) and the public display of the banners. In addition, if the banners are manufactured by a third party vendor (not by ALA members themselves), that production process will also require a permission letter. Each district should submit a permission request to the department secretary describing the designs they intend to make (including a picture or drawing is ideal) for approval by the department secretary. If the department secretary approves, she must forward the request to the national secretary for approval. We recommend you gather all these requests and plan to submit them on an annual basis.

**FAQ 31:** Our department president fashions a pin for sale as a fundraiser every year and to give away as a memento to her board and committee members as a thank you for their service. We use the same manufacturer every year. Do we need a permission letter before we begin production?

**RESPONSE:** Yes, the manufacture of any product by a third party vendor requires permission, first by the department secretary, then by the national secretary. Send a description or picture of the design with the permission request, along with the number of pins to be produced and the vendor information.

## CHAPTER 2

### GOVERNANCE VS. MANAGEMENT – FAQs

**FAQ 1:** Our department HR Committee recommended a gentleman (not eligible for membership in ALA, so not eligible to serve as an officer) to serve as office staff at full pay and an ALA member to serve as secretary/treasurer, at \$1.00 per year, to oversee the office and staff as well as sign checks. The DEC ratified and approved this recommendation with full knowledge of all facts and circumstances. Following this decision and its ratification, a Past Department President stated that we were not legally correct. Can we have written clarification regarding the legal status of this decision?

**RESPONSE:** As you are aware, the national organization does not manage the operations of departments. As has been shared previously, it is the responsibility and authority of a department to staff its organization and elect and appoint its officers as the department deems appropriate, within the confines of the department's bylaws and governing documents, and applicable federal and state laws.

It is my understanding that your department currently employs a male to serve as the department headquarters' chief operations officer, a position traditionally held by an Auxiliary member (therefore traditionally held by a female) who also concurrently served in that capacity as the department secretary/treasurer.

As has been discussed at numerous national conferences, governance and management are two different functions. Traditionally, a department's secretary and treasurer have served dual roles: a) as an officer of the corporation (department secretary/treasurer – the function of governance) and b) as the chief office manager of department headquarters (by any title – chief operations officer, executive director, or office manager – the function of management).

It is my further understanding that Counsel General provided guidance on this matter during a time he was presenting to the department.

Regarding the governance function: Officers of an ALA entity must be members of the organization; therefore, they must be female based on our incorporation as a female membership organization.

Regarding the management function: Corporations cannot deny employment based on gender or ethnicity; therefore, employees of an ALA department need not be exclusively female.

A department may indeed, under the law and IRS regulations, hire a male to serve in the top management position of the department headquarters, and when that employee is not eligible to serve as an officer of the corporation, have its governing board confirm the election or appointment of a member to serve as department secretary/treasurer. It is appropriate that the department secretary/treasurer responsibilities include overseeing the headquarters manager and signing checks on behalf of the organization. This structure is commonplace among many reputable nonprofit organizations. It is also appropriate for the officer to receive a stipend approved by the governing board to compensate her for her management oversight responsibilities.

Your Department Executive Committee (DEC) has the responsibility to approve this office management and governance oversight arrangement. As Counsel General has already advised, the arrangement in place for the department secretary/treasurer overseeing the headquarters top manager is appropriate and was handled properly.

### **CHAPTER 3**

#### **FINANCIAL OPERATIONS – FAQs**

**FAQ 1:** Does our ALA Districts/Counties/Councils/ need to file a 990-N?

**RESPONSE:** Organizations that accept money must account for receipts (revenues and contributions). Organizations whose receipts are less than \$50,000.00 in total for the organization's tax year are eligible to file the 990-N (e-postcard) series electronically - ([www.irs.gov](http://www.irs.gov)). Organizations with receipts \$50,000 and over must file a Form 990 EZ or 990. See the next two (2) questions.

**FAQ 2:** Does our ALA Unit, Department, or D/C/C need to file a 990-EZ?

**RESPONSE:** Organizations with receipts (revenues and contributions) that are less than \$200,000.00, and with total assets of less than \$500,000 for the organization's tax year are eligible to file the 990-EZ series of tax return – ([www.irs.gov](http://www.irs.gov)).

**FAQ 3:** Does our ALA Unit, Department, or D/C/C need to file a 990?

**RESPONSE:** Organizations with receipts (revenues and contributions) that are greater than/equal to \$200,000.00 OR the ALA Unit, Department, District/County/Council has total assets of greater than/equal to \$500,000.00 for the organization's tax year meet the IRS requirement to file the 990 series tax return – ([www.irs.gov](http://www.irs.gov)).

**FAQ 4:** The ALA Units, Departments or Districts/Counties/Councils have tried to file a 990 series tax return for a prior year, and the IRS has rejected the tax return. What should we do?

**RESPONSE:** While there are many different situations that result in the IRS rejecting a 990, the most common reasons are:

1. According to IRS records, the TIN/EIN used on the 990 does not belong to the ALA Unit, Department or District/County/Council filing the 990; or
2. According to IRS records, there were no 990's for that TIN/EIN filed the last three (3) years.

**The ALA Units, Departments or Districts/Counties/Councils should only use the TIN/EIN assigned specifically by the IRS for the ALA Unit, Department, District/County/Council organization on all relative tax returns and correspondence with the IRS.**

**FAQ 5:** We understand the importance of obtaining Social Security Numbers and sending out 1099's to people who earn more than \$600 for making poppies; however, the veterans who make poppies in our department live in veterans' homes. These vets are scared and suspicious that the income reported will impact not only their tax status, but their ability to continue to live in a government funded facility. Will turning in the 1099s have an impact on their ability to remain in the veterans' homes? And, will it have any impact in terms of having to pay taxes, since most of them earn \$2,000 - \$4,000?

**RESPONSE:** Issuing 1099s to veterans who make poppies and receive other government subsidies: A department who pays a veteran more than \$600 in a calendar year for making poppies must issue a 1099 to that veteran. Departments must comply with the federal and state law and IRS rules regardless of the ramifications to the recipient(s). Every employer is required to send a 1099 to an individual who receives \$600 or more in income from that employer.

If veterans making poppies receive government subsidies, including living in government subsidized housing, those earning \$600 or more from making poppies will need to be issued 1099s, and they will need to determine what the income threshold rules are to continue to receive subsidized housing. Rules can vary by state and by federally funded entities providing subsidized housing. 1099 recipients also need to determine what the maximum income threshold is for social security and other government subsidies or pensions. If the veterans making poppies live in U.S. Department of Veteran Affairs subsidized housing, they may find guidance on income thresholds by contacting their state's VA information officer to obtain these answers.

**FAQ 6:** If an ALA unit dissolves, where do their remaining funds go? To the Legion post?

**RESPONSE:** No. When a Unit ceases to function or its charter has been revoked or canceled, the American Legion Auxiliary National Standing Rules provide that the charter and all unit records and funds shall be immediately forwarded to department headquarters, which has no obligation to assume any of the unit's debt or other obligations. The department's governing board determines the distribution of the dissolved unit's assets. There is no national requirement that the funds of a dissolved unit must go to its Legion post. Likewise, there is no prohibition against distributing any of the assets of a dissolved unit to its post as an appropriate action when the bylaws of the unit or department do not otherwise specify how remaining funds and assets must be distributed. (Note, similarly, The American Legion's national governing documents require that a dissolved post's assets must go to the Legion department.)

It is recommended that you check your department and unit bylaws for direction. If your unit bylaws are silent on the subject, contact your department office and ask if the department has a bylaws or policy requirement for handling the remittance of the assets of a dissolved unit to the department. If there are no such written requirements, then the unit governing body (its unit



executive committee or board) can meet and determine how they would like the assets to be distributed and make that preference known to its department. The unit is advised to take copious minutes of the meeting where the dissolution is determined and the preference of asset distribution is adopted. Those minutes must be provided to the ALA department and retained for safekeeping.

Absent any department requirements in its governing documents that address how assets are to be distributed, the department governing body may distribute any or all of the assets to another organization or organizations whose mission is compatible with that of the ALA. Assets can be divided and distributed to multiple nonprofit organizations, as long as there is a record of official action approving the distribution. Since the organization whose mission is most closely aligned with the ALA Unit is its ALA Department, the dissolving unit may expect that the department would retain the assets, or that the Legion might be a designated recipient of some of the remaining assets.

Note: It is not allowable for a dissolving ALA entity to distribute any assets to individuals. Neither officers nor members can receive any assets belonging to an ALA entity. The only exception would be an item that a member allowed her unit to use. In that case the item may be returned to the member as its personal owner, but under no circumstance can cash be distributed to a member unless there is a legitimate ALA expense claim on file that has been duly approved.

When a unit is dissolving, it is advisable to note the payment of specific claims in the unit minutes to ensure transparency in transactions occurring prior to the Unit dissolving. Upon dissolution, records and any remaining undistributed funds and assets must be given or forwarded to the Department.

Whether a unit is taking steps to dissolve on its own accord, or a unit is dissolving due to the revocation or cancellation of its charter, it is highly recommended that the unit consult with its department office or the Legion's Department Judge Advocate prior to the unit's dissolution.

In addition to official records, funds, and assests, a dissolved unit's historical records and artifacts should also be preserved. A dissolving ALA entity should give its historical records and artifacts to the department, or, with the department's consent, the historical documents and artifacts may also be donated to a local preservation organization.

**FAQ 7:** One of our Units would like to know what their liability is to the post when it comes to funds. The Unit has \$30,000 in CDs that is money they have saved from fundraisers for scholarships, poppies, ALA Girls State and other designated programs. The post is having financial difficulties and wants them to give them this money. Some of their members think it would be okay to do this, and others think they would be defrauding the people who had gotten the money for the above programs. The members of the post are telling them they are to support all the post activities no matter what and need the money to save the post (the bar has drained the Legion funds) and they are demanding this money. They have asked for the official opinion from the National Judge Advocate and asked me to contact him for them. Can you please forward this or advise me as to whether you feel this would be fraud or not and what their responsibility is when it comes to this kind of project. They really want to know if it would be "fraud" to give up this money. I told them they were under no obligation to give up their savings to the post, but I did not know if it could be considered defrauding the public for taking this money for one thing and spending it on another. Please advise.

**RESPONSE:** This is addressed in the ALA National Constitution & Bylaws and SRs. Units and posts are separate entities. Neither has authority or control over the other.

Via a prearranged agreement between both parties, a unit may agree to pay a post for specific stated purposes such as meeting expenses or use of space, but otherwise a post has no authority to demand money from a unit. An ALA department/unit is not responsible for a Legion department/post's debts and has no liability for same and vice versa.

Donations received by any nonprofit are to be used in keeping with the donor's intent and may not be used for any other purpose. If donors contributed to the ALA at any level for a specified purpose, such as scholarships or a service program, the ALA entity cannot use that money for any other purpose.

If an ALA unit is not going to use the collected funds for the purpose for which they were collected, the unit must return the funds to the donors or may only use them for a like purpose (e.g., another scholarship or a similar service project). It is fraudulent for any ALA entity - national, department, intermediate bodies, subsidiaries, units, et al – to use funds that were collected for a specific charitable mission purpose for any other purpose.

**FAQ 8:** If one of our department's units wanted to open up a thrift store in the name of their ALA unit, would that be allowed?

**RESPONSE:** There is nothing in the national governing documents or policies that prohibit a department or unit from operating a commercial enterprise as long as they follow all the appropriate state laws. Just make sure that if they are going to use the name/emblem of the ALA on a store front that they get the use approved from the national secretary.

**FAQ 9:** One of our department's hospital/gift shop representatives failed to distribute all funds in the form of Christmas gifts, nor did she return the funds to the department. Rather, it was reported that she used the money for personal reasons as her husband is ill and the family is having a hard time financially. Our Department President has indicated that we should proceed with legal action and to bring to the Finance Committee's attention. I need advice as to the proper steps to take to assure consistent application of policies and/or procedures. Thank you.

**RESPONSE:** In matters like these, first the facts are determined, then it is determined if there are any extenuating circumstances, then it is determined who has the authority to seek redress. According to what you have shared:

The member was entrusted with department funds for a specific purpose and she has not fulfilled that purpose. The money should either be spent for the stated purpose within a specified deadline or returned.

A person's indigence is not a defense for failing to use funds entrusted for a specific purpose for another purpose. It is also not responsible to ignore a wrongful act simply because similar wrongful acts have been ignored in the past.

If she has not used the funds, the funds should still exist somewhere and be returned. If the funds are not available, then it is speculative that she has used the funds for her personal benefit; that is not acceptable. If she has stated to anyone in leadership, and that includes the department secretary or any volunteer leader, that she has used the funds for a purpose other than that for which the department entrusted her to use the funds, then the department is advised to take action to recover the funds.

The department may proceed as it deems most appropriate, but has a fiduciary responsibility to take some action. You are advised to consult your department judge advocate or an attorney.

Options to consider may include filing theft charges with the understanding that such charges will be matter of public record; establishing a non-extendable deadline for her to return the funds and informing her that if the funds are not returned by the stated deadline that all available options will be pursued to collect; and/or presenting the matter to the DEC for other action(s).

An organization's finance committee should be informed of the matter, but a finance committee has no authority to take action; only the Department President can pursue legal action in consultation with the governing board (DEC) who should be advised about any cost the department will incur to pursue legal action.

While matters such as these are not pleasant to address, the department has a fiduciary responsibility to its dues paying members to appropriately use and safeguard department funds.

**FAQ 10: Whistleblower protection**

If a department does not have a whistleblower policy, can the whistleblower be protected by the National policy?

**RESPONSE:** The national whistleblower policy does not protect a member whistleblowing about a department matter. If a department does not have a whistleblower policy, the whistleblower would only be protected if the matter involved someone or something at the national level.

There may be some limited federal law protection, but most whistleblower protection is enacted via a state's laws, because the whistleblower would be reporting an alleged incident about someone in a position of authority within the ALA department, which is a state corporation, or an alleged impropriety about something within the corporation. Civil and criminal codes vary from state to state; therefore, a department is strongly advised to have a whistleblower protection policy for the department, which is a corporation registered with the state. If a whistleblowing incident occurs in a department, the department is advised to consult with an attorney knowledgeable in that state's laws governing improprieties occurring in a state corporation.

Note: Officers and directors of the department who commit acts of retribution against a whistleblower who acted in good faith may be subject to a lawsuit and could become personally liable for a judgement of malicious retribution.

**CHAPTER 4**

**RISK MANAGEMENT – FAQs**

**FAQ 1: Whistleblower protection**

If a department does not have a whistleblower policy, can the whistleblower be protected by the National policy?

**RESPONSE:** The national whistleblower policy does not protect a member whistleblowing about a department matter. If a department does not have a whistleblower policy, the whistleblower would only be protected if the matter involved someone or something at the national level.

There may be some limited federal law protection, but most whistleblower protection is enacted via a state's laws, because the whistleblower would be reporting an alleged incident about someone in a position of authority within the ALA department, which is a state corporation, or an alleged impropriety about something within the corporation. Civil and criminal codes vary from state to state; therefore, a department is strongly advised to have a whistleblower protection policy

for the department, which is a corporation registered with the state. If a whistleblowing incident occurs in a department, the department is advised to consult with an attorney knowledgeable in that state's laws governing improprieties occurring in a state corporation.

## CHAPTER 5

### HUMAN RESOURCES – FAQs

**FAQ 1:** Our department needs to create an updated employee handbook. Do you have a template or sample we can use as a guide?

**RESPONSE:** The following links will help you in creating an employee handbook. The examples provided below should serve only as a guide; you are free to find another guide that fits your specific situation. Please keep in mind that an employee handbook contains legal content and that you should consult an attorney in your state regarding your state's employment laws.

- **National Federation of Independent Business (NFIB) Small Business Legal Center – NFIB Guide to the Employee Handbook.** This is a link to a Word document that can be opened and customized specifically for your department. A dialog box may appear asking if you want to “open or save the document.” You may select either option. When the document opens, you will probably need to “Enable Editing” by clicking the box at the top of the screen.  
[http://www.nfib.com/portals/0/PDF/Members/Legal/Guides/NFIB\\_Model\\_Employee\\_Handbook.doc](http://www.nfib.com/portals/0/PDF/Members/Legal/Guides/NFIB_Model_Employee_Handbook.doc)
- **2004 National Council of Nonprofit Associations PDF – Sample Employee Handbook.** This is a sample employee handbook that you are free to use, but it is not editable.  
<http://www.501commons.org/resources/tools-and-best-practices/human-resources/sample-employee-handbook-national-council-of-nonprofits>
- **The Colorado Nonprofit Association PDF** – This is another sample employee handbook that you are free to use, but is not editable.  
<http://www.coloradononprofits.org/wp-content/uploads/employeehandbook-final.pdf>

## CHAPTER 6

### BRANDING, MARKETING & COMMUNICATIONS – FAQs

**FAQ 1: Distribution of unit property with ALA name and emblem when charter is cancelled**  
I have read the *Unit Guide* regarding charter cancellation, and I don't find the answer to a question. The background: One of our units surrendered its charter many years ago. Our NEC woman was in town last week and noticed the Auxiliary globe on a shelf in the local bar. She is wondering if that is acceptable or if she should ask for the globe to be returned to the department. Please advise.

**RESPONSE:** There is nothing that would prohibit a person or organization from donating or selling an artifact emblazoned with The American Legion emblem to another individual, group, organization, or business. Artifacts and items with the ALA emblem that can be purchased from a catalog are not business property and carry no lawful distinction limiting their use or ownership. Indeed, many items with the Auxiliary emblem are sold secondhand on electronic auction sites.

If the item were obtained legally (i.e., the item was not stolen) and is on display, it serves to raise awareness about the organization. If the object is in an undesirable place, the only way for it to change hands is to appeal to the owner to donate or sell the item back to the organization.

**FAQ 2: Who do I contact for ALA emblem usage approval?**

**RESPONSE:** Use of the American Legion Auxiliary emblem is controlled by the national organization. All requests for approval to use the emblem must first be sent to the department secretary. The request letter must state who will perform the duplicating (manufacturer), the name of the product, its intended use, and the exact amount being ordered. Additional quantities require new authority. The department secretary indicates her approval and affixes her signature before forwarding the request to the national secretary.

**FAQ 3:** A member is promoting and accepting money for a button she is making with the ALA emblem on it. She did not go through the department. How should this be handled and who gets the money she receives?

**RESPONSE:** If a member undertakes a promotional venture to benefit the department or ALA entity (unit, district, etc.) then yes, the member should work with and through the department or entity. If she is offering the items for a donation, then the donations should be remitted to the department or ALA entity. The beneficiary purpose and recipient of the donations must be established at the onset of the member's undertaking to avoid the opportunity or appearance of fraud.

The situation is different if she is incurring costs and selling or requiring a specified donation amount for the items. Any member can enter into a promotional venture to benefit the ALA without going through her unit or department if the outcome of the venture benefits the ALA beyond the department or unit. If a member is doing something "in the name of" or as a representative of the ALA, permission to use the emblem must be granted by the National Secretary and her contact information/vendor information must be provided along with items/quantity, etc., same as with any other vendor using the ALA emblem.

If the member is operating a business venture for personal gain, or if the venture has the potential or appearance of the potential to generate personal gain, then she must report her venture as a potential conflict of interest. If the venture benefits an ALA entity subordinate to the department, then the conflict of interest must be disclosed to the department. If the venture is conducted beyond her own department, she must report the potential conflict to the national organization.

For example, when a national chairman embarked on a button project to promote the mission of her national committee, she worked through national headquarters. When that person was no longer the national chairman of that national committee, she incorporated her business in order to continue offering the buttons for sale because she then became a vendor of ALA branded merchandise, which she (then her company) was selling. She also has to complete a Conflict of Interest Disclosure Form every year. Another national committee member has a business that supplies goods to ALA departments and she, too, has to get permission to use the emblem/logo, etc. and has to complete a Conflict of Interest Disclosure Form annually. Both these examples are acceptable ventures because proper accounting and disclosure compliance measures are in place.

**FAQ 4: If an ALA committee or a member orders t-shirts or makes a craft item with the ALA name, emblem, ALA trademark, ALA logo, or the ALA Girls State logo in it, can the item(s) be sold for personal profit?**

**RESPONSE:** The answer is no. Items bearing trademarks of the ALA – name, emblem, trademarked logos – cannot be sold privately for profit – i.e. personal gain – **unless** an ALA entity (i.e. and ALA Dept.) has a contract with the individual to sell the items, and the contract includes either: a) specifications that proceeds or royalties derived from the profits will be paid to the ALA entity; or b) the member can verify she is selling the item at cost for the convenience of members and no personal profit is being realized.

An example of “a” above: A member is selling jewelry, baked goods, or handmade items for a price, and the selling price is greater than the cost or the materials and labor to make the items being sold.

An example of “b” above: The company Greenlure was created by ALA member Trish Ward at the request of ALA NHQ making and processing “Honoring Their Service” button orders in order to eliminate any appearance of inurement. By creating the company Greenlure, the ALA NHQ required full reporting and accountability for a project originally conducted as a volunteer initiative that was expected to only last for one year. The company, therefore, was created because a) the button project had exceeded expectations in volume and b) was allowed to continue beyond the year in which the national volunteer served as chair of the Membership Committee. The volunteer operating Greenlure, Trish Ward, annually files all the proper ALA national Conflict of Interest disclosure forms. The buttons are sold at cost; Greenlure makes no profit. Since the button project is within the ALA Annual Programs Plan, it requires constant above-board accountability and transparency in keeping with NHQ’s high standards for business ethics. The action to require a company be established to continue the Honor Their Service button project was administrative and did not require NEC approval, only full disclosure by the member. The action was disclosed to the national officers, and the order form is on the ALA national website.

**FAQ 5: If a member has made a craft item with a poppy on it, can the item be sold for profit?**

**RESPONSE:** Maybe. It depends on the poppy image used, and if the name American Legion Auxiliary or any ALA trademark or logo is also on the item. If the image of the ALA poppy that depicts the words or label image “American Legion Auxiliary – in Memorium” or anything similar, it cannot be used by a member on items she is selling for personal gain. The Auxiliary promotes the poppy as a symbol of the sacrifices our military have made. Items being sold bearing a red poppy as a symbol of sacrifice or tribute to our veterans and servicemembers must be done in keeping with The American Legion Poppy Fund Rules, as established by The American Legion and ratified by the American Legion Auxiliary National Executive Committee as part of the ALA’s national Poppy Program rules.

If a member is selling an item with a poppy on it and the poppy does not resemble the ALA Memorium poppy and has no other words or images on it indicating the poppy is in remembrance of or in honor of those who have served in our U.S. Armed Forces, then the member may be able to sell the items for personal gain. She can make and keep a personal profit only as long as there is no reference to or indication that the poppy is being symbolically used in keeping with the intent of the ALA Poppy Program.

## **FAQ 6: Why is AP Style the Auxiliary's go-to journalistic standard for writing?**

**RESPONSE:** By following a cohesive style, Auxiliary communications materials will be provided with consistency, credibility, correctness, and clarity. For more information, please see the *ALA Branding Guide*.

## **CHAPTER 8 MEMBERSHIP – FAQs**

### **FAQ 1: Equal membership for females.**

Since there is a Sons of The American Legion, why can't there be a Daughters of the American Legion? It appears that the only place where the female gender has equal membership opportunity is as a veteran/member or Legion Rider. You might just find this idea has more merit and benefit than holding on to outdated traditional values. Not to mention the possibility of members paying for membership in multiple organizations, thus increasing Americanism support and interest by taking a more active part in The American Legion community. If not, then re-organize the American Legion Auxiliary (as the name implies: everything else) to include all non-veterans, male and female, and have the SAL and Legion Riders as subservient to it.

**RESPONSE:** Both The American Legion and American Legion Auxiliary are veterans service organizations whose membership eligibility is limited based upon the criteria specified by Congress. Neither the Legion nor the ALA are social clubs – an IRS classification for which no tax-exempt status is assigned.

The ALA effectively has a "daughters of the ALA": its ALA Junior members. The ALA has two (2) classes of membership: Seniors – adults, and Juniors – females under the age of 18 who must meet the same eligibility criteria as adult females.

The ALA is incorporated as an all-female organization whose members are eligible for membership by being married to or directly related to a wartime veteran eligible for membership in The American Legion according to the criteria defined by Congress. As such, the ALA cannot arbitrarily reorganize itself to expand or alter its membership eligibility without an Act of Congress. A Congressional bill to expand ALA membership would have to be proffered by The American Legion whose federal charter provides for the exclusive membership criteria to which both organizations are legally bound.

Females who do not meet eligibility criteria and who want to assist the ALA can become supporters and volunteers.

The American Legion and American Legion Auxiliary annually receive many suggestions to expand membership eligibility. The Legion established a study committee which concluded that the Legion could not expand membership because of the limitations of eligibility imposed by Congress in the Legion's federal charter. Both the Legion and ALA are federally tax-exempt because of the Legion and ALA's exclusive membership eligibility. Expanding membership eligibility jeopardizes the tax-exempt status of both organizations. Neither the Legion nor the Auxiliary desire to expand membership eligibility contrary to the restrictions specified by Congress, which would in turn jeopardize our tax-exempt status assigned by the IRS.

**FAQ 2: Female same-gender marriage eligibility.**

In a female same-gender marriage, if the female spouse wartime veteran who is a member or eligible to be a member of The American Legion, is the female wife eligible for membership in the Auxiliary?

**RESPONSE:** On June 26, 2015, the United States Supreme Court issued a landmark decision in the case of Obergefell v. Hodges. The Court's ruling requires a State to license a marriage between two (2) people of the same sex and to recognize a marriage between two (2) people of the same sex when their marriage was lawfully licensed and performed out-of-State.

This decision requires all states to recognize same-gender marriages. The Legion and the ALA will continue to accept into membership those individuals who meet membership eligibility criteria regardless of the gender of their spouses.

The Auxiliary is incorporated as an all-female organization; males are not eligible for membership. Gender is determined by a person's gender-specific physical body parts at the time that membership eligibility is determined.

**FAQ 3:** A unit accepted a member several years ago with the person who signed her up (member 1) knowing that the new member's (member 2) eligibility was questionable. Now there is a personality conflict between member 1 and member 2 and member 1, who was aware of the questionable eligibility, saying that member 2 is not technically eligible for membership and wants the unit to revoke member 2's membership. Unless member 2 has been disloyal, shown neglect of duty, been dishonest or shown conduct unbecoming a member (per the *Unit Guide*), the unit can't reject her as a member now, can they?

**RESPONSE:** Any member can challenge the membership eligibility of another member by presenting the challenge to the unit to whom the member being challenged belongs or to whom the person's membership application is being presented for consideration.

The unit has the responsibility for responding to the challenge of membership ineligibility and for making a determination on that person's eligibility. If the unit determines that the member is not eligible, the member may appeal to the department. If the unit determines that the member is eligible, the person challenging that member's eligibility may appeal to the department. The department is the final authority on determining an individual's membership eligibility.

A member can challenge another member's eligibility to belong, and a member can also challenge another member's appropriateness to remain a member based on that member's conduct. In the example you cited, the issue being presented to the unit is that of the member's eligibility – not the member's conduct. The personal nature of the circumstances leading to the challenge of eligibility is not relevant. The personal circumstances may be common knowledge and unpleasant, but they are not a factor in the unit's responsibility to investigate and make an eligibility determination in response to the member's challenge. That determination needs to be made based solely upon proof of eligibility.

Also, note that a unit's or department's decision regarding an individual's membership eligibility is not appealable to the national organization. The national organization only has authority to consider an appeal from a unit regarding the department's action to suspend, cancel or revoke the unit's charter. The national organization has no authority to consider eligibility or discipline appeals from members. The department is the final authority on eligibility and discipline.



**FAQ 4:** A woman veteran, who is eligible for membership in The American Legion but has not joined that organization, is a member of ALA and now her daughter wishes to join the ALA. Can the daughter join the ALA based on her mother's service?

**RESPONSE:** No, the daughter can only join the ALA based on her mother's service and membership in The American Legion. If the mother were to join the Legion, then the daughter would be eligible for membership in the ALA.

**FAQ 5:** Is there any circumstance where a woman could join the ALA without having a relative as current member of The American Legion? Is verification required by the Post Adjutant if the Veteran is deceased?

**RESPONSE:** **There are two (2) circumstances** when a woman can become a member without having a relative as a current member of The American Legion. **The first** circumstance would be when the woman has served in the military during the requisite dates. She may join the ALA without being a member of the Legion. **The second** circumstance is when a woman's membership is based on a deceased veteran who was not a member The American Legion; however, the prospective member will be required to provide verifying documentation of the deceased relative's service dates to prove her eligibility.

**FAQ 6:** If an ALA member works for an Assemblyman, can she run for county/district office in the ALA? My understanding was you cannot run for any office if you are an elected official in some capacity in local, county or federal government. Is this in writing anywhere?

**RESPONSE:** There is no written prohibition that a person wishing to hold an ALA office cannot do so because of her place of bona fide employment or her position as a government elected official. There is no inherent conflict solely because the person is serving in public office. There are no national ALA or Legion restrictions from holding public office or working for a public official and holding an ALA office.

If your department or district rules place such restrictions, then you would need to abide by those bylaws or policies. If there is a conflict other than the person is an elected official or works in public service, then you would need to address the specific conflict and vote to handle it accordingly.

**FAQ 7:** As my department's Constitution&Bylaws chairman, I've been asked a question regarding the new wording under eligibility as it relates to dependents. The questions is, "What about step-children and Reserves? Are they eligible to become members?"

**RESPONSE:** The eligibility information stated in the ALA national C&B has never mentioned step-relatives. This eligibility matter is not contained or addressed anywhere in The American Legion's national governing documents. While such membership eligibility descriptions represent a long-standing practice in the ALA, this eligibility practice has never been stated in the Auxiliary's C&B and cannot be stated in writing in the ALA's governing documents because a) the ALA eligibility wording cannot conflict with the Legion's federal charter, and b) because of how both national organizations are classified by the IRS for tax-exemption. The national ALA governing documents have always and must continue to remain silent on step-relatives. Departments are the final authority for determining the eligibility of its members; therefore, a department's determination of an individual's ALA membership eligibility is not appealable to the national organization.

Women serving in the Reserves, or the wives of those serving in the Reserves are eligible for membership in the ALA provided that the servicemember has served at least one (1) day of active duty at the call of the federal Armed Forces.

**FAQ 8:** Regarding the change to allow only “direct and adopted female descendants” eligibility for membership: What was the rationale for this change?

**RESPONSE:** The wording does not represent any substantive change. The wording added “adopted” to clarify that adopted children are indeed legal members of the family and, therefore, descendants. The word “descendants” includes all the future generations of the original eligible member, therefore, eliminating the need to amend the C&B in the future to allow for great-great, then great-great-great... and so on.

**FAQ 9:** The Auxiliary Unit no longer has an American Legion Post, so who would sign the Auxiliary membership application?

**RESPONSE:** According to Chapter II of the *American Legion Auxiliary Unit Guide*, which can be found on the Auxiliary’s national website [www.ALAforVeterans.org](http://www.ALAforVeterans.org), the signature of a post officer should be on every application of those applying for membership by reason of relationship to a Legion member or a deceased veteran. If the post officer’s signature cannot be obtained, a letter from the Department Adjutant in which the service relative has his/her Legion membership will be accepted in lieu of the post officer’s statement. A copy of this letter must be attached to the application.

A resolution passed at the 1943 Auxiliary national convention states that satisfactory proof of a veteran’s service shall have been established when the post adjutant certifies that he has examined the records and documentary evidences of the deceased veteran and, based upon his examination thereof, declares it to be his opinion that the applicant is eligible for membership. A subsequent membership committee report explains that in cases when an application is received with the applicant making application on the record of a deceased veteran and no service record accompanies the application, the attestation of the post adjutant is needed.

**FAQ 10:** How long must units retain membership applications?

**RESPONSE:** The American Legion National Judge Advocate/ALA Counsel General advises that since eligibility for membership can be challenged at any time during the life of the member, eligibility information should be retained indefinitely, as long as the member is alive. Only the eligibility information needs to be securely retained, and records can be digitized to save space and provide a more convenient way to retain the information. Units are advised to have access to a locked file cabinet in the post or other secure place for record retention.

Counsel General notes that in the past four years, the IRS has been more stringent about demanding to see eligibility records when they are doing field audits of posts, units and departments. The fact that the IRS has escalated its audits of Legion and ALA entities in recent years may lead to confusion about the length of time for retaining IRS records versus the length of time for retaining eligibility verification records. Counsel General has advised that tax returns need be kept for only seven (7) years, but eligibility records should be retained for the life of the member.

## CHAPTER 9

### PROGRAMS AND COMMITTEES – FAQs

#### **FAQ 1: Issuing 1099s to veterans who make poppies and receive other government subsidies**

We understand the importance of obtaining Social Security Numbers and sending out 1099's to people who earn more than \$600 for making poppies; however the veterans who make poppies in our department live in veterans' homes. These vets are scared and suspicious that the income reported will impact not only their tax status but their ability to continue to live in a government-funded facility. Will turning in the 1099s have an impact on their ability to remain in the veterans' homes? And, will it have any impact in terms of having to pay taxes, since most of them earn \$2,000-\$4,000?

**RESPONSE:** A department who pays a veteran more than \$600 in a calendar year for making poppies must issue a 1099 to that veteran. Departments must comply with the federal and state law and IRS rules regardless of the ramifications to the recipient(s). Every employer is required to send a 1099 to an individual who receives \$600 or more in income from that employer.

If veterans making poppies receive government subsidies, including living in government subsidized housing, those earning \$600 or more from making poppies will need to be issued 1099s, and they will need to determine what the income threshold rules are to continue to receive subsidized housing. Rules can vary by state and by federally funded entities providing subsidized housing. 1099 recipients also need to determine what the maximum income threshold is for Social Security and other government subsidies or pensions. If the veterans making poppies live in U.S. Department of Veteran Affairs subsidized housing, they may find guidance on income thresholds by contacting their state's VA information officer to obtain these answers.

#### **FAQ 2: What is a stand down?**

**RESPONSE:** Named for a military term for a combat unit's time to rest and recover while at war, a stand down today is a grassroots effort to offer the same services to homeless veterans. Stand downs typically include food, shelter, clothing, health screenings, benefits counseling, and job counseling and referral services. The philosophy of a stand down is to give homeless veterans a hand up, not a hand out. Stand downs are organized by self-appointed community coalitions that take on the task of holding the event. Any group can decide to hold a stand down. American Legion Auxiliary members participate in stand downs as a part of our community services programs.

#### **FAQ 3: What is the Legion's Poppy Day Publicity Policy?**

**RESPONSE:** The American Legion's Poppy Day Publicity Policy, which was adopted by the 1948 National Convention as Resolution No. 491, is as follows:

Resolved by The American Legion (TAL) in national convention assembled in Miami, Florida, October 18-21, 1948, That in any publicity and advertising for The American Legion Poppy Day and other memorial tributes to our war dead, that if religious symbols are used that symbols of all religious faiths, which are recognized and used by the United States Graves Registration Service be incorporated in such publicity and advertising.

It states that if religious symbols are to be used in publicity and advertising of Poppy Day, then the symbols of all religious faiths recognized and used by the United States Graves Registration Service are to be used.

The TAL policy only specifies Poppy Day publicity. It does not address and, therefore, does not specifically require the use of all religious symbols on all TAL publications where a religious symbol is being used. The intent appears to be that in remembering our veterans who fought in a war, we honor all of them and all the faiths they represented. This is why the resolution specified Poppy Day promotions/ advertising.

Also, the rule is for TAL and ALA publicity. This policy would not apply to children expressing themselves through art, such as the Poppy Poster contest. Therefore, that requirement does not apply to Poppy Poster contest rules. However, if a winning poppy poster includes one religious symbol but does not include religious symbols of all faiths, then that poster cannot be used singularly as the feature art of any Poppy Day publicity/advertising piece the ALA creates.

This policy was introduced in TAL two (2) years after the end of World War II, with the intent that TAL not be one-denominational. Since the policy is so specific to "Poppy Day", the ALA can be respectful of the intent in other non-Poppy ALA publicity/promotional pieces by using Judeo-Christian symbols without having to use the symbols of every religious faith, given that Judaism and Christianity were the predominate faiths of our US WW II veterans. This practice of including Judeo/Christian symbols has been followed in recent year's publications without complaint. In fact, the only criticism received has been for using images in our publications that show we **are** being inclusive of all faiths.

**FAQ 4:** Our Girls State program is separately incorporated from the Department. Why must it still comply with the Department?

**RESPONSE:** Every Girls State program, whether incorporated separately from the Department or under the same EIN as the Department, is a subordinate program, or subsidiary program, of the Department. Therefore, all Girls State operations and financial transactions must go through the Department. Remember - one successful lawsuit wipes out the ALA Girls State program forever.

## CHAPTER 10

### FUNDRAISING AND DEVELOPMENT – FAQs

**FAQ 1: Can a unit use a department or national TIN/EIN to accept donations?**

I have a potential donor for the summer military kid's camp program, and I was asked to find a recipient for their donation. Since my unit doesn't have a tax ID number, can I use the tax ID of either the department or national?

**RESPONSE:** If the unit does not have its own TIN or EIN, the unit **needs to obtain its own TIN/EIN**. The department may offer to receive the donation on behalf of the unit, and, in consultation with its attorney and/or tax advisor, determine an appropriate way to pass the donation on to the unit in keeping with the donor's intent. In such case, the department must send

the donor an acknowledgment letter, in keeping with fulfilling the donor's intent and provide a copy to the unit.

Donations have tax consequences. The department is advised to seek legal and/or tax counsel on matters of large monetary donations and unusual donations such as artifacts and tangible goods. The entire issues of donations are subject to many specific and detailed tax rules that must be followed to avoid extreme adverse consequences.

See the sample donation acknowledgment letter in the Appendix.

**FAQ 2:** What is the mission endowment fund?

**RESPONSE:** When you give to the ALA Foundation mission endowment fund, your money remains endowment principal and continues to grow in perpetuity. Interest dollars earned from endowed investments are then used to support the ALA programs directly benefitting our veterans, military, and their families.

**FAQ 3:** Why does the ALA have a national foundation?

**RESPONSE:** The American Legion Auxiliary Foundation Inc., established in 2007 as a 501(c)(3) not-for-profit, is a subsidiary corporation created by the American Legion Auxiliary. It operates exclusively for the benefit of the ALA. Donations to the ALA Foundation's mission endowment fund grow over time, in the long run reducing the amount of fundraising needed. The Foundation's interest earnings will eventually ensure the continuation and viability of the American Legion Auxiliary's mission to serve U.S. veterans and military families, supporting national programs for generations to come.

**FAQ 4:** A member is promoting and accepting money for a button she is making with the ALA emblem on it. She did not go through the department. How should this be handled and who gets the money she receives?

**RESPONSE:** If a member undertakes a promotional venture to benefit the department or ALA entity (unit, district, etc.), then yes, the member should work with and through the department or entity. If she is offering the items for a donation, then the donations should be remitted to the department or ALA entity. The beneficiary purpose and recipient of the donations must be established at the onset of the member's undertaking to avoid the opportunity or appearance of fraud.

The situation is different if she is incurring costs and selling or requiring a specified donation amount for the items. Any member can enter into a promotional venture to benefit the ALA without going through her unit or department if the outcome of the venture benefits the ALA beyond the department or unit. If a member is doing something "in the name of" or representative of the ALA, permission to use the emblem must be granted by the National Secretary and her contact information/vendor info must be provided along with items/quantity etc., same as with any other vendor using the ALA emblem.

If the member is operating a business venture for personal gain, or if the venture has the potential or appearance of the potential to generate personal gain, then she must report her venture as a potential conflict of interest. If the venture benefits an ALA entity subordinate to the department, then the conflict of interest must be disclosed to the department. If the venture is conducted beyond her own department, she must report the potential conflict to the national organization.

For example, when a national chairman embarked on a button project as national chairman to promote the mission of her national committee, she worked through NHQ. When that person was no longer the national chairman of that national committee, she incorporated in order to continue offering the buttons for sale because she then became a vendor of ALA branded merchandise which she (then her company) was selling. She also has to fill out a Conflict of Interest Disclosure Form every year. Another national committee member has a business that supplies goods to ALA departments and she too has to get permission to use the emblem/logo etc. and has to complete a Conflict of Interest Disclosure Form annually. Both these examples are acceptable ventures because proper accounting and disclosure compliance measures are in place.

**FAQ 5:** Is there a way to make the cards some of us receive with a request for a contribution available for sale?

**RESPONSE:** The cards included in the fundraising mailings are considered “premiums” offered in hope for donations. They are exclusive to the fundraising campaigns and are not otherwise offered for sale. There is an opportunity for those who have made donations via the direct mail fundraising campaigns to receive additional cards for an additional donation by emailing the requests to: [Development@ALAVeterans.org](mailto:Development@ALAVeterans.org).

Those not receiving the direct mail fundraising packets can be added to the fundraising mailing list by emailing the Development address listed above. People who donate annually to the direct mail fundraising appeals will remain on the list. Those who do not donate are dropped from the mailing list. By tailoring the mailing lists to those who like the premiums and donate in this way, the ALA realizes a good return on this approach to fundraising. If people stop donating in this way, it would no longer be cost-effective to have the company offer the cards in anticipation of the donations, and the ALA itself cannot afford to get into the greeting card production and distribution business.

## CHAPTER 12

### PARLIAMENTARY PROCEDURE – FAQs

**FAQ 1: Virtually conducting department governing body business – voting by mail, phone, email.**

I have a question regarding voting protocol for the Department Executive Committee (DEC). We do not have anything in place in our C&B or Standing Rules. Over the past decades, we have sent out motions that needed to be voted on. Since 2010, we have been also including email voting on motions. Can you offer guidance on allowing the DEC to conduct business electronically?

**RESPONSE:** A department’s policy regarding virtual voting must comply with what is allowed under the laws of the state in which the nonprofit is incorporated. (e.g., ALA Department of Maine is incorporated in Maine. Therefore, as a Maine corporation, the department’s rules for conducting business virtually, such as voting by mail, telephonically, or electronically, must conform to what is allowed by Maine state law.) The department will need to check with whatever state office of government oversees incorporation and state corporate filings, and then determine what its state law allows and requires for a corporation to hold an annual meeting and to conduct business electronically. Some states require corporations hold an annual in-person meeting; some states strictly specify what constitutes adequate notice; and most states allow some form of virtual voting and specify what percentage of members must vote in order for an electronic vote to be valid.

In Indiana for example, the state office of government oversees incorporation and state corporate filings that is the Indiana Secretary of State. The ALA national headquarters confirms our virtual voting requirements with the Indiana Secretary of State. In Indiana, a corporation may conduct business virtually; voting by phone, mail or email is allowed. The national organization, being incorporated in Indiana, complies with Indiana law that allows corporations to conduct national voting by mail, electronically, or phone. Most states require a specific percentage of the governing body that must participate in a virtual vote conducted by email, often seventy-five percent (75%).

If state laws permit conducting business electronically, then that constitutes a virtual meeting, and minutes need to be kept, the same as if the meeting were held in person. The virtual meeting then needs to (a) properly convene with participants instructed that the special meeting is being convened to conduct business electronically; b) state the business clearly; c) state the legal authority for conducting the meeting electronically; d) specify the motion and instructions to respond via "Reply All" by a date/time certain; e) when the business concludes (i.e., the voting has been completed, the convener responds again via "Reply All" the outcome of the vote); and f) creates minutes of the special virtual meeting, saves the emails as documentation, and then includes a summary of the virtual meeting(s) at the next face-to-face meeting of the governing body to ratify for the record. When a vote is conducted by email, the emails are documentation of the voting and should be saved until the minutes of the meeting are approved. Information to be considered during the virtual meeting should be conveyed and attached as a PDF document so that the emailed wording cannot be manipulated.

Similar steps need to be established and followed when a meeting is held telephonically or by postal mail.

An example of virtual meeting and related documentation can be found on pages 10-14 of this chapter.

#### **FAQ 2: What is a Consent Agenda and when is it used?**

**RESPONSE:** A consent agenda, also called a consent calendar in *Roberts Rules of Order*, is a standard good governance practice utilized by large organizations to expedite its business proceedings. The main purpose of a consent agenda is to bundle into a single action item the routine procedures, administrative details, and self-explanatory matters that the board normally approves without discussion or debate. A consent agenda allows the board to approve such items together without discussion or individual motions, freeing valuable time for the board to discuss more substantial agenda items.

A consent agenda is a single item on the board's meeting agenda, typically the first action item, and is voted upon with a single vote – to vote to approve the consent agenda by unanimous consent. Typically, the consent agenda contains items that are routine or procedural and generally noncontroversial, such as approval of the minutes; committee appointments requiring board ratification or confirmation, etc.

#### **FAQ 3: What is the difference between a conference and a convention?**

**RESPONSE:** A conference is any gathering for a stated purpose (e.g., general meetings, educational, etc.) Generally, attendees of a conference are there for learning, unless the conference states that business will be conducted and who is empowered to act or vote on the business.

A convention is a formal gathering of delegates for the purpose of conducting business that directly affects all members (e.g., adopting or amending its bylaws, electing leaders, and establishing the amount of dues). Delegates are authorized voters representing smaller affiliated entities, authorized by the smaller group (e.g., units or districts) they represent. The process for determining the number of delegates should be written in the bylaws or agreed to in writing and recorded by the founders when the first bylaws are adopted.

**FAQ 4: Can a Constitution, Bylaws and Standing Rules be adopted at a conference instead of a convention?**

**RESPONSE:** The authority for amending one's Constitution or Bylaws is as specified in the governing documents. If a complete revision is being proposed, then the body with the authority to amend, as specified in the department's governing documents, is the only body with the authority to adopt a revision. If the entity is new and adopting its initial C&B and Standing Rules, then the new governing documents should include a provision that addresses the initial authority to adopt and then the authority for amending the governing documents. The persons convening to adopt a C&B should be doing so in an official, recorded capacity (i.e., delegates to the first unit convention or delegates to the inaugural meeting of the founding board (founding governing body)).

**FAQ 5: How is the office of parliamentarian filled? And, can the parliamentarian participate in discussions of motions?**

**RESPONSE:** The office of parliamentarian is appointed by the unit/department/national president. The parliamentarian should be someone that the president has confidence in since their duty, when requested to do so, is to give advice to the president or any member when an error in the proceedings may affect the rights of any member or do harm to the organization.

No, a member of the assembly serving as the parliamentarian has the same duty of the presiding officer to maintain a position of impartiality, and, therefore, does not make motions, participate in debate, or vote on any question except in the case of a ballot vote. There is a saying that, "the parliamentarian is seen and not heard."

**FAQ 6: Can unit/department questions regarding parliamentary procedure be directed to ALA National Headquarters?**

**RESPONSE:** Department questions about parliamentary procedures are directed to your department parliamentarian. If your department seeks advice on parliamentary procedure from the national organization, the questions should be directed to the national Constitution & Bylaws chairman as this falls under the purview of the national Constitution & Bylaws Committee. The national C&B program coordinator will consult with the national C&B chairman and respond. If neither the national C&B chairman nor the program coordinator can answer the question, the national secretary is notified and she will see that an answer is provided.

The national organization contracts with a professional registered parliamentarian to serve the national organization at national convention, and she may also serve from time to time at NEC meetings. If a department is anticipating a particularly emotional or highly controversial matter of business, the department may find it wise to seek the services of a professional parliamentarian outside the organization to ensure objectivity and impartiality



### **FAQ 7: What is a resolution?**

**RESPONSE:** A resolution is a description of a problem or situation that is then followed by a suggestion as to how to correct it. Each resolution should address only one issue or problem, and it consists of two parts: the preamble statement of facts (description of the problem – “whereas” clause) and the resolving clause (how the local post or even the national organization should solve the problem or support the issue). Resolutions set the course of the organization when adopted by their governing bodies.

### **FAQ 8: Transitioning between “whereas” and “resolved” clauses.**

I’ve heard that when writing a resolution, it is one long sentence that only concludes following the last resolved clause. Is this correct, and, if so, how does one transition between whereas clauses and the resolved clauses?

**RESPONSE:** Yes, a resolution is written as one continuing sentence with the preamble clause(s) first and the resolve clause(s) second. The format of the resolution should be in a font size large enough to be read (11 or 12 point Times Roman or Arial fonts are common); and should be laid out as in the following example:

WHEREAS, (Reason 1 ... ); and  
WHEREAS, (Reason 2 ... ); and  
WHEREAS, (Reason 3 ... ); now, therefore, be it  
RESOLVED, By (approving body) in (type of meeting) in (location), on (date of meeting), That  
(the actual motion, i.e., the outcome that will be in place if the motion is adopted...)

Note that the words “whereas” and “resolved” are often indented, usually capitalized in each instance, and are followed by a comma. Following the comma, the next word begins with a capital letters, and at the end of the “whereas” clause before the “and,” a semicolon is placed with no punctuation following the “and.” Also note that on the last whereas clause, instead of “and,” one should always conclude the final reason for the motion (the final “whereas” clause) with “: now, therefore, be it” with no punctuation following before the resolved clause. The first resolved clause usually indicates the approving body, the type of meeting (i.e., regular meeting, DEC meeting, etc.), the location and the date of the meeting. Note also that the first word following this information is capitalized and that **only** the last resolved clause is punctuated with a period at the end.

Other examples of resolutions can be found on both the American Legion website ([www.legion.org](http://www.legion.org)) and the ALA website ([www.alaforveterans.org](http://www.alaforveterans.org)).

### **FAQ 9: Can resolutions of units or intermediate bodies be acted upon by the National Executive Committee (NEC)?**

**RESPONSE:** Yes, resolutions initiated and adopted by officially constituted subordinate organizations (i.e., units, districts, counties), which in turn have received favorable action by their respective department conventions or department governing board meeting (commonly known as the Department Executive Committee or department board) can then be presented in resolution form to the NEC which must then act upon the resolution at its next regularly scheduled meeting provided the NEC has received adequate notice of the resolution originating from a unit or intermediate body.

**FAQ 10: What happens to a resolution once the issue has been addressed and the mission accomplished?**

**RESPONSE:** A common problem in many organizations is the accumulation of motions that have been incorporated into various governing documents and over time have been accomplished, fulfilled, or otherwise become obsolete.

Once an issue that was the subject of an adopted resolution has been addressed either by accomplishing the goal or by the adoption of another resolution that supersedes the previous resolution, any appropriate committee (e.g. Americanism, Membership, etc.) may submit a resolution to the governing body to rescind the resolution that is now obsolete. A rescinding resolution may group more than one resolution that needs to be rescinded by that committee. The rescinding resolution should clearly indicate that the resolutions(s) to be rescinded have been accomplished or rendered obsolete by virtue of a superseding resolution.

**FAQ 11: When transcribing minutes, can the secretary summarize the discussion in her own words based on her own interpretation in order to clarify?**

**RESPONSE:** A transcription or transcript is a verbatim written document of everything that was said and acted upon at a meeting. Minutes need not be transcripts. Some large organizations publish the transcripts as the meeting “proceedings” – a tradition at the national level of the ALA and The American Legion, but that is not a legal requirement. The American Legion and American Legion Auxiliary both publish transcripts of each National Convention because a year transpires between each convention, convention delegates change from year to year, and it is simply impractical for convention minutes to be circulated and adopted by the National Convention delegates who attended the year before. Therefore, the National Convention proceedings are published verbatim.

Acceptable meeting minutes are summaries of what happened, and necessarily include summary statements of the business that transpired during the meeting. The reason minutes are circulated for review and approval by the board or committee for which the meeting minutes were taken is so that the minutes accurately reflect what the majority of the board or committee members understood the actions to have been. The members who participated have the obligation to review the summarization with an opportunity to amend and correct anything if needed. They then attest to their accuracy by casting their votes to “adopt” the minutes or amend the minutes for subsequent adoption. Minutes should be factual and reflect only what was discussed without the secretary’s opinion, favorable or otherwise, on anything said or done. The only time an opinion may be included in the minutes is when a board or committee member requests during a meeting that a statement be included in the minutes “for the record.” The minutes then should include the statement and reflect who made it and requested it be “in the record.”

**CHAPTER 13  
PROTOCOLS**

**FAQ 1: Handling Problem Situations with Posts Regarding ALA Members.**

What authority does a Legion department or post have over an ALA department or unit? A local post is forbidding a unit member from attending her unit meeting which is being held at the post.

**RESPONSE:** The short answer is **none**. Likewise, the American Legion Auxiliary has no authority over the Legion’s operations and will not interfere with The American Legion. Since The American Legion and American Legion Auxiliary are two (2) separate corporations, each

organization is independently governed by its own governing documents, bylaws, and rules. An American Legion department or post has no standing or authority to determine or decide who can or cannot attend ALA meetings. The American Legion Constitution and Bylaws indicate that The American Legion will not interfere with the Auxiliary.

However, a Legion post that operates a private membership social club **does** have the authority to determine who may or may not patronize the social club within the confines of federal and state laws and regulations.

**FAQ 2: Handling Problem Situations with Members.**

What authority does a department or unit have to discipline members causing problems? We have a problem with a member who bullies other members to the point that hardly anyone will attend meetings anymore, and we are losing members.

**RESPONSE:** A unit governing board has the authority to discipline members. Due process **must** be followed when disciplining a member. A disciplined member, in turn, has the right to appeal her discipline to the department governing board. When a disciplinary action is appealed to the department, the decision of the department is **final**. Disciplinary actions against members are **not** appealable to the national organization. Departments and units taking action on matters of member discipline must follow due process as provided in the American Legion Auxiliary National Bylaws and Standing Rules. Procedures for the expulsion or suspension of a member may also be found in the *Unit Guide*. The requirements for member discipline and due process stated in the national Bylaws and Standing Rules supersede anything written in any other governing document.

To reiterate, only the suspension, cancellation, or revocation of a unit charter may be appealed to the national organization for consideration by the National Executive Committee (NEC). The discipline of an individual member may only be appealed to the department governing board which is the final authority on disciplinary actions of members.

**FAQ 3: Handling Problem Situations with Units – Suspension, Cancellation, or Revocation of Unit Charters.**

What authority does a department have to discipline units that are inactive, performing improperly, or causing problems?

**RESPONSE:** The department governing board (commonly known as the Department Executive Committee or department board) may suspend, cancel, or revoke the charter of a unit as provided in the American Legion Auxiliary National Bylaws and Standing Rules, and according to due process as stated therein. The action by the department must be for good and sufficient cause and must contain a clear, concise, detailed statement of the facts upon which the action to be taken by the department governing board is based. A unit may appeal the suspension, cancellation, or revocation of its charter to the NEC according to the provision stated in the ALA National Bylaws and Standing Rules.

Procedures for the revocation, cancellation, or suspension of unit charters can also be found in the *Unit Guide*. The requirements for due process regarding the suspension, cancellation, or revocation of a unit charter stated in the national Bylaws and Standing Rules supersede anything written in any other governing document. Units may also merge or voluntarily dissolve.

To reiterate, only the suspension, cancellation, or revocation of a unit charter may be appealed to the national organization for consideration by the NEC. The discipline of an individual member may only be appealed to the department governing board which is the final authority on disciplinary actions of members.

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The American Legion Auxiliary Department Operations Guide, published April 25, 2014.

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**American Legion Auxiliary**

**Department  
Operations  
Guide**

**Appendix F:**

**ALA Acronyms/Glossary of Terms**

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## American Legion Auxiliary Glossary of Terms

### A

- AEF:** Auxiliary Emergency Fund. Created in 1969, the Auxiliary Emergency Fund assists eligible members with food, shelter and utilities. Grants are also disbursed for emergency needs due to weather-related catastrophes and educational training. *See the AEF brochure for further information.*
- ALA:** American Legion Auxiliary, the largest women's patriotic service organization in the world, with nearly 800,000 members. Founded in 1919 as an Auxiliary to The American Legion.
- ALA Girls Nation:** *See Girls State*
- ALA Girls State:** The American Legion Auxiliary Girls State Program has provided High School Juniors all across the country the opportunity to participate in a hands-on citizenship training program for over 60 years. These young women learn about local, state and federal government by actually creating their own policy through the election of public officials on local, county, and state levels and then by carrying out the duties of these respective offices. A continuation of Girls State is Girls Nation where two "senators" from each state are selected to participate in a simulated National government program in Washington, D.C.
- ALAMIS:** American Legion Auxiliary Management Information System. It is currently in use by ALA Departments and many units.
- Auxiliary** American Legion Auxiliary's quarterly magazine that is distributed to every current senior member.

### B

- Boys Nation:** *See Girls Nation*
- Boys State:** American Legion Boys State is a participatory program where each participant becomes a part of the operation of his local, county and state government. At American Legion Boys State, participants are exposed to the rights and privileges, the duties and the responsibilities of a franchised citizen. This program coincides with the American Legion Auxiliary's Girls State program.

### C

- C&Y:** Children and Youth Committee
- C&B:** Constitution and Bylaws Committee
- Century Club:** The Century Club is an annual giving program in which Auxiliary members and friends of the national organization donate \$100 or more to become members of the Century Club. Contributions are used to support the operations and programs of the Auxiliary such as Girls Nation, scholarships, Auxiliary Emergency Fund and much more.

**Chairman:** Members may be selected to serve as a committee chairman on the unit, department or national level. The incoming National President prior to the start of the next administrative year selects national chairmen.

**Charter:** A Charter is, essentially, an application to start a new unit within a department. It also serves as a piece of history. Charters may be cancelled and revoked. *See Unit Handbook for more information.*

**Consolidated Report Form** Implemented in the 2010-2011 year, this report captures the mission-related outcomes from unit activity so that the Auxiliary and Legion family can demonstrate our impact on the veteran community. The information reported is sent to The American Legion National Headquarters to include in their annual report to Congress.

## D

**DEC** Department Executive Committee. The Board of Directors for the department.

**Department:** Within the Auxiliary, each state (as well as Puerto Rico and District of Columbia) is known as a "Department." Each department has their own constitution and is governed by a department executive committee. Department presidents typically change annually; however, each department has a department secretary who typically handles day-to-day business and is usually the first point of contact for the department. There are currently 52 Departments in the ALA.

**PDP** Past Department President. Once a department president completes her annual term, she becomes a past department president. Most continue serving, particularly as mentors to future leaders at the unit, district/county and department levels. Many go on to serve on national committees and other national leadership positions.

## E

**Emblem:** The Auxiliary's symbol is referred to as an emblem, not a logo. Permission to use it must be given by the National Secretary.

**Emblem Sales:** The Emblem Sales Division of The American Legion National Headquarters not only sells Legion merchandise, they also stock many Auxiliary items. Some of these items include pins, jewelry and clothing. Additionally, supply items such as the Unit Handbook are available for purchase. Each fall, Emblem Sales produces a new catalog.

## G

**Girls Nation:** *See ALA Girls State*

**Girls State:** *See ALA Girls State*

**Gold Star Mothers:** This is an organization of mothers whose sons or daughters served and died that this world might be a better place in which to live. The biological mothers of sons or daughters who died while serving in the Armed Forces of the United States of America or its Allies, or died as a result of injuries sustained in such service, are



eligible for membership in the American Gold Star Mothers, Inc. An adoptive mother or stepmother who parented the child, whose biological mother is deceased, from the age of five years is also eligible under the above conditions.

## J

**Junior** Auxiliary members who have not yet reached the age of 18.

**Junior Handbook:** A resource for Junior members and Senior members who work with Juniors. It is available for free on the American Legion Auxiliary national website; hard copies may be purchased through Emblem Sales.

## L

**Legion Family** Members of The American Legion, American Legion Auxiliary, Sons of The American Legion and Legion Riders comprise the Legion family, which has a combined membership of nearly 4 million.

## N

**NEC:** The National Executive Committee is the governing body for the national organization. The NEC meets preceding National Convention, immediately following National Convention and also at mid-year, typically prior to the Washington D.C. Conference.

**NPAE:** National President's Award for Excellence -- the Best of the Best. One Department and Five Units are awarded the National President's Award for Excellence each year at National Convention.

**NVCAF:** National Veterans Creative Arts Festival. Held annually, the Auxiliary is a national co-sponsor of this event (along with the Department of Veterans Affairs). This program is specifically for veterans in the VA healthcare system who use art as a form of rehabilitative therapy. Departments and Units raise funds to support this annual program at the local and national levels.

## P

**Page:** There are three different types of pages: Local Page, Department Page and President's Page. All three play a role in the national convention. A local page serves in conjunction with the local convention committee and assists with directions, locations, etc. A department page assists their delegation and may present department's colors. A president's page accompanies the National President and serves as an aide (i.e. running errands, delivering messages, etc.) When serving at events, they generally wear white and blue.

**Poppy:** The poppy became a symbol of the sacrifice of lives in war and represented the hope that none had died in vain. The American Legion Auxiliary poppy has continued to bloom for the casualties of four wars, its petals of paper bound together for veterans, reminding America each year that the men and women who have served and died for their country deserve to be remembered. (*see Poppy Story on last page*)

**Poppy Poster**

**Contest:** Units in their local schools sponsor the Poppy Poster Contest. Specific requirements and rules guide winner selection. Local winners are judged by national division chairmen and divisional winners are featured in the national *Auxiliary* magazine.

**Post:** The American Legion's equivalent to an Auxiliary unit. Auxiliary members belong to a unit, not a post.

**PNP:** Past National President. Once a national president's annual term ends, she is referred to as a past national president. A PNP will typically continue to remain active in the Auxiliary, serving on committees and as a member to future leaders at all levels.

**PUFL:** Paid Up For Life membership. Members who are current on dues may complete a PUFL application and pay a one-time fee, based upon the member's age and total dues at the time of application, to become a member for life. The one-time payment is placed in a trust to pay the member's dues each year.

**Public Spirit**

**Award:** Established in 1983, this award recognizes outstanding individuals or organizations for contributions that positively impact our communities, particularly efforts that benefit our military, veterans and their families. It is awarded at the annual Auxiliary Washington, D.C. Conference. The recipient is selected by the American Legion Auxiliary national president and must be present to accept the award.

**R**

**Reps/Deps** Veterans Affairs Voluntary Service (VAVS) representatives and deputy representatives

**Roster:** A list of members in a specific department or unit, available via ALAMIS.

**S**

**SAL:** Sons of The American Legion. Founded in 1932, SAL members include males of all ages who are dependents of those who served in the U.S. military and eligible for American Legion membership.

**Senior:** A member age 18 or older.

**SOY:** Spirit of Youth. Established in 1983, the Spirit of Youth Fund provides scholarships to Junior members of the American Legion Auxiliary; said member to have held Junior membership in the American Legion Auxiliary for the past three years and must hold a membership card for the current year.

**Stand Down:** In times of war, exhausted combat warriors are removed from the battlefields to a place of relative security and safety to take care of personal hygiene, get clean uniforms, enjoy a warm meal, receive medical care, and receive and send letters. Now refers to a grassroots, community-based intervention program to help the nation's homeless veterans "combat" life on the streets. Homeless veterans are brought to one location for one to three days and are provided access to community resources to begin addressing individual problems. Homeless veterans are provided with necessities including food, clothing, medical, legal and mental health assistance, and job counseling.

## **T**

**TAL:** The American Legion, also call The Legion. Members often referred to as Legionnaires.

## **U**

**Unit:** A unit is the grass roots level of membership. Each unit has their own constitution, bylaws and officers. The ALA has more than 8,000 units.

## **V**

**VA&R:** Veterans Affairs and Rehabilitation Committee

**VAVS:** VA Voluntary Services

## **W**

**Washington D.C. Conference:** Formerly known as Awareness Assembly. Annual meeting conducted in February/March in Washington D.C., in conjunction with The American Legion, focusing primarily on legislative issues.

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**Appendix G:**

**Calendars**

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**American Legion Auxiliary**

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**Please see**  
**[www.ALAforVeterans.org](http://www.ALAforVeterans.org)**  
**for national calendars on:**  
**ALAMIS and Events.**

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