



THE AMERICAN LEGION ANNUAL REPORT

2018

PREAMBLE TO THE AMERICAN LEGION CONSTITUTION

*FOR GOD AND COUNTRY WE ASSOCIATE OURSELVES
TOGETHER FOR THE FOLLOWING PURPOSES:*

*To uphold and defend the Constitution
of the United States of America;*

To maintain law and order;

*To foster and perpetuate a
one hundred percent Americanism;*

*To preserve the memories and incidents
of our associations in the Great Wars;*

*To inculcate a sense of individual obligation
to the community, state and nation;*

*To combat the autocracy of both the classes
and the masses;*

To make right the master of might;

To promote peace and goodwill on earth;

*To safeguard and transmit to posterity the principles
of justice, freedom and democracy;*

*To consecrate and sanctify our comradeship
by our devotion to mutual helpfulness.*

The American Legion National Headquarters

700 N. Pennsylvania St.
Indianapolis, IN 46204
(317) 630-1200

P.O. Box 1055
Indianapolis, IN 46206

The American Legion Washington Office

1608 K St. NW
Washington, D.C. 20006
(202) 861-2700

John H. Geiger Operations Center

5745 Lee Road
Indianapolis, IN 46216
(317) 860-3100



INSIDE THE AMERICAN LEGION ANNUAL REPORT

Capitol Hill.....	2-3
Veterans Affairs & Rehabilitation.....	4-9
Veterans Employment & Education.....	10-13
Troop Support.....	14-15
National Emergency Fund.....	16-17
American Legion Baseball.....	18-19
Honor & Remembrance.....	20-21
Americanism, Children & Youth.....	22-25
Scholarships.....	26-27
Flag Support.....	28-29
Media & Communications.....	30-31
Legion Riders & Legion Family.....	32-33
Centennial.....	34-35
Membership.....	36-37
National Convention.....	38-39
Emblem Sales.....	40-41
Corporate Relationships.....	42-43
Financial Statements.....	44-60



North Carolina Post 116 Commander Derric Grimes, left, and North Carolina Alternate National Executive Committeeman Patricia Harris joined fellow Legionnaires on Capitol Hill during the Legion's 2018 Washington Conference, to speak with their representatives about the needs of America's veterans.

Photo by Lucas Carter/The American Legion

“When’s the last time you saw 67 senators agree on anything? Or 290 members of the House? That really tells you something about how highly regarded the Legion is on Capitol Hill.”

U.S. Sen. Todd Young, R-Ind., Marine Corps veteran and American Legion member, after passage of the American Legion 100th Anniversary Commemorative Coin Act in October 2017

Legion-backed bills become law

The 2017-2018 American Legion legislative agenda was largely met with support from Congress and the White House to address multiple concerns faced by veterans and their families. The Harry W. Colmery Veterans Educational Assistance Act, named for the past national commander who drafted the Servicemen’s Readjustment Act of 1944, and the VA Appeals Improvement and Modernization Act, signed into law by President Trump on stage at the 99th American Legion National Convention, lit the fuse on a year of legislative progress to address needs ranging from VA health-care reform to caregiver assistance, and landslide approval of a U.S. Mint coin to commemorate The American Legion’s 100th anniversary.

Trump signed the omnibus VA MISSION ACT into law in June. It improves access to community care while ensuring that VA quality standards are met for veterans who live in areas where facilities are not readily available, due to distance or appointment demand. The omnibus bill addresses one of the key issues of the Choice Act of 2014, which allowed VA patients to use non-VA providers if they could not get timely appointments within 40 miles of their homes; that issue is prompt payment to non-VA providers and greater flexibility for VA to reimburse those providers when care is necessary. The act also tackles employee competency standards, expansion of support for family caregivers and infrastructure.

The Harry W. Colmery Act, known as the “Forever GI Bill,” lifts time limits on use of education benefits for veterans, and the VA Appeals Modernization Act is built to expedite and streamline the appeals process when benefits decisions are disputed.

The Legion continued throughout the year, in Washington and congressional districts across the country, to fight for similar progress against a number of other issues of importance to veterans, including improved care for women veterans, rescheduling of cannabis so it can be researched as a potential therapy for veterans with post-traumatic stress disorder and traumatic brain injury, fair contracting opportunities for veteran-owned businesses, changes in the government’s life insurance programs for those who serve in the armed forces, and more.

Connections

- www.legion.org/legislative
- www.legion.org/newsletters (to subscribe to the American Legion Legislative Update e-newsletter)

“Practically speaking, outsourcing can reduce the choices available to veterans if it causes VA hospitals and clinics to be starved of resources and then forced to close.”

Phillip Longman and Suzanne Gordon, “VA Health Care: A System Worth Saving” 2017 Report

Privatization of VA health care a slippery slope

Health-care journalists and policy experts Phillip Longman and Suzanne Gordon produced a report for The American Legion in 2017 that warned against overuse of contracted health care that could jeopardize the high quality standards of VA, which Longman has described as “the best care anywhere.”

In many communities, contracted services make sense for VA patients, and those relationships have existed for years. However, any shift toward all-out privatization or budget-driven outsourcing has the potential to compromise quality, especially if privatized care comes without stringent VA oversight and management.

Since the Choice Act passed in 2014, following a patient-appointment scandal that was partly blamed on VA's difficulty seeing patients in a timely manner due to high demand or distance from facilities, non-VA providers have offered services for veterans unable to see doctors within 30 days of scheduling and appointment or because they lived 40 or more miles away from a VA care facility.

The VA MISSION Act of 2018, which was signed into law in June by President Trump, extends Choice another year, streamlines contracted care under a single authority, and aims to ensure that the quality of care veterans now receive is not diminished due to contracted care. Since 2014, when the appointment scandal hit, The American Legion has supported Choice Act provisions only as a temporary fix until VA is properly resourced. In September 2017, the Veterans Health Administration had nearly 50,000 unfilled positions, including critical nurses, psychologists, physician assistants and technicians.

The American Legion continues to support use of non-VA providers only as a bridge to a better VA health-care system, one that uses contracted services only when needed, until the system is fully positioned to provide the services veterans need.

Contact

■ va&r@legion.org

Connections

■ www.legion.org/veteranshealthcare

View the Longman-Gordon report online: www.legion.org/publications

*Richard Hutton, a patient at the Parkinson's Disease Research, Education and Clinical Center at the Cpl. Michael J. Crescenz VA Medical Center in Philadelphia, underwent deep brain stimulation in 2009. Here, he is examined by Dr. Meredith Spindler. Photo by Tommy Leonardi/
Neuroscience News*





Mark Brown, an active-duty Marine, undergoes PrTMS (personalized repetitive transcranial magnetic stimulation) at the Mindset offices in San Diego on March 7.

Photo by Lucas Carter/The American Legion

“Our generation of veterans is looking for alternatives to traditional therapy. The transition process is difficult.”

Jon Turner, Marine Corps veteran and Vermont American Legion member who sustained two traumatic brain injuries in Iraq and now leads an agricultural healing network to help veterans

The road home: Alternative therapies for PTSD and TBI

The American Legion has taken a national leadership position in recent years to advance treatment for post-traumatic stress disorder and traumatic brain injury that does not depend on prescription drugs. As a follow-up to the 2013 report “The War Within,” the Legion’s TBI/PTSD Committee has assembled its findings and recommendations into a new report, “The Road Home.” That statement brings together the many testaments to the efficacy of alternative therapy, including outdoor adventure, equine programs, hyperbaric oxygen, acupuncture, martial arts, mindful awareness and yoga, to name a few.

The American Legion has continued to urge Congress to provide VA the necessary funding to make complementary and alternative therapies part of its health-care treatment plan for veterans suffering from TBI, PTSD and other mental health conditions. Providing treatment alternatives will allow DoD and VA to stop the overprescription of dangerous drugs like opiates and benzodiazepines to our nation’s veterans, and develop best practices that are scientifically proven to help them heal from the invisible wounds of war.

The American Legion is also working to have cannabis rescheduled by the FDA so research can be conducted into its potential as a treatment for veterans. And the organization has vigorously supported adequate VA staffing of qualified mental health professionals, improved training for DoD and VA personnel to identify suicide risks early and find effective prevention strategies, and promotion of the VA Veterans Crisis Line, which now responds to approximately 500,000 calls a year.

The American Legion TBI/PTSD Committee continues to follow its mission statement to “understand, evaluate, expand awareness and advance research into effective therapies for post-traumatic stress disorder, traumatic brain injury and the effects of military sexual trauma.” It is a mission that spans prevention, screening, diagnosis, treatment and family support for military personnel and veterans who confront PTSD, TBI or MST.

Contact

■ va&r@legion.org

Connections

■ www.legion.org/veteranshealthcare

“The selfless devotion that it takes to be a caregiver knows no age or era. What caregivers of post-9/11 veterans have been experiencing over the past 17 years is old hat to what caregivers of pre-9/11 veterans have been experiencing for, in some cases, decades.”

Rep. Phil Roe, R-Tenn., chairman of the House Committee on Veterans' Affairs

Fair treatment for caregivers of all eras

The American Legion has battled in recent years to expand VA's Program of Comprehensive Assistance for Family Caregivers beyond the post-9/11 generation. In 2011, VA published an interim final rule implementing its caregiver program. The program authorized VA to provide support to eligible post-9/11 veterans who want to be cared for at home by a primary family caregiver. Under this program, eligible caregivers were authorized to receive a financial stipend, training, mental health services, and access to health insurance if they are not already under a health-care plan.

The American Legion-backed VA MISSION Act, an omnibus reform measure that addresses issues ranging from oversight of non-VA care for veterans to infrastructure, includes the expansion of support to family caregivers of earlier military service periods. The measure was signed into law in June.

Some 6 million family caregivers are estimated to provide \$14 billion in annual services that would otherwise be the government's responsibility. The caregiver program for post-9/11 families has provided monthly stipends, travel reimbursement, health-care services for the caregivers, counseling and training.

The American Legion has also called upon Congress and VA to thoroughly investigate and correct budget-driven policies that have reduced or eliminated assistance for caregivers participating in the program if they have received previous VA benefits. In its annual report to the House and Senate Veterans' Affairs committees, The American Legion put it simply: “Fully fund the caregiver program.”

Contact

■ va&r@legion.org

Connections

■ www.legion.org/veteranshealthcare

■ www.caregiver.va.gov



Lawmakers and veterans groups participate in a press conference at the U.S. Capitol on Dec. 6 calling for enactment of the Caregivers Expansion Act. Photo by Lawrence Jackson Images/ The American Legion



Attendees of the 2018 Student Veterans of America national convention in San Antonio tour the multimedia exhibit "The Greatest Legislation: An American Legion Salute to the GI Bill."

Photo by Clay Lomneth/The American Legion

“It touches everyone’s lives. My dad bought a house with it, I’ve had two homes, and my wife bought one, and we couldn’t have bought those homes without the GI Bill.”

Larry Dobb, past commander of the American Legion Department of Montana

The greatest legislation

The Forever GI Bill was signed into law by President Trump on Aug. 16, 2017. Officially named the Harry W. Colmery Veterans Educational Assistance Act of 2017, the bill improves and extends benefits granted to veterans, their surviving spouses and dependents. It was named for the American Legion past national commander who drafted the original GI Bill of Rights in 1944.

Among other provisions, the Forever GI Bill:

- Removes time restrictions, enabling eligible recipients to use their education benefits for their entire lives;
- Simplifies the benefit for future servicemembers by consolidating the GI Bill into a single program, which reduces VA’s administrative costs;
- Provides significant increases in GI Bill funding for reservists and National Guard members, surviving spouses and dependents;
- Provides 100 percent GI Bill eligibility to post-9/11 Purple Heart recipients;
- Restores eligibility for servicemembers whose schools close in the middle of a semester; and
- Creates a pilot program for veterans to take certain high-technology courses.

The GI Bill is often characterized as the most significant social legislation of the 20th century. It is credited for preventing an economic catastrophe after World War II, making homeownership a reasonable expectation for average Americans, educating millions of veterans, and creating an incentive to serve in the military so valuable that the United States has operated as an all-volunteer force since 1973. In conjunction with the Legion’s centennial celebration, a multimedia GI Bill exhibit is traveling the country this year. The exhibit features illustrated panels, touch-screen video kiosks and rare artifacts that depict the crisis, drama, solution, effects and ongoing success of the GI Bill.

The traveling exhibit debuted at the National WWII Museum in New Orleans and has since been on display at the Student Veterans of America national convention in San Antonio, Bob Hope Patriotic Hall in Los Angeles, the Montana Military Museum at Fort William Henry Harrison in Helena, the Iowa Gold Star Military Museum at Camp Dodge in Johnston and the George H.W. Bush Museum and Library in College Station, Texas.

Contact

- ve&e@legion.org

Connections

- www.legion.org/education

“Getting people work is an important thing.”

Bob Eidsvoog, manager of Post 176 in Springfield, Va.

Helping veterans find work

At the post, department and national levels, The American Legion strives to help veterans and their families find work by hosting and promoting job fairs. “It reflects the Legion’s values based on the pillars that the Legion is founded on,” said Ed Amoros, commander of Post 176 in Springfield, Va., which hosts three to four job fairs a year. “Helping veterans seek employment, whether they’re unemployed or underemployed, is part of what the Legion stands for.”

The National Veterans Employment & Education Division has participated in numerous career fairs nationwide, while staff members prepare and deliver testimony on subjects of vital interest to congressional committees while also serving on a number of advisory committees with the Small Business Administration, Department of Veterans Affairs and Department of Labor.

As part of all this, the division has also created a committee, the Employment Innovation Task Force, which works with the federal and private sectors to assist transitioning servicemembers and veterans with obtaining gainful employment.

Some key relationships

- **U.S. Chamber of Commerce Foundation** The Hiring Our Heroes initiative frequently unites with the Legion on job fairs, including at the annual Washington Conference and national convention
- **Avue Technologies** A federal career portal designed exclusively for the Legion that connects veterans to civilian jobs
- **JobZone** Sponsors career fairs in the District of Columbia, Maryland and Virginia
- **Valuing Our Veterans** Military recruitment portal for Sears, which employs more than 30,000 veterans and more than 1,500 reserve and National Guard members

Contact

- ve&e@legion.org

Connections

- www.legion.org/careers



More than 60 employers and 200 job-seeking veterans and military spouses attended the American Legion and Hiring Our Heroes job fair at the Washington Hilton in Washington, D.C., in February as part of the Legion's Washington Conference. Photo by Lucas Carter/The American Legion



Missouri American Legion
Department Adjutant Lowry
Finley-Jackson greets Marcena
Gunter of the VA St. Louis Health
Care System Jefferson Barracks
Division, following delivery of an
Operation Comfort Warriors
donation. Photo by Sid Hastings/The
American Legion

“What people around the world don’t understand is that the hero isn’t the wounded warriors or the veterans, but ... the spouses, the caregivers, the people behind the scenes that nobody sees.”

Jason March, a wounded Iraq War Army veteran who received an OCW trip to the 2017 national convention in Reno

OCW fulfills needs for nation’s heroes

For over a decade, The American Legion’s Operation Comfort Warriors (OCW) program has delivered resources, clothing, entertainment and other essentials to recovering veterans and servicemembers. Often these gifts provide much-needed assistance to small groups or even individuals.

In 2018, however, a single OCW gift helped out more than 2,400 new veteran parents. The \$50,000 donation, delivered to the Department of Veterans Affairs during the Legion’s Spring Meetings, helped supply new-baby welcome kits to women veterans at 60 VA medical centers nationwide.

VA had been 1,000 kits short until OCW stepped in to fulfill the need. Each kit included a diaper bag, toiletries, hair brush and comb, layette, blanket and hat.

Highlights in 2017-2018

- OCW brought hundreds of wounded servicemembers and their families to Six Flags San Antonio for a day of relaxation, camaraderie, food, rides and sunshine. “It’s really awesome, because this is the first event like this I have been able to do because I have a prosthetic femur,” said Peter Dubey, an Army veteran. “It’s really nice that The American Legion and Operation Comfort Warriors provide this for us.”
- The Department of Puerto Rico delivered an OCW grant worth \$30,000 to VA in the form of \$50 Home Depot and Walmart gift cards. Veterans in Puerto Rico and the Virgin Islands still reeling from Hurricane Maria were able to use the gift cards during their recovery.
- During the 99th National Convention in Reno, Nev., OCW treated wounded veterans and their caregivers to meals and outdoor activities, including glider rides and horseback riding.

Contact

- ocw@legion.org

Connections

- www.legion.org/ocw
- On Facebook, search for “Operation Comfort Warriors”

“Everybody has been really supportive. We’ve had a lot of assistance.”

Michael “Mickey” Schuh, adjutant of Post 135 in Naples, Fla., on the help his post received from the NEF and others in the wake of Hurricane Irma

Legion rallies amid series of hurricane disasters

The 2017 hurricane season was one to remember as Harvey, Irma and Maria unleashed destruction in Texas, Florida, Puerto Rico and elsewhere. American Legion members and posts were among those rebuilding in the wake of the disasters.

The Legion’s National Emergency Fund (NEF) provided immediate financial assistance to members, Sons of The American Legion members and posts. Such grants assist those recovering from disasters such as hurricanes, tornadoes, flooding and wildfires.

The American Legion distributed more than 300 NEF grants to victims of Harvey, Irma and Maria.

In Puerto Rico, Post 6 Commander Rafael Mendez helped his members apply for NEF funds. “I want my members provided for first,” he said. “I’ll do my NEF application last. I am very proud of these people. They are very resilient. We will rebuild.”

Highlights

- In September 2017, Post 81 in Melbourne, Fla., dispatched a truck with relief supplies for hurricane victims in Texas. The next day, Hurricane Irma caused heavy roof damage and flooding at the post building. Nine days later, thanks in part to an NEF grant, Post 81 was operating once again, serving its community.
- For 40 years, American Legion member Ray Kacer has lived in his home a mile from the Colorado River in Wharton, Texas. Until Hurricane Harvey rolled through, the home had never flooded. NEF funds helped Kacer and his family recover as they began to rebuild their lives while their home underwent a major restoration.
- Post 230 in Spring Lake, N.C., used NEF funds as part of its recovery after a hurricane-spawned storm left the building under several feet of water. The post reopened in the fall of 2017.

Contact

- ia@legion.org

Connections

- www.legion.org/nef



Last year, Hurricane Irma caused hundreds of thousands of dollars in damage to American Legion Post 135 in Naples, Fla. Post Adjutant Michael Schuh says a grant from the National Emergency Fund is helping local Legionnaires rebuild.

Photo by Lucas Carter/The American Legion



John Howard Bobo of Henderson, Nev., Post 40 carries the team's national championship banner after its 2-1 win over Omaha, Neb., Post 1 during the championship game of the 2017 American Legion World Series in Shelby, N.C. Photo by Matt Roth/The American Legion

“The lessons I learned ... were invaluable, not just as a player but as a young man. Honor, integrity, as well as respect for the game, my teammates and myself, are among the most valuable of those things and I’ve tried to carry all of those attributes with me.”

Neil Walker, New York Yankees second/first baseman, who played Legion Baseball for Post 548 in Gibsonia, Pa.

Legion World Series viewership continues to rise

For the fifth consecutive year, ESPN viewership of the American Legion Baseball World Series in Shelby, N.C., grew. An estimated 605,000 viewers watched the 2017 World Series on ESPNU – an increase of nearly 300,000 from 2016.

This increase in viewership is from ESPNU airing games 7 through 15 – including the semifinals and championship game – live on ESPNU. The first six games of pool play were broadcast on ESPN’s webcasting service.

These ESPNU coverage additions come on the heels of strong viewership numbers and the continued growth in interest regarding American Legion Baseball and its championship event. The 2017 World Series attracted 119,000 people to Cleveland County’s Keeter Stadium for baseball action.

Since 1925, American Legion Baseball has been a part of the fabric of the nation. Seventy-seven Hall of Famers are Legion Baseball alumni. More than 65,000 athletes a year participate on post-sponsored teams in all 50 states. Many of today’s most notable players – including Max Scherzer, Jacob deGrom, Justin Verlander, Bryce Harper, Kris Bryant and Albert Pujols – came of age playing Legion ball in the summer. As a testament to the program’s influence, many of them credit Legion Baseball with showing them the right way to compete and present themselves both on and off the field.

2017 American Legion World Series Champions

- Henderson, Nev., Post 40

2017 George Rulon American Legion Baseball Player of the Year

- Shane Spencer, Henderson, Nev., Post 40

Contact

- baseball@legion.org

Connections

- www.legion.org/baseball
- On Facebook, search for “American Legion Baseball”

“He is now a restored statue He looks like an active warrior who has been through what World War I fighters went through.”

E.G. Price, commander of Havens-Cannon Post 24 in Anadarko, Okla. The post is using its 100 Cities/100 Memorials grant to help complete the preservation of a doughboy statue and foundation, including bringing it inside the courthouse.

Memorial collection rapidly growing

The American Legion Veterans Memorial Identification Project database eclipsed a milestone in the spring of 2018, adding its 2,000th entry. The database was released to the public in November 2016, after a resolution by the National Executive Committee.

The project encourages American Legion Family members to locate, document, photograph and upload information about veterans memorials and monuments in their communities.

The database includes memorials from any war era and nearly all 50 states, plus some foreign countries.

Remembrance highlights

- American Legion posts were well-represented among the projects selected as winners in the 100 Cities/100 Memorials matching grant challenge. The program is sponsored by the Pritzker Military Museum & Library in Chicago and the U.S. World War One Centennial Commission. Its purpose is to help communities and local groups restore World War I memorials and commemorate the centennial of the Great War.
- Among the nation's newly decorated Medal of Honor recipients were two American Legion members, who both served in the Army during the Vietnam War. They are James McCloughan of Michigan and Gary Rose of Alabama.
- During the Legion's national convention in 2017, former POW and retired Air Force Col. Tom Moe laid out plans for the nation's first Veterans Museum, set to be dedicated this year in Columbus, Ohio.
- An animated family film, “Sgt. Stubby: An American Hero,” documents the service of the World War I hero dog who became a member of The American Legion. Sgt. Stubby is credited with leading the way for the modern military working-dog program.

Connections


- www.legion.org/honor
- www.legion.org/memorials
- www.legion.org/newsletters (to subscribe to the monthly Honor & Remembrance e-newsletter)
- www.legiontown.org
- On Facebook, search for “The American Legion: Honor and Remembrance”

Post 5 Vice Commander J.R. Scoggins of Tampa, Fla., reads names on headstones at the Hillsborough County American Legion Veterans Cemetery during a 2017 Wreaths Across America event.
Photo by Chris Zuppa/The American Legion



2018

Americanism, Children & Youth



Darius Thomas, 2017 Boys Nation president, was sponsored for Alabama Boys State by American Legion Post 135 in Phenix City. Thomas plans to attend the University of Alabama this fall.
Photo by Clay Lomneth/The American Legion



*Emily Stith, 2017 American Legion
Junior Shooting Sports champion,
competes during the finals
at the Olympic Training Center in
Colorado Springs, Colo.*

Photo by Chet Strange/The American Legion



2018 American Legion Oratorical
Champion Carlissa Frederich of
Kentucky is congratulated by
third-place contestant Nathan York
of California.

Photo by Clay Lomneth/The American Legion

“I love The American Legion’s Oratorical program because I’m a true believer in education, and it educates about your rights, voting and duties one can do as a citizen, and how it’s important to get involved in your communities.”

Erin Connor, National Oratorical Contest participant and 2017 Miss Vermont

Legion youth program alumni give back

American Legion youth programs have shaped and enriched the lives of millions of people, including former U.S. Ambassador Alan Keyes, who played a role in Legion history. In 1967, Keyes both won the Legion’s National Oratorical Contest and was elected Boys Nation president. Alumni like Keyes give back to The American Legion, as he did during the 2018 National Oratorical Contest by serving as a finals judge.

Keyes, a former presidential candidate, said his participation in the National Oratorical Contest and Boys State/Boys Nation was a turning point in life that helped “me to shape the mind, and form the mind, that then led the rest of my career.”

In 2017 alone, more than 170,000 young men and women participated in Americanism youth programs such as Legion Baseball, Boys State, Boys Nation, the Oratorical Contest, Junior Shooting Sports, the Youth Cadet Law Enforcement Program and Scouting. They are all now American Legion program alumni. The Legion’s Americanism Commission supports these youth programs, which foster pride in our country and cultivate leadership, sportsmanship, citizenship and character.

Contact

- juniors shooting@legion.org
- boysstate-nation@legion.org
- baseball@legion.org
- oratorical@legion.org
- youthlaw@legion.org
- scouting@legion.org

Connections

- www.legion.org/programs

“I have a deep debt of gratitude for the (Samsung American Legion) scholarship, with the experiences I’ve had because of it and the opportunities I will have in the future.”

James Libbey, a 2016 Samsung American Legion Scholarship recipient from St. Michael, Minn.

Legion, Samsung recognize youth for achievements

For the past four years, The American Legion and Samsung have together recognized the top 10 recipients of the Samsung American Legion Scholarship with a special trip to Washington, D.C. The scholars honor veterans by touring the World War II, Korean War and Vietnam War memorials, and enjoy a breakfast on Capitol Hill with Samsung and Legion leadership.

Since Samsung bestowed an endowment to the Legion in 1995 for the establishment of a scholarship fund for family members of U.S. citizens who are war veterans, more than \$6 million has been awarded to youth eligible for the Samsung American Legion Scholarship – high school juniors who participate in the current session of Boys State or Girls State and are direct descendants (or legally adopted children) of wartime veterans eligible for American Legion membership.

In 2017, 268 youth received more than \$1.1 million in academic scholarships at the American Legion national level. Other Legion education opportunities include the Legacy Scholarship for children of veterans who died on active duty after Sept. 11, 2001, or post-9/11 veterans with a combined VA disability rating of 50 percent or higher (last year the scholarship awarded \$671,892 to 55 children); the Junior Shooting Sports tournament, where youth compete in a three-position national air rifle championship; the Oratorical Contest, a constitutional speech program that teaches leadership, the history of our nation’s laws, the ability to think and speak clearly, and a better understanding of the rights, responsibilities and privileges of U.S. citizenship; the American Legion Eagle Scout of the Year Award; and the American Legion Baseball All-Academic Team, which includes players nominated by each of the eight regions.

Contact

■ scholarships@legion.org

Connections

■ www.legion.org/scholarships



*Samsung American Legion
Scholarship recipients tour
monuments on the National Mall in
Washington, D.C. Photo by Clay
Lomneth/The American Legion*

*Sons of The American Legion
Squadron 524 Commander Michael
Byerly participates in the reopening
ceremony of American Legion
Morvay-Miley Post 524 in Ocean
City, N.J. Photo by Corey Perrine/The
American Legion*



Jon Richard Morvay
17 March 1947
23 October 1967

“The goal now is to try to get it to reach every country in the world. It might be far-fetched, but that is the goal.”

Army Lt. Jordan Henrickson, a Legionnaire who has had a U.S. flag flown on military missions, over national landmarks and in more than 21 countries. He adds that he has not yet had a request turned down; “everyone just wants to be a part of it because they think it’s a great story.”

Honor and respect for the flag

Throughout its nearly 100 years, The American Legion’s history has been intimately linked with that of the U.S. flag. The Legion organized the national conferences in the early 1920s that established the rules for the flag’s proper display and treatment, which ultimately became the U.S. Flag Code in 1942. Legion posts across the country team up with Boy Scout troops to collect and properly dispose of worn or tattered flags. And those same posts – and Legionnaires – work to maintain the flag’s presence in their communities, from Main Street to the local cemetery.

Since the 1989 Supreme Court ruling classifying flag desecration as First Amendment-protected speech, The American Legion has been at the forefront of efforts to reverse it, namely by advocating for a constitutional amendment giving the states – and the people – the opportunity to protect the flag. It has come close to passing Congress several times but has always fallen just short of the necessary supermajority. The Legion continues the fight.

Hammond Post 3 in Kingsport, Tenn., is kicking off its observance of The American Legion’s upcoming centennial by working with the “God and Country” Americanism/youth program to give flag classes – “For Which it Stands” – to fifth-graders in its county. The idea was born following the controversies in 2017 over pre-game ceremonies in professional sports, and was implemented with a lesson plan using materials and resources developed by Legion National Headquarters for outreach purposes.

Post 3 Assistant Chaplain Phil Jones and his wife, Denise, a retired elementary school teacher, gave a presentation to a group of fifth-grade classes that included the playing of a video and practice in folding actual flags. Each student was left with a pair of handouts on the flag, and a special shoulder patch. “No matter what the press and critics say, I know there is a grassroots group of kids in northeast Tennessee who honor and respect the American flag,” Jones said. More presentations are planned.

Contact

■ (317) 630-1207

Connections

■ www.legion.org/flag

■ www.legion.org/newsletters (to subscribe to the Flag Alert e-newsletter, sent out when the flag of the United States is to be displayed at half-staff)

“We can combat the perception of an American Legion post as just a bunch of ‘old guys.’ We can show that we can be innovative and are not afraid of trying different ideas.”

Jonathon Ralph, commander of Post 269 in Patchogue, N.Y.

The post has implemented video conferencing at its monthly meetings to allow participation by members who are not able to be there in person.

Getting the word out

As befits a major advocacy/support organization in the 21st century, The American Legion maintains a portfolio of media channels to transmit its messages and values to the public, from print to social media and beyond.

The Legion’s national website, www.legion.org, has grown exponentially since a redesign a few years ago; April 2018 saw 2.2 million page views, more than 250,000 more than the same period in 2016. Twitter followers have surpassed 94,000. More than a dozen e-newsletters, on everything from Legion Baseball to legislative news to stories of honor and remembrance, go out each month. And major Legion events like the finals of the National Oratorical Contest are being streamed on Facebook Live.

But more traditional media channels have not fallen off The American Legion’s radar. In addition to mainstays like *The American Legion Magazine*, recent years have seen an uptick in national radio appearances. In April, 2017-2018 National Commander Denise H. Rohan engaged in a nationwide radio blitz – her second since her election – talking about the Legion’s positions and programs for veterans, servicemembers and their families to 18 radio shows and networks in major markets across the country. The shows, many of them nationally syndicated, have a combined listenership of more than 25 million. Some of Rohan’s appearances were even broadcast live in major cities during the coveted morning “drive times,” when audiences peak. Listen to the conversations at www.legion.org/commander/radio.

Contact

- magazine@legion.org

Connections

- www.legion.org/media
- www.legion.org/facebook
- twitter.com/AmericanLegion
- www.youtube.com/user/AmericanlegionHQ
- www.instagram.com/theamericanlegion
- On LinkedIn, under Companies, search for “The American Legion”



NBC reporters cover past American Legion first lady Margaret Dellinger of Virginia as she makes poppies for Poppy Day in Washington, D.C.

*Photo by Chanin Nuntavong/
The American Legion*



Crowds line overpasses in Virginia to watch Legion Riders as they make their way to the Pentagon parking lot for the Ride of the Patriots during Rolling Thunder. Photo by Cheryl Diaz Meyer/The American Legion

“It felt like this is what we are here for. This is what we do. We are here to help people. We truly joined their lives together.”

Desiree Guerra of Legion Riders Chapter 38 in Fountain, Colo., which facilitated and funded the wedding of two homeless veterans in Colorado

‘It’s for the cause, not for the applause’

It’s The American Legion’s fastest-growing program. And despite the American Legion Riders doing what they do for results, not recognition, more and more people across the country are learning about the great work they do on the local and national levels.

The 2017 Legacy Run raised a record \$1,224,653 – the fourth straight year the ride raised more than \$1 million – for college scholarships for the children of U.S. military personnel killed on active duty on or after 9/11, as well as children of post-9/11 veterans with a combined VA disability rating of 50 percent or higher.

Locally, Legion Riders chapters are making just as big an impact. Last winter, Chapter 38 in Fountain, Colo., teamed up with local police to deliver 100 food baskets to families in need the Sunday before Thanksgiving. Fundraising by the Riders and the entire Post 38 American Legion Family paid for the baskets. Last December, at a Wreaths Across America event at Danville National Cemetery in Illinois, Riders placed more than 5,900 wreaths – the bulk of which were provided through fundraising efforts from Chapter 210. Chapter 341 in Cicero, Ind., has conducted a very successful “Battle Ride” fundraiser for Operation Comfort Warriors for the last three years. And Chapter 103 of Ashtabula, Ohio, along with the post’s other Legion Family members, built a ramp for the house of the family of a temporarily wheelchair-bound 5-year-old son.

The American Legion Auxiliary (female relatives of Legion-eligible veterans) and the Sons of The American Legion (male descendants of Legion-eligible veterans) round out the American Legion Family, which works together at the post, department and national levels to serve our nation’s veterans, the military, their families and the country’s youth.

Contact

- alahq@alaforveterans.org
- sal@legion.org
- legionriders@legion.org

Connections

- www.legion.org/auxiliary
- www.legion.org/sons
- www.legion.org/riders

“As a historian, one of the things I figured was if this is the individual we named our post after, then we should spare no expense to find a way of displaying him, showing who he is.”

Al Alford, commander of Fred Brock American Legion Post 828 in San Antonio, who built an interpretive shadow box to tell the story of the post’s namesake, who died at Fort Huachuca, Ariz., in 1943

Legion centennial story told throughout the nation

The American Legion’s 100th anniversary celebration officially runs from Aug. 30, 2018, to Nov. 11, 2019. Individual members, posts, districts, counties, departments and National Headquarters have spent much of the past year planning, creating and promoting the centennial across the country and around the world.

“The Greatest Legislation: An American Legion Centennial Salute to the GI Bill” is a traveling exhibit that has been shared in New Orleans, San Antonio, Los Angeles, Helena, Mont., Johnston, Iowa, and College Station, Texas – with more locations on the horizon – since it debuted at the National World War II Museum in June 2017. The multimedia display, with video kiosks, illuminated panels and GI Bill artifacts, has drawn hundreds of thousands of visitors at the various locations, usually highlighted by a reception or panel discussion to share the ways in which the GI Bill has improved the lives of Americans.

More than 2,900 posts have at least started centennial profiles at www.legion.org/centennial to digitize their histories and share them online. A memorials database, also a centennial project, surpassed 2,000 submissions before June 1, 2018. Both of these digital media initiatives are built to grow as the Legion’s second century unfolds.

Meanwhile, at posts large and small across the country and around the world, American Legion centennial shirts, hats, pins, posters and banners are displayed, letting communities know about this milestone. The 100th National Convention in August – in Minneapolis, site of the first national convention – kicks off the centennial with a tribute to the Legion’s legacy and a message of how its founding principles are propelling a second-century vision.

Also, in October 2017, President Trump signed the American Legion 100th Anniversary Commemorative Coin Act, authorizing the U.S. Mint to strike and produce coins honoring the Legion’s first century. The coins are set to go on sale in March 2019, with proceeds benefiting the programs and services of The American Legion.

Connections

- www.legion.org/centennial
- www.legion.org/honor
- www.legion.org/newsletters (to subscribe to the Centennial Celebration e-newsletter)

Hollywood Post 43 member Jeric Wilhelmsen, right, works with Media & Communications Division staff on an American Legion centennial documentary project. Photo by Lucas Carter/The American Legion



Krystle Huelsmann of Post 283 in Lebanon, Ill., makes phone calls to Legionnaires whose memberships have lapsed at Post 365 in Collinsville, Ill., as part of a revitalization effort.

Photo by Clay Lomneth/The American Legion



“The first year, I got 28 people ... I thought, ‘I can do more than this’ ... I deliberately went to the different hospitals, bases, volunteer services centers, medical centers, recruiting offices.”

Mary J. Whitler Fisher, 2017 American Legion Department of California Recruiter of the Year, whose enhanced strategy produced 136 new members

Retain, recruit and revitalize for membership

Membership is The American Legion’s most important asset. Without it, youth programs struggle or even disappear. Lacking membership numbers, The American Legion’s voice for disabled veterans grows softer on Capitol Hill, at VA and across the country. Now, as the organization begins its second century of advocacy for veterans, military strength, children and patriotic values, it’s more important than ever to retain members due for renewal, recruit new veterans into the organization, and revitalize posts and districts.

MyLegion.org is a powerful resource for post officers to find former Legionnaires who have simply let their memberships lapse, and to locate other veterans eligible to join. Also, the national American Legion website at www.legion.org/membership offers tips for recruitment, valuable discount programs that can be used to sign up members, “I Am The American Legion” videos that express the energy and enthusiasm of Legionnaires, and incentive awards to recognize success.

The 2017-2018 membership year showed many positive signs, including better-than-expected response to national direct-mail membership marketing. Many departments and posts have also seized the coming centennial opportunity to raise awareness of the Legion and generate membership in local communities.

Going into the summer of 2018, a “Team 100” campaign to use the centennial message for membership growth was in development for the 100th anniversary window and beyond.

And in communities large and small, where demographics may be changing but the need for an American Legion remains vital, posts are making adjustments to invite new generations of veterans into their company, whether it’s for a yoga class in Colorado or an outdoor adventure activity in New Jersey, while holding true to the pillars of service and values that built the nation’s largest veterans service organization.

Contact

■ membership@legion.org

Connections

■ www.legion.org/membership

■ www.mylegion.org

“You provide a future for those who have served, those who are serving and those who will serve in the communities they live in.”

Greg Pratt, military relationships director for USAA, addressing convention-goers in Reno, Nev., in 2017

Back to the beginning

The 2018 American Legion National Convention in Minneapolis is No. 100, at the site of No. 1 national convention in 1919. The biggest yearly gathering of Legionnaires and their families – up to 10,000 – occurs in a different major city each year, where they conduct business of the organization, celebrate the accomplishments of the last year, welcome special guests, elect new national leadership and more.

Through wars and domestic upheaval alike, the Legion conventions have gone on with passion and hope. It is a common occurrence to see the president of the United States addressing convention-goers; at the 2017 convention in Reno, Nev., President Trump signed the VA Appeals Modernization Act into law on the stage during the general session. Congressional members, business leaders and celebrities also make it a habit to visit the Legion convention.

The 2018 Minneapolis convention will be even more special, as it kicks off the 15-month Centennial celebration. Everything from historical re-enactors to vintage military vehicles will be on hand, and the opening ceremonies that begin the official business of the convention will include a special presentation paying tribute to the Legion’s establishment.

Future national convention cities

- Indianapolis (2019)
- Louisville, Ky. (2020)
- Phoenix (2021)
- Milwaukee (2022)
- Charlotte, N.C. (2023)
- New Orleans (2024)

Contact

- convention@legion.org

Connections

- www.legion.org/convention
- www.legion.org/facebook
- twitter.com/AmericanLegion

*Nevada District 4 Vice Commander
Valerie Scheuring salutes the
reviewing stand at the parade
during the American Legion 99th
National Convention in Reno, Nev.
Photo by Clay Lomneth/The American Legion*



A baseball cap bearing the American Legion 100th Anniversary logo is one of many centennial-themed items available at Emblem Sales. Photo by Lucas Carter/The American Legion



"I love the flags I ordered, both nylon and polyester. The feel and strength are just unmatched by any others. I'm proud to support The American Legion and, better yet, the men and women of America."

Scott, an Emblem Sales customer from West Virginia

Emblem Sales merchandise commemorates centennial

The Emblem Sales Division has a variety of centennial items to commemorate the celebration of the Legion's upcoming 100th anniversary. Those items, which can be customized, include a centennial coin, cap patch, hats, apparel, flag, coffee mug and banner. The American Legion's "100 Years of Service" banner lists some of the organization's accomplishments and contributions to America over the past century. Posts can display the banner at centennial events to help tell the Legion's story.

Emblem Sales also offers a variety of other merchandise – Legion caps, flags and banners, coins, license plates and shirts – that can also be customized. American Legion Auxiliary and Sons of The American Legion items are available as well. Emblem Sales is a leading seller of American-made U.S. flags, selling more than 1 million each year. And the 1,840 Legion posts participating in the Flag Rewards program are reaping awards from the U.S. flags they buy or promote through Emblem Sales; they receive a 10-cent credit for each dollar spent. More than 18,500 schools, businesses, churches and individuals buy flags from Emblem Sales and designate their local posts to receive credit for the purchase.

In 2017, Emblem Sales processed over 109,000 orders and recorded more than \$13.6 million in revenue. Orders can be taken online, over the phone, through the mail, or in person at the John H. Geiger Operations Center in Indianapolis.

Emblem Sales shopping

- To receive an Emblem Sales catalog free of charge, call **(888) 453-4466** between 8 a.m. and 5 p.m. Eastern time on weekdays, fax an order to **(317) 630-1381**, or email **emblem@legion.org**.
- The American Legion Emblem Sales website – **www.emblem.legion.org** – provides safe, convenient online shopping for a variety of items and products for individuals and posts.
- For custom orders, email **specialorders@legion.org**, call **(866) 632-7131** or fax **(317) 630-1250**.

Contact

- **emblem@legion.org**
- **(888) 453-4466** (toll-free)
- **(317) 630-1381** (fax)

“Through our relationship, Amplifon Hearing Health Care serves the brave men, women and their families who have given so much for our country. Thank you.”

Tabatha Erck, senior vice president of Amplifon Hearing Health Care, a Legion ally for several years

A tradition of integrity

Major corporations, companies and like-minded associations are discovering like never before the power of connecting their brands with The American Legion and its tradition of integrity. In addition to a growing family of discount providers, and renewed and refreshed affinity relationships such as USAA and AbbVie, this year included new alliances with organizations such as We Serve and the Tournament of Roses in Pasadena, Calif.

Support from values-driven strategic and corporate alliances helps the Legion produce and execute honorable and highly visible events and activities. One such activity was designed to honor the fallen and support the living. In February, the American Legion Family announced a Veteranpreneur Contest as part of the 2018 National Poppy Day activities. Veterans, servicemembers and spouses who own a business were invited to submit poppy-themed merchandise for consideration in the contest. The winning veteranpreneur, The Nomadés Collection, received an order for its product, which will be sold in the online Poppy Shop through American Legion Emblem Sales.

The Nomadés Collection was launched in 2009 and operates with consultants all over the world. Gathering at Charming Events, women chronicle their stories with personal and significant charms. From duty-station charms to love-story and life-change charms that mark special moments, Nomadés charms are custom-designed and created in the United States.

Contact

■ marketing@legion.org

Connections

■ www.legion.org/poppyday

■ www.legion.org/alliances



Poppy Day Veteranpreneur Contest winner The Nomadés Collection created three poppy-themed charms to add to its life-story collection.

Photo via First Degree



INDEPENDENT AUDITOR'S REPORT

Members of the National Finance Commission
The American Legion National Headquarters
Indianapolis, Indiana

Report on Financial Statements

We have audited the accompanying consolidated financial statements of The American Legion National Headquarters ("Legion"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The American Legion National Headquarters as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP
Indianapolis, Indiana
May 1, 2018

THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 2,174,906	\$ 1,256,591
Accounts receivable	5,040,578	5,285,909
Interest receivable	904,673	838,861
Prepaid expenses and deposits	953,487	1,911,233
Deferred membership expense	4,596,295	4,950,405
Inventory	2,761,406	2,847,503
Investment in affiliate (CFA)	11,511	13,575
Beneficial interest in trust	<u>114,200</u>	<u>151,994</u>
	16,557,056	17,256,071
Investments		
General	16,334,237	15,421,583
Segregated for Restricted and Reserved Funds	35,277,631	34,066,122
Paid-Up-For-Life Membership fund	28,107,482	29,615,976
Samsung scholarship fund	7,768,802	7,609,593
Building funds	6,380,417	5,938,455
Sept. 11 Memorial scholarship fund	13,181,694	12,065,719
Special account – Endowment Fund	2,270,210	2,252,939
General account – Endowment Fund	7,610,997	7,463,980
National Emergency Fund	5,791,430	4,841,986
American Legion Charities	4,749,866	3,791,850
Other	<u>3,853,224</u>	<u>3,839,637</u>
	131,325,990	126,907,840
Property, plant and equipment, net	<u>4,489,117</u>	<u>4,679,174</u>
	<u>\$ 152,372,163</u>	<u>\$ 148,843,085</u>
LIABILITIES		
Accounts payable	\$ 3,327,417	\$ 3,405,248
Scholarships payable	1,346,892	1,091,879
Deposits on emblem merchandise sales	283,453	290,318
Deferred income	929,571	1,394,884
Deferred dues income	25,316,796	27,449,484
Deferred income – direct membership solicitation	3,708,642	3,696,407
Accrued vacation benefits	947,080	1,002,001
Accrued pension expense	19,449,457	12,058,718
Other liabilities	860,355	1,528,684
Notes payable	631,749	831,449
Deferred dues income – Paid-Up-For-Life membership	23,664,141	23,532,607
Life memberships due to state and local posts	<u>26,239,151</u>	<u>26,093,304</u>
	106,704,704	102,374,983
NET ASSETS		
Unrestricted	5,178,172	8,742,165
Temporarily restricted	27,434,580	24,729,158
Permanently restricted	<u>13,054,707</u>	<u>12,996,779</u>
Total net assets	<u>45,667,459</u>	<u>46,468,102</u>
	<u>\$ 152,372,163</u>	<u>\$ 148,843,085</u>

See accompanying notes to consolidated financial statements.

THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2017

	Unrestricted	Temporary Restricted	Permanently Restricted	Total
Revenue, gains and other support				
National member dues	\$ 31,799,455	\$ -	\$ -	\$ 31,799,455
Direct membership solicitations	6,191,175	-	-	6,191,175
Member service fees income	579,943	-	-	579,943
Affinity income	2,128,372	-	-	2,128,372
Sales of emblem items	13,649,875	-	-	13,649,875
Advertising	9,353,077	-	-	9,353,077
Contributions	14,226,926	3,223,625	130,490	17,581,041
Label and printing fees	1,600,308	-	-	1,600,308
Interest and dividends, net of fees of \$365,958	1,804,836	1,081,228	-	2,886,064
Net realized gains (losses)	(40,306)	(36,167)	(50,294)	(126,767)
Other	4,407,398	12,000	-	4,419,398
	<u>85,701,059</u>	<u>4,280,686</u>	<u>80,196</u>	<u>90,061,941</u>
Net assets released from restriction	1,901,056	(1,901,056)	-	-
Total revenues, gains, and other support	87,602,115	2,379,630	80,196	90,061,941
Expenses				
Salaries	16,829,990	-	-	16,829,990
Employee benefits	5,839,456	-	-	5,839,456
Cost of sales – Legion	7,364,200	-	-	7,364,200
Department and magazine costs	2,673,921	-	-	2,673,921
Direct publications	10,458,470	-	-	10,458,470
Executive, staff and program travel	4,060,552	-	-	4,060,552
Commission and committee	1,737,332	-	-	1,737,332
Printing and postage	14,148,656	-	-	14,148,656
Scholarships, grants and awards	2,850,847	-	-	2,850,847
Office and other operating	14,145,429	-	-	14,145,429
Occupancy and usage	2,404,297	-	-	2,404,297
Special projects and programs	2,316,772	-	-	2,316,772
	<u>84,829,922</u>	<u>-</u>	<u>-</u>	<u>84,829,922</u>
Change in net assets from operations	2,772,193	2,379,630	80,196	5,232,019
Net unrealized gain (loss)				
– investments	587,170	325,792	(22,268)	890,694
Net change in PUFL	234,749	-	-	234,749
Amortization of pension loss	(2,199,456)	-	-	(2,199,456)
Pension-related changes other than net periodic pension cost	(4,958,649)	-	-	(4,958,649)
Change in net assets	(3,563,993)	2,705,422	57,928	(800,643)
Net assets, beginning of year	<u>8,742,165</u>	<u>24,729,158</u>	<u>12,996,779</u>	<u>46,468,102</u>
Net assets, end of year	<u>\$ 5,178,172</u>	<u>\$ 27,434,580</u>	<u>\$ 13,054,707</u>	<u>\$ 45,667,459</u>

See accompanying notes to consolidated financial statements.

THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, gains and other support				
National member dues	\$ 25,782,809	\$ -	\$ -	\$ 25,782,809
Direct membership solicitations	6,165,333	-	-	6,165,333
Member service fees income	631,106	-	-	631,106
Affinity income	2,506,181	-	-	2,506,181
Sales of emblem items	13,020,287	-	-	13,020,287
Advertising	9,563,462	-	-	9,563,462
Contributions	12,410,731	3,282,236	55,232	15,748,199
Label and printing fees	1,566,817	-	-	1,566,817
Interest and dividends, net of fees of \$348,294	1,762,993	1,007,686	-	2,770,679
Net realized gains (losses)	174,520	30,590	(38,142)	166,968
Other	<u>2,762,247</u>	<u>10,000</u>	<u>-</u>	<u>2,772,247</u>
	76,346,486	4,330,512	17,090	80,694,088
Net assets released from restriction	<u>1,284,235</u>	<u>(1,284,235)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	77,630,721	3,046,277	17,090	80,694,088
Expenses				
Salaries	16,198,035	-	-	16,198,035
Employee benefits	4,207,101	-	-	4,207,101
Cost of sales – Legion	7,036,004	-	-	7,036,004
Department and magazine costs	2,943,026	-	-	2,943,026
Direct publications	10,863,367	-	-	10,863,367
Executive, staff and program travel	3,633,261	-	-	3,633,261
Commission and committee	1,758,486	-	-	1,758,486
Printing and postage	12,910,600	-	-	12,910,600
Scholarships, grants and awards	1,989,396	-	-	1,989,396
Office and other operating	13,345,446	-	-	13,345,446
Occupancy and usage	2,049,531	-	-	2,049,531
Special projects and programs	<u>2,794,203</u>	<u>-</u>	<u>-</u>	<u>2,794,203</u>
	79,728,456	-	-	79,728,456
Change in net assets from operations	(2,097,735)	3,046,277	17,090	965,632
Net unrealized loss – investments	(318,591)	(251,612)	(80,411)	(650,614)
Net change in PUFL	(1,886,814)	-	-	(1,886,814)
Amortization of pension loss	(2,506,774)	-	-	(2,506,774)
Pension-related changes other than net periodic pension cost	<u>2,916,028</u>	<u>-</u>	<u>-</u>	<u>2,916,028</u>
Change in net assets	(3,893,886)	2,794,665	(63,321)	(1,162,542)
Net assets, beginning of year	<u>12,636,051</u>	<u>21,934,493</u>	<u>13,060,100</u>	<u>47,630,644</u>
Net assets, end of year	<u>\$ 8,742,165</u>	<u>\$ 24,729,158</u>	<u>\$ 12,996,779</u>	<u>\$ 46,468,102</u>

See accompanying notes to consolidated financial statements.

THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ (800,643)	\$ (1,162,542)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation expense	777,333	795,306
Loss on disposal of property and equipment	154,736	-
Realized (gain) loss on sale of investments	126,767	(166,968)
Unrealized (gain) loss on investments	(890,694)	650,614
Net change in Paid-Up-For-Life annuity	(234,749)	1,886,814
Amortization of pension loss	2,199,456	2,506,774
Pension-related changes other than net periodic pension cost	4,958,649	(2,916,028)
Contributions restricted for long-term purposes	(130,490)	(55,232)
Changes in assets and liabilities:		
Accounts receivable	245,331	376,622
Interest receivable	(65,812)	(6,531)
Prepaid expenses and deposits	957,746	1,109,503
Deferred membership expense	354,110	(945,856)
Inventories	86,097	(28,878)
Beneficial interest in trust	37,794	33,749
Accounts and scholarships payable	177,182	(163,071)
Deferred income	(2,080,501)	6,404,112
Accrued pension expense	232,634	(673,495)
Other accrued liabilities	<u>(723,250)</u>	<u>(412,337)</u>
Net cash from operating activities	5,381,696	7,232,556
Cash flows from investing activities		
Purchase of property and equipment	(759,619)	(202,316)
Sales of property and equipment	17,607	-
Purchase of investments	(48,059,223)	(66,209,480)
Sales and maturities of investments	44,405,000	59,352,265
Investments in affiliate (CFA)	2,064	659
Net cash from investing activities	<u>(4,394,171)</u>	<u>(7,058,872)</u>
Cash flows from financing activities		
Contributions restricted for long-term purposes	130,490	55,232
Repayment on notes payable	<u>(199,700)</u>	<u>(193,700)</u>
Net cash from financing activities	<u>(69,210)</u>	<u>(138,468)</u>
Net increase (decrease) in cash and cash equivalents	918,315	35,216
Cash and cash equivalents, beginning of year	<u>1,256,591</u>	<u>1,221,375</u>
Cash and cash equivalents, end of year	<u>\$ 2,174,906</u>	<u>\$ 1,256,591</u>
Supplemental cash flows information		
Interest paid	\$ 21,120	\$ 25,424
Investment maturities	(33,958)	-

See accompanying notes to consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The American Legion National Headquarters (“Legion”) is a national veterans organization which was declared to be a corporate body by an Act of the United States Congress on September 16, 1919.

According to the Original Act and Subsequent Amendments, the purpose of the Legion is “To uphold and defend the Constitution of the United States of America; to promote peace and goodwill among the peoples of the United States and all the nations of the earth; to preserve the memories and incidents of the two World Wars and the other great hostilities fought to uphold democracy; to cement the ties and comradeship born of service; and to consecrate the efforts of its members to mutual helpfulness and service to their country.”

Nearly 40% of the Legion's income is derived from membership dues (including amounts allocated for magazine subscriptions). An additional 11 - 12% is generated through advertising for the American Legion Magazine. Another significant source of income is Emblem sales, which includes the sale of apparel, jewelry, and other items bearing the American Legion Emblem. Income is expended by the Legion on several different programs including The American Legion Magazine, Emblem sales, veterans' assistance and rehabilitation, youth programs and others. The Legion's youth programs include American Legion baseball, oratorical contests and Boys Nation.

Principles of Consolidation: The consolidated financial statements include the accounts of The American Legion National Headquarters, The American Legion Charities (“ALC”), The American Legion Endowment Fund Corporation (“ALEF”); and the National Emergency Fund (“NEF”) (collectively, “the Legion”). All material inter-organizational accounts and transactions have been eliminated in consolidation.

The American Legion Charities includes the consolidated balances and activities of the American Legion Charities Trust and the American Legion Charities, Inc. The ALC was established to solicit funds from the individuals, organizations and corporations and to disburse said funds as may be directed to various Legion programs and charities. The ALC also promotes the common good and general welfare of the people of the United States of America by raising money for the programs of the Legion and its departments and posts.

The American Legion Endowment Fund Corporation, a tax-exempt Indiana corporation, was created to provide permanent funding for the rehabilitation of American veterans and assistance to orphans of veterans.

The National Emergency Fund is a tax-exempt trust established to provide gifts and grants to relieve suffering and ameliorate financial hardship incurred by American Legion members, families and Posts.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reported period. Actual results could differ from those estimates.

Financial Statement Presentation: The financial statements have been prepared in accordance with GAAP, which requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted.

The following classes of net assets are maintained:

Unrestricted Net Assets – The unrestricted net asset class includes general assets and liabilities of the Legion, as well as assets and liabilities designated by the National Executive Committee, the governing body of the Legion. The unrestricted net assets of the Legion may be used at the discretion of management to support the Legion's purposes and operations.

Temporarily Restricted Net Assets – The temporarily restricted net asset class includes assets of the Legion related to gifts with explicit donor-

imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Contributions for which the restrictions are met in the same period in which the contribution is received are also recorded as temporarily restricted revenue and releases from restrictions.

Permanently Restricted Net Assets – The permanently restricted net asset class includes assets of the Legion for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand and less than 90 day deposit balances with banks. The Legion maintains all of its cash deposits in banks and brokerage firms. This may result in a concentration of credit risk in the case of a severe regional financial failure. The maximum amount at risk is the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. The Federal Deposit Insurance Corporation (“FDIC”) insures deposits up to \$250,000 per financial institution.

Accounts Receivable and Allowance for Uncollectible Accounts: The Legion bills members, posts, and departments for dues and bills agencies for advertising in the Legion magazine. Interest is not normally charged on receivables. Management establishes a reserve for losses on its accounts based on historic loss experience and current economic conditions. Losses are charged off to the reserve when management deems further collection efforts will not produce additional recoveries. Management estimated that no allowance was necessary for the years ended December 31, 2017 and 2016.

The Charities collects donations from members, posts, and departments. Losses are charged off to the reserve when management deems further collection efforts will not produce additional recoveries. Management estimated that no allowance was necessary for the years ended December 31, 2017 and 2016.

Inventory: Inventory consists of Emblem items held for sale, magazine paper and publication rights and is stated at the lower of cost or market using the first-in, first-out (“FIFO”) method. Supplies which are not intended for sale are expensed when purchased.

Investments: Investments are carried at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Realized and unrealized gains and losses are reflected in the consolidated statements of activities. Premiums or discounts on investments are generally recognized at the time of disposal or maturity.

Property and Equipment: Expenditures for property and equipment and items which substantially increase the useful lives of existing assets and are greater than \$1,500 are capitalized at cost. The Legion records depreciation on the straight-line method at rates designated to depreciate the costs of assets over their estimated useful lives. Buildings are depreciated on the straight-line method using a thirty year life. All other capital assets are depreciated over lives ranging from three to seven years.

Impairment of Long-Lived Assets: In accordance with GAAP, the Legion reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended December 31, 2017 and 2016.

Collections: The Legion owns many collectible military related items and historical documents which were not recorded as they were acquired. It is often impracticable to determine a value for collections and accordingly, the Legion has concluded that they need not be capitalized. Some of these items have been appraised for insurance purposes.

Support and Revenue: The Legion reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Dues Income and Expense: Dues are recognized as income over the applicable membership period, which is on a calendar-year basis. In addition to other methods of obtaining new members, the Legion uses direct mail and other direct marketing approaches. The income generated from direct membership solicitation is recognized over the applicable membership period (calendar year). The direct-response expenses incurred in obtaining new members are deferred and recognized in the subsequent membership year.

Income Taxes: The Legion is exempt from federal income taxes under section 501(c)(19) of the U.S. Internal Revenue Code. ALC, ALEF and NEF are exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. None of the entities are considered to be a private foundation. The Legion is subject to income tax on unrelated business income. In 2017 and 2016, the Legion incurred no tax expense.

Current accounting standards require the Legion to disclose the amount of potential benefit or obligation to be realized as a result of an examination performed by a taxing authority. For the years ended December 31, 2017 and 2016, management has determined that the Legion does not have any tax positions that result in any uncertainties regarding the possible impact on the Legion's financial statements. The Legion does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Legion recognizes interest and/or penalties related to income tax matters in income tax expense. The Legion did not have any amounts accrued for interest and penalties at December 31, 2017 and 2016.

Fair Value of Financial Instruments: The carrying amount of all financial instruments of the Legion, which include cash and cash equivalents, accounts receivable, beneficial interest in trust, investments, accounts payable, and notes payable, approximate fair value.

Expense Allocation: As disclosed in Note 16, expenses have been classified as program services, management and general, member development and fund raising based on actual direct expenditures. Additionally, some expenses are allocated among departments based upon estimates of the amount of time spent by Legion employees performing services for these departments.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2017, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2017. Management has performed their analysis through May 1, 2018, the date the financial statements were available to be issued.

NOTE 2 – COLLECTIONS

The Legion owns many collectible military related items and historical documents which were not recorded as they were acquired. It is often impracticable to determine a value for collections and accordingly, the Legion has concluded that they need not be capitalized. These items have been appraised, or are in the process of being appraised for insurance purposes and are as follows:

	Appraisal date	Replacement value
World War I Posters	12/10/2015	\$ 492,204
World War II Posters	12/10/2015	469,039
Military Unit Histories	12/10/2015	112,410
Fine Art Collection	12/10/2015	980,000
Museum Collection	12/10/2015	120,475

NOTE 3 – INVESTMENT IN AFFILIATE

The Legion, in conjunction with approximately 120 other organizations, has created a nonprofit corporation known as The Citizens Flag Alliance, Inc. ("CFA") for the purpose of aiding in the campaign to secure a constitutional amendment empowering the Congress and the States to enact legislation to protect the Flag of the United States of America from physical desecration.

CCFA recognized a change in net assets of \$(2,064) and \$(659) in 2017 and 2016, respectively. Accordingly, the Legion's investment in CFA has been changed by these amounts and corresponding adjustments have been reflected in unrestricted net assets for 2017 and 2016.

NOTE 4 – BENEFICIAL INTEREST IN CHARITABLE LEAD TRUST

The ALEF has been named a beneficiary of a charitable lead trust. Under the charitable trust, the ALEF is to receive quarterly distributions in the amount of \$9,919 until December 2020, or until the funds of the trust are exhausted. Based on the terms of the trust and a 2.57% discount rate in 2017 and a 2.05% discount rate in 2016, the present value of future benefits expected to be received by the ALEF is estimated to be \$114,200 and \$151,994 at December 31, 2017 and 2016, respectively.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Legion's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of money markets and common stock are based on quoted prices in active markets (Level 1 inputs). The fair value of U.S. Government and agency obligations, asset backed securities, corporate bonds, and state and municipal bonds are based on quoted market prices of similar securities with similar due dates using the market approach (Level 2 inputs).

The fair value of beneficial interest in trust assets is determined using the income approach and is based on a valuation model that calculates the present value of estimated distributed income. The valuation model incorporates assumptions that market participants would use in estimating future distributed income. The Legion is able to compare the valuation model inputs and results to widely available published industry data for reasonableness; however, the Legion is unable to redeem the assets of the trust and only receives distributions (Level 3 inputs).

Assets and Liabilities Measured on a Recurring Basis: Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at Dec. 31, 2017 using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Beneficial interest in trust	\$ -	\$ -	\$ 114,200
Money market accounts	17,316,734	-	-
U.S. Government obligations	-	39,658,140	-
State and municipal bonds	-	27,969,090	-
Corporate bonds	-	45,920,019	-
Common Stock	462,007	-	-
	\$ 17,778,741	\$ 113,547,249	\$ 114,200

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Fair Value Measurements at Dec. 31, 2016, using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Beneficial interest in trust	\$ -	\$ -	\$ 151,994
Money market accounts	16,823,777	-	-
U.S. Government obligations		39,610,707	-
State and municipal bonds	-	26,705,453	-
Corporate bonds	-	43,767,903	-
Common stock			
	<u>\$ 16,823,777</u>	<u>\$ 110,084,063</u>	<u>\$ 151,994</u>

The tables below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2017 and 2016:

	Beneficial interest in trust
Beginning balance, Jan. 1, 2017	\$ 151,994
Change in value of split interest agreements	1,882
Distributions from trust	(39,676)
Ending balance, Dec. 31, 2017	<u>\$ 114,200</u>
	Beneficial interest in trust
Beginning balance, Jan. 1, 2016	\$ 185,743
Change in value of split interest agreements	5,927
Distributions from trust	(39,676)
Ending balance, Dec. 31, 2016	<u>\$ 151,994</u>

NOTE 6 – PROPERTY AND EQUIPMENT

The Legion's property and equipment, and the related accumulated depreciation at December 31, 2017 and 2016 are as follows:

	2017	2016
Washington, D.C., real estate		
Land	\$ 80,000	\$ 80,000
Building	5,661,735	5,621,056
Indianapolis real estate		
Land	389,264	389,264
Building	4,082,610	4,082,610
Furniture, fixtures and equipment		
National Headquarters, Indianapolis	6,931,764	6,834,390
Washington, D.C.	728,651	765,312
Construction in progress	34,470	98,838
	17,908,494	17,871,470
Less: accumulated depreciation	(13,419,377)	(13,192,296)
	<u>\$ 4,489,117</u>	<u>\$ 4,679,174</u>

Depreciation expense for the years ended, December 31, 2017 and 2016 was \$777,333 and \$795,306, respectively.

NOTE 7 – LONG-TERM DEBT

In 2013, the Legion refinanced its long-term debt. Principal and interest is payable in monthly installment, with the final payment due December 3, 2020. The stated interest rate is 1.35% plus the 30-day London Inter Bank Offered Rate ("LIBOR"). The outstanding balance on long-term debt is \$631,749 and \$831,449 as of December 31, 2017 and 2016.

The future maturities of the long-term debt are as follows

2018	\$ 205,200
2019	211,200
2020	215,849
Total	<u>\$ 631,749</u>

Interest expense was \$21,120 and \$25,424 for the years ended December 31, 2017 and 2016, respectively.

As a strategy to mitigate exposure to the risk of interest rate fluctuations, the Legion entered into an interest rate swap agreement on the long-term debt on December 3, 2013. This interest rate swap has been designated as a derivative and provides for the Legion to receive interest from the counterparty at the 30-day LIBOR rate plus 1.35% and to pay interest to the counterparty at fixed rate of 2.98% on a notional amount of \$631,749 and \$831,449 at December 31, 2017 and December 31, 2016, respectively. The interest rate swap matures in 2020. Under the agreement, the Legion pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

NOTE 8 – LEASES

The Legion has several non-cancelable operating leases, primarily for facilities, computer equipment, and copiers that expire at various dates through 2021. Rent expense under these leases for the years ended December 31, 2017 and 2016 was \$361,660 and \$478,963, respectively.

Minimum lease commitments are as follows:

2018	\$ 367,207
2019	360,652
2020	332,628
2021	293,200
	<u>\$ 1,353,687</u>

In addition, the Legion had a lease with the State of Indiana for rental of the National Headquarters building in Indianapolis which expired on June 30, 2013. The Legion is operating on a month-to-month basis until a new lease agreement extending the lease term is finalized. According to the terms of the lease, the Legion is required to maintain the interior of the building, and provide adequate insurance on the building in lieu of lease payments. The cost of maintenance for 2017 and 2016 was \$1,024,409 and \$982,978, respectively. Insurance coverage is included in the Legion's general insurance policy.

NOTE 9 – PAID-UP-FOR-LIFE MEMBERSHIP FUND

The National Executive Committee approved the establishment of a life membership plan available to any member of a participating department. In accordance with the plan, the assets of the Paid-Up-For-Life ("PUFL") Membership Fund are included in unrestricted, board designated net assets and segregated in a trust account from which funds equal to the annual dues of life members are withdrawn for current operations each year. The trust agreement provides that the Legion has the right to withdraw part or all of the assets of the trust account and to modify or terminate the trust agreement at its discretion.

Under the terms of the PUFL program, participating member's national, state and local dues are paid by the Legion for the remainder of the individual's life. Management has estimated and recognized a liability for the future payments to state and local Legion organizations. Likewise, management has deferred recognition of the national dues portion of the members' payment. Deferred PUFL dues are recognized in annual amounts equal to the national dues in effect each year. The liability and deferred revenue amounts are estimated by the Legion's actuaries using PUFL membership summaries and discount rates comparable to the Legion's recent investment performance.

NOTE 10 – RESTRICTED AND RESERVE DESIGNATED FUNDS

The restricted fund is designated for use by the National Finance Commission and National Executive Committee and reported as unrestricted, board designated net assets. Earnings of the restricted fund, along with the principal, can be expended only upon recommendation of the National Finance Commission and a two-thirds affirmative vote of the National Executive Committee at two successive meetings. It is the policy of the Legion to transfer 10% of the prior year's defined net income from operations to the restricted fund. The Legion made no transfers to the restricted fund in 2017 and 2016.

The reserve fund is also designated for use by the National Finance Commission and National Executive Committee and reported as unrestricted, board designated net assets. However, earnings of the reserve fund may be used for the general operations of the Legion. The principal can be expended only by action of the Legion at its national convention, or by a two-thirds affirmative vote of the National Executive Committee in two successive meetings not less than 60 days apart.

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are donor-restricted for specific purposes. At December 31, 2017 and 2016 the restricted purposes are as follows:

	2017	2016
Overseas Graves Decoration Fund	\$ 972,346	\$ 987,387
Samsung scholarships	1,964,846	1,909,776
American Legacy Fund	13,360,721	12,429,174
National Emergency Fund	5,863,619	4,971,624
Boy Scouts	467,899	467,899
Operation Comfort Warrior	3,074,711	2,550,222
John Devore	325,227	316,089
Edwin J. Dentz VA Boy's State	654,385	662,226
Samsung American Legion Alumni Association	184,676	280,227
Others	566,150	154,534
	<u>\$ 27,434,580</u>	<u>\$ 24,729,158</u>

NOTE 12 – NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2017	2016
Purpose restrictions accomplished		
Overseas graves decoration	\$ 25,298	\$ 23,345
Scholarships and grants (including relief aid)	1,215,669	575,196
Veterans Affairs & Rehabilitation and Children & Youth programs	660,089	685,694
	<u>\$ 1,901,056</u>	<u>\$ 1,284,235</u>

NOTE 13 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets represent donor-restricted gifts that have been invested and are to be maintained in perpetuity. Income from the Samsung scholarship fund is to be used to fund undergraduate scholarships for descendants of Korean War veterans and other wars in which U.S. servicemen and servicewomen participated. Income from the American Legion Endowment Fund is to be used to support the veterans affairs and rehabilitation and children and youth activities of the Legion.

At December 31, 2017 and 2016 the permanently restricted net assets are as follows:

	2017	2016
Samsung scholarships	\$ 5,000,000	\$ 5,000,000
American Legion Endowment Fund	8,054,707	7,996,779
	<u>\$ 13,054,707</u>	<u>\$ 12,996,779</u>

NOTE 14 – ENDOWMENT COMPOSITION

The Legion's endowments include donor restricted endowment funds and are comprised of two separate funds, the American Legion Endowment Fund and the Samsung scholarship fund. In accordance with GAAP, net assets associated with endowment funds, including funds designated by the National Executive Committee to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law: The National Executive Committee has interpreted the State of Indiana's Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Legion classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) net accumulations to the permanent endowment made in accordance with the governing documents of the Legion. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Legion in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Legion considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

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

Endowment net asset composition by type of fund as of December 31, 2017:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted endowment funds	\$ 457	\$ 2,036,187	\$ 13,054,707	\$ 15,091,351
Total Funds	<u>\$ 457</u>	<u>\$ 2,036,187</u>	<u>\$ 13,054,707</u>	<u>\$ 15,091,351</u>

Endowment net asset composition by type of fund as of December 31, 2016:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted endowment funds	\$ (29,252)	\$ 1,909,776	\$ 12,996,779	\$ 14,877,303
Total Funds	<u>\$ (29,252)</u>	<u>\$ 1,909,776</u>	<u>\$ 12,996,779</u>	<u>\$ 14,877,303</u>

NOTE 14 – ENDOWMENT COMPOSITION (continued)

Changes in endowment net assets for the year ended December 31, 2017:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets, beginning of year	\$ (29,252)	\$ 1,909,776	\$ 12,996,779	\$ 14,877,303
Investment gain/(loss):				
Investment income, net of fees	52,214	420,684	-	472,898
Net depreciation (realized and unrealized)	(12,807)	(628)	(72,562)	(85,997)
Total investment gain/(loss)	39,407	420,056	(72,562)	386,901
New gifts	-	-	130,490	130,490
Appropriation of endowment assets for expenditure	(9,698)	(293,645)	-	(303,343)
Net assets, end of year	\$ 457	\$ 2,036,187	\$ 13,054,707	\$ 15,091,351

Changes in endowment net assets for the year December 31, 2016:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets, beginning of year	\$ -	\$ 1,976,952	\$ 13,060,100	\$ 15,037,052
Investment gain/(loss)				
Investment income, net of fees	53,977	422,865	-	476,842
Net appreciation (depreciation) (realized and unrealized)	(11,974)	2,912	(118,553)	(127,615)
Total investment gain/(loss)	42,003	425,777	(118,553)	349,227
New gifts	-	-	\$ 55,232	\$ 55,232
Appropriation of endowment assets for expenditure	(71,255)	(492,953)	-	(564,208)
Net assets, end of year	\$ (29,252)	\$ 1,909,776	\$ 12,996,779	\$ 14,877,303

Return Objectives and Risk Parameters: The Legion has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Legion must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the National Executive Committee, the endowment assets are invested in a manner that is intended to produce income while assuming a low level of investment risk.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Legion relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Legion targets fixed income securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: Realized and unrealized gains/losses are added to the principal of the American Legion Endowment Fund and distributions are limited to cumulative interest, net of fees. On the Samsung scholarship fund, the capital appreciation is temporarily restricted and can be spent, along with the interest, net of fees, according to the spending policy. Endowment fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations. In order to make a principal disbursement, a majority vote by the Legion National Executive Committee will be required.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor of SPMIFA requires the Legion to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets which totaled \$29,252 as of December 31, 2016. This deficiency resulted from ALEF expenditures outpacing interest and dividend income available for spending during 2016. As of December 31, 2017, the Legion did not have any funds with deficiencies.

NOTE 15 – EMPLOYEE BENEFITS

The Legion has a 401(k) savings plan with a qualified automatic contribution arrangement that was effective July 1, 2008. The plan calls for a 100% match of the first 1% contributed by the employee and a 50% match of the next 5% contributed by the employee. Thus, the maximum matching percentage an employee will receive is 3.5%. The Legion made contributions of \$391,965 and \$387,851 in 2017 and 2016, respectively.

The Legion has two defined-benefit pension plans. The first plan (Plan A) covers substantially all of its employees as well as those of certain affiliated and subordinated groups. The plan was established in 1944 by vote of the Legion's National Convention. Contributions to Plan A are made by the Legion and other participating groups on the basis of annual actuarial valuations. The second plan (Plan B) covers substantially all of its employees. The plan was established in October of 2016 and was effective January 1, 2017. Contributions to Plan B are made by the Legion on the basis of annual actuarial valuations.

In May 2008, the Legion voted to freeze the Plan A effective June 30, 2008. The result of the freeze is that current employees still received the benefits they had earned as of June 30, 2008, but no future benefits were earned and no new employees were added.

NOTE 15 – EMPLOYEE BENEFITS (continued)

The following table sets forth the Legion's portion of Plan A's funded status and amounts recognized in the Legion's consolidated statement of financial position at December 31, 2017 and 2016:

	2017	2016
Benefit obligation	\$ (61,779,828)	\$ (57,280,490)
Fair value of plan assets	46,806,040	45,221,772
Funded status	\$ (14,973,788)	\$ (12,058,718)
Interest cost	2,111,952	2,246,369
Actual return on assets	(4,644,872)	(2,944,092)
Amortization of prior service costs	121,085	121,085
Amortization of loss	2,199,456	2,506,774
Difference between expected and actual return on assets	1,608,755	(96,857)
Net periodic pension cost	\$ 1,396,376	\$ 1,833,279
Net gain (loss)	\$ 1,639,779	\$ (2,794,943)
Prior service cost	(121,085)	(121,085)
Pension-related changes other than net periodic pension cost	\$ 1,518,694	\$ (2,916,028)
Prepaid benefit cost	\$ 8,482,430	\$ 9,878,806
Accumulated benefit obligation	61,779,828	57,280,490
Vested benefit obligation	60,623,063	57,280,490
Net periodic pension cost	1,396,376	1,833,279
Benefits paid	3,060,604	3,013,128
Measurement date	12/31/2017	12/31/2016

Estimated future benefit payments:

2018	\$ 3,643,798
2019	3,625,510
2020	3,667,782
2021	3,718,102
2022	3,812,284
2023-2026	18,581,093

The asset investment policy is a lower risk strategy with the primary objective of preservation of capital with an emphasis on long-term growth and generation of current income to provide adequate cash flow needed for benefit payments. The target asset allocation is 0-20% in cash or cash equivalents, 40-60% in fixed income and 40-60% in equities. Prohibited investments include real estate investment trusts, real estate partnerships, mutual funds, private equity, hedge funds and guaranteed investment certificates.

The fair value of Plan A assets at December 31, 2017 and 2016 are as follows. See Note 5 for descriptions of inputs for each type of asset.

	Fair Value Measurements at Dec. 31, 2017, using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Accrued interest	\$ 241,032	\$ -	\$ -
Money market accounts	935,139	-	-
U.S. Government and agency obligations	-	8,551,030	-
Asset backed securities	-	776,636	-
Municipal bonds	-	3,146,546	-
Corporate bonds	-	14,956,524	-
Common stock:			
Materials	3,409,523	-	-
Industrials	2,148,353	-	-
Consumer discretionary	1,736,608	-	-
Consumer staples	780,075	-	-
Energy	3,099,653	-	-
Health care	3,170,298	-	-
Financials	-	-	-
Telecommunication	3,292,621	-	-
Technology	3,322,340	-	-
Utilities	492,252	-	-
	\$ 19,375,304	\$ 27,430,736	\$ -

NOTE 15 – EMPLOYEE BENEFITS (continued)

	Fair Value Measurements at Dec. 31, 2016, using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 1,517,962	\$ -	\$ -
U.S. Government and agency obligations	-	8,914,844	-
Asset backed securities	-	1,284,457	-
Municipal bonds	-	2,890,339	-
Corporate bonds	-	16,027,526	-
Common stock			
Materials	502,790	-	-
Industrials	2,075,214	-	-
Consumer discretionary	1,710,141	-	-
Consumer staples	1,231,831	-	-
Energy	1,269,167	-	-
Health care	1,609,698	-	-
Financials	1,987,249	-	-
Telecommunication	385,962	-	-
Technology	3,322,340	-	-
Utilities	492,252	-	-
	<u>\$ 16,104,606</u>	<u>\$ 29,117,166</u>	<u>\$ -</u>

Historical returns of multiple asset classes were analyzed to develop a risk free real rate of return and risk premium for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

Weighted-average assumptions	2017	2016
Discount rate	3.37%	3.81%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	0.00%	0.00%

The amounts of net loss and net prior service cost expected to be recognized as components of net periodic benefit cost for the year ending December 31, 2017 are \$1,396,376 and \$121,085, respectively.

The following table sets forth Plan B's funded status and amounts recognized in the Legion's consolidated statement of financial position at December 31, 2017:

	2017
Benefit obligation	\$ (5,137,839)
Fair value of plan assets	662,170
Funded status	<u>\$ (4,475,669)</u>
Service cost	\$ 541,379
Interest cost	147,058
Actual loss (return) on assets	(13,476)
Amortization of prior service costs	370,027
Amortization of loss	-
Difference between expected and actual return on assets	(9,274)
Net periodic pension cost	<u>\$ 1,035,714</u>
Net loss	\$ 3,809,982
Prior service cost	(370,027)
Pension-related changes other than net periodic pension cost	<u>\$ 3,439,955</u>
Prepaid benefit cost	\$ (385,503)
Accumulated benefit obligation	1,356,908
Vested benefit obligation	1,356,908
Net periodic pension cost	1,035,714
Benefits paid	1,517
Measurement date	12/31/2017

Estimated future benefit payments:

2018	\$ 22,353
2019	32,715
2020	46,715
2021	65,587
2022	101,879
Years 2023-2027	1,110,148

The asset investment policy is a lower risk strategy with the primary objective of preservation of capital with an emphasis on long-term growth and generation of current income to provide adequate cash flow needed for benefit payments. The target asset allocation is 0-20% in cash or cash equivalents, 40-60% in fixed income and 40-60% in equities. Prohibited investments include real estate investment trusts, real estate partnerships, mutual funds, private equity, hedge funds and guaranteed investment certificates.

NOTE 15 – EMPLOYEE BENEFITS (continued)

The fair value of Plan B assets at December 31, 2017 and 2016 are as follows. See Note 5 for descriptions of inputs for each type of asset.

	Fair Value Measurements at Dec. 31, 2017 using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 18,769	\$ -	\$-
U.S. government and agency obligations		75,000	-
Municipal bonds		50,365	-
Corporate bonds		288,822	-
Common stock:		-	-
Industrials	42,501	-	-
Consumer discretionary	24,168	-	-
Consumer staples	30,483	-	-
Energy	18,576	-	-
Health care	38,109	-	-
Financials	44,118	-	-
Technology	31,259	-	-
	<u>\$ 247,983</u>	<u>\$ 414,187</u>	<u>\$-</u>

	Fair Value Measurements at Dec. 31, 2016 using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$-	\$-	\$-
U.S. government and agency obligations	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Common stock:	-	-	-
	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

Historical returns of multiple asset classes were analyzed to develop a risk free real rate of return and risk premium for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

Weighted-average assumptions	2017	2016
Discount rate	4.21%	3.62%
Expected return on plan assets	7.00%	0.00%
Rate of compensation increase	3.00%	3.00%

The amounts of net loss and net prior service cost expected to be recognized as components of net periodic benefit cost for the year ending December 31, 2017 are \$1,035,714 and \$370,027, respectively.

NOTE 16 – FUNCTIONAL EXPENSES

The following represents a functional breakdown of the Legion's expenses by program and supporting services:

	2017	2016
Program services		
Veterans programs and services	\$ 38,551,781	\$ 38,798,600
Americanism, Children & Youth activities	3,754,981	2,900,234
	<u>42,306,762</u>	<u>41,698,834</u>
Supporting services		
Management and general	20,819,203	17,166,955
Member development	10,471,144	9,122,226
Fundraising	11,232,813	11,740,441
	<u>42,523,160</u>	<u>38,029,622</u>
	<u>\$ 84,829,922</u>	<u>\$ 79,728,456</u>

Member development includes direct response advertising expense of \$6,147,872 and \$5,082,548 for the years ended December 31, 2017 and 2016

NOTE 17 – LITIGATION

The Legion is currently involved in and/or has been mentioned as a defendant or co-defendant in several legal actions. It is the opinion of the National Judge Advocate that these claims are without merit and any ultimate liability of the Legion with respect to these actions will not materially affect the financial statements of the Legion.

SUPPLEMENTARY INFORMATION
THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2017

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
ASSETS						
Cash and cash equivalents	\$ 1,685,335	\$ 405,725	\$ 65,355	\$ 18,491	\$ -	\$ 2,174,906
Accounts receivable	4,961,035	168,838	-	4,932	(94,227)	5,040,578
Interest receivable	752,706	34,470	68,731	48,766	-	904,673
Prepaid expenses and deposits	953,487	-	-	-	-	953,487
Deferred membership expense	4,596,295	-	-	-	-	4,596,295
Due from American Legion Endowment Fund	2,000,000	-	-	-	(2,000,000)	-
Inventory	2,761,406	-	-	-	-	2,761,406
Investment in affiliate (CFA)	11,511	-	-	-	-	11,511
Beneficial interest in trust	-	-	114,200	-	-	114,200
	<u>17,721,775</u>	<u>609,033</u>	<u>248,286</u>	<u>72,189</u>	<u>(2,094,227)</u>	<u>16,557,056</u>
Investments						
General	16,334,237	-	-	-	-	16,334,237
Segregated for Restricted and Reserved funds	35,277,631	-	-	-	-	35,277,631
Paid-Up-For-Life Membership fund	28,107,482	-	-	-	-	28,107,482
Samsung scholarship fund	7,768,802	-	-	-	-	7,768,802
Building funds	6,380,417	-	-	-	-	6,380,417
Sept. 11 Memorial scholarship fund	13,181,694	-	-	-	-	13,181,694
Special account – Endowment Fund	-	-	2,270,210	-	-	2,270,210
General account – Endowment Fund	-	-	7,610,997	-	-	7,610,997
National Emergency Fund	-	-	-	5,791,430	-	5,791,430
American Legion Charities	-	4,749,866	-	-	-	4,749,866
Other	3,853,224	-	-	-	-	3,853,224
	<u>110,903,487</u>	<u>4,749,866</u>	<u>9,881,207</u>	<u>5,791,430</u>	<u>-</u>	<u>131,325,990</u>
Property, plant and equipment, net	4,489,117	-	-	-	-	4,489,117
	<u>\$ 133,114,379</u>	<u>\$ 5,358,899</u>	<u>\$ 10,129,493</u>	<u>\$ 5,863,619</u>	<u>\$ (2,094,227)</u>	<u>\$ 152,372,163</u>
LIABILITIES						
Accounts payable	\$ 3,416,388	\$ 2,268	\$ 2,988	\$ -	\$ (94,227)	\$ 3,327,417
Scholarships payable	1,346,892	-	-	-	-	1,346,892
Due to American Legion National Headquarters	-	-	2,000,000	-	(2,000,000)	-
Deposits on emblem merchandise sales	283,453	-	-	-	-	283,453
Deferred income	929,571	-	-	-	-	929,571
Deferred dues income	25,316,796	-	-	-	-	25,316,796
Deferred income – direct membership solicitation	3,708,642	-	-	-	-	3,708,642
Accrued vacation benefits	947,080	-	-	-	-	947,080
Accrued pension expense	19,449,457	-	-	-	-	19,449,457
Other liabilities	860,355	-	-	-	-	860,355
Notes payable	631,749	-	-	-	-	631,749
Deferred dues income – Paid-Up-For-Life Membership	23,664,141	-	-	-	-	23,664,141
Life memberships due to state and local posts	26,239,151	-	-	-	-	26,239,151
	<u>106,793,675</u>	<u>2,268</u>	<u>2,002,988</u>	<u>-</u>	<u>(2,094,227)</u>	<u>106,704,704</u>
NET ASSETS						
Unrestricted	3,330,550	1,847,165	457	-	-	5,178,172
Temporarily restricted	17,990,154	3,509,466	71,341	5,863,619	-	27,434,580
Permanently restricted	5,000,000	-	8,054,707	-	-	13,054,707
Total net assets	<u>26,320,704</u>	<u>5,356,631</u>	<u>8,126,505</u>	<u>5,863,619</u>	<u>-</u>	<u>45,667,459</u>
	<u>\$ 133,114,379</u>	<u>\$ 5,358,899</u>	<u>\$ 10,129,493</u>	<u>\$ 5,863,619</u>	<u>\$ (2,094,227)</u>	<u>\$ 152,372,163</u>

SUPPLEMENTARY INFORMATION
THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
 December 31, 2016

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
ASSETS						
Cash and cash equivalents	\$ 998,019	\$ 172,414	\$ 19,567	\$ 66,591	\$ -	\$ 1,256,591
Accounts receivable	5,290,669	-	8,234	20,674	(33,668)	5,285,909
Interest receivable	704,456	23,088	68,945	42,372	-	838,861
Prepaid expenses and deposits	1,909,365	-	1,868	-	-	1,911,233
Deferred membership expense	4,950,405	-	-	-	-	4,950,405
Due from American Legion Endowment Fund	2,000,000	-	-	-	(2,000,000)	-
Inventory	2,847,503	-	-	-	-	2,847,503
Investment in affiliate (CFA)	13,575	-	-	-	-	13,575
Beneficial interest in trust	-	-	151,994	-	-	151,994
	<u>18,713,992</u>	<u>195,502</u>	<u>250,608</u>	<u>129,637</u>	<u>(2,033,668)</u>	<u>17,256,071</u>
Investments						
General	15,421,583	-	-	-	-	15,421,583
Segregated for Restricted and Reserved funds	34,066,122	-	-	-	-	34,066,122
Paid-Up-For-Life Membership fund	29,615,976	-	-	-	-	29,615,976
Samsung scholarship fund	7,609,593	-	-	-	-	7,609,593
Building funds	5,938,455	-	-	-	-	5,938,455
Sept. 11 Memorial scholarship fund	12,065,719	-	-	-	-	12,065,719
Special account – Endowment Fund	-	-	2,252,939	-	-	2,252,939
General account – Endowment Fund	-	-	7,463,980	-	-	7,463,980
National Emergency Fund	-	-	-	4,841,986	-	4,841,986
American Legion Charities	-	3,791,850	-	-	-	3,791,850
Other	3,839,637	-	-	-	-	3,839,637
	<u>108,557,085</u>	<u>3,791,850</u>	<u>9,716,919</u>	<u>4,841,986</u>	<u>-</u>	<u>126,907,840</u>
Property, plant and equipment, net	4,679,174	-	-	-	-	4,679,174
	<u>\$ 131,950,251</u>	<u>\$ 3,987,352</u>	<u>\$ 9,967,527</u>	<u>\$ 4,971,623</u>	<u>\$ (2,033,668)</u>	<u>\$ 148,843,085</u>
LIABILITIES						
Accounts payable	\$ 3,406,252	\$ 32,664	\$ -	\$ -	\$ (33,668)	\$ 3,405,248
Scholarships payable	1,091,879	-	-	-	-	1,091,879
Due to American Legion National Headquarters	-	-	2,000,000	-	(2,000,000)	-
Deposits on emblem merchandise sales	290,318	-	-	-	-	290,318
Deferred income	1,394,884	-	-	-	-	1,394,884
Deferred dues income	27,449,484	-	-	-	-	27,449,484
Deferred income – direct membership solicitation	3,696,407	-	-	-	-	3,696,407
Accrued vacation benefits	1,002,001	-	-	-	-	1,002,001
Accrued pension expense	12,058,718	-	-	-	-	12,058,718
Other liabilities	1,528,684	-	-	-	-	1,528,684
Notes payable	831,449	-	-	-	-	831,449
Deferred dues income – Paid-Up-For-Life Membership	23,532,607	-	-	-	-	23,532,607
Life memberships due to state and local posts	26,093,304	-	-	-	-	26,093,304
	<u>102,375,987</u>	<u>32,664</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,033,668)</u>	<u>102,374,983</u>
NET ASSETS						
Unrestricted	7,461,030	1,310,387	(29,252)	-	-	8,742,165
Temporarily restricted	17,113,234	2,644,301	-	4,971,623	-	24,729,158
Permanently restricted	5,000,000	-	7,996,779	-	-	12,996,779
Total net assets	<u>29,574,264</u>	<u>3,954,688</u>	<u>7,967,527</u>	<u>4,971,623</u>	<u>-</u>	<u>46,468,102</u>
	<u>\$ 131,950,251</u>	<u>\$ 3,987,352</u>	<u>\$ 9,967,527</u>	<u>\$ 4,971,623</u>	<u>\$ (2,033,668)</u>	<u>\$ 148,843,085</u>

SUPPLEMENTARY INFORMATION
THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2017

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
Revenue, gains and other support						
National member dues	\$ 31,799,455	\$ -	\$ -	\$ -	\$ -	\$ 31,799,455
Direct membership solicitation	6,191,175	-	-	-	-	6,191,175
Member service fees income	579,943	-	-	-	-	579,943
Affinity income	2,128,372	-	-	-	-	2,128,372
Sales of emblem items	13,649,875	-	-	-	-	13,649,875
Advertising	9,353,077	-	-	-	-	9,353,077
Contributions	14,931,713	1,765,402	130,489	1,010,094	(256,657)	17,581,041
Label and printing fees	1,600,308	-	-	-	-	1,600,308
Interest and dividends, net of fees	2,383,318	112,009	234,631	156,106	-	2,886,064
Net realized gains (losses)	(60,210)	(7,129)	(58,578)	(850)	-	(126,767)
American Legion Endowment Fund income	89,400	-	-	-	(89,400)	-
Other	4,419,398	-	-	-	-	4,419,398
	<u>87,065,824</u>	<u>1,870,282</u>	<u>306,542</u>	<u>1,165,350</u>	<u>(346,057)</u>	<u>90,061,941</u>
Expenses						
Salaries	16,829,990	-	-	-	-	16,829,990
Employee benefits	5,839,456	-	-	-	-	5,839,456
Cost of sales – Legion	7,364,200	-	-	-	-	7,364,200
Department and magazine costs	2,673,921	-	-	-	-	2,673,921
Direct publications	10,458,470	-	-	-	-	10,458,470
Executive, staff and program travel	4,056,303	-	4,249	-	-	4,060,552
Commission and committee	1,737,332	-	-	-	-	1,737,332
Printing and postage	14,148,656	-	-	-	-	14,148,656
Scholarships, grants and awards	2,255,951	485,723	89,400	365,830	(346,057)	2,850,847
Office and other operating	14,096,878	20,622	18,840	9,089	-	14,145,429
Occupancy and usage	2,404,297	-	-	-	-	2,404,297
Special projects and programs	2,250,691	66,081	-	-	-	2,316,772
	<u>84,116,145</u>	<u>572,426</u>	<u>112,489</u>	<u>374,919</u>	<u>(346,057)</u>	<u>84,829,922</u>
Change in net assets from operations	2,949,679	1,297,856	194,053	790,431	-	5,232,019
Net unrealized gains (losses) - investments	720,117	104,087	(35,075)	101,565	-	890,694
Net change in PUFL	234,749	-	-	-	-	234,749
Amortization of pension loss	(2,199,456)	-	-	-	-	(2,199,456)
Pension-related changes other than net periodic pension cost	(4,958,649)	-	-	-	-	(4,958,649)
Change in net assets	(3,253,560)	1,401,943	158,978	891,996	-	(800,643)
Net assets, beginning of year	<u>29,574,264</u>	<u>3,954,688</u>	<u>7,967,527</u>	<u>4,971,623</u>	<u>-</u>	<u>46,468,102</u>
Net assets, end of year	<u>\$ 26,320,704</u>	<u>\$ 5,356,631</u>	<u>\$ 8,126,505</u>	<u>\$ 5,863,619</u>	<u>\$ -</u>	<u>\$ 45,667,459</u>

SUPPLEMENTARY INFORMATION
THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2016

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
Revenue, gains and other support						
National member dues	\$ 25,782,809	\$ -	\$ -	\$ -	\$ -	\$ 25,782,809
Direct membership solicitation	6,165,333	-	-	-	-	6,165,333
Member service fees income	631,106	-	-	-	-	631,106
Affinity income	2,506,181	-	-	-	-	2,506,181
Sales of emblem items	13,020,287	-	-	-	-	13,020,287
Advertising	9,563,462	-	-	-	-	9,563,462
Contributions	14,131,421	1,628,800	55,232	465,602	(532,856)	15,748,199
Label and printing fees	1,566,817	-	-	-	-	1,566,817
Interest and dividends, net of fees	2,298,062	93,631	239,800	139,186	-	2,770,679
Net realized gains (losses)	182,928	400	(41,874)	25,514	-	166,968
American Legion Endowment Fund income	235,551	-	-	-	(235,551)	-
Other	2,772,247	-	-	-	-	2,772,247
	<u>78,856,204</u>	<u>1,722,831</u>	<u>253,158</u>	<u>630,302</u>	<u>(768,407)</u>	<u>80,694,088</u>
Expenses						
Salaries	16,198,035	-	-	-	-	16,198,035
Employee benefits	4,207,101	-	-	-	-	4,207,101
Cost of sales – Legion	7,036,004	-	-	-	-	7,036,004
Department and magazine costs	2,943,026	-	-	-	-	2,943,026
Direct publications	10,863,367	-	-	-	-	10,863,367
Executive, staff and program travel	3,630,516	-	2,745	-	-	3,633,261
Commission and committee	1,758,486	-	-	-	-	1,758,486
Printing and postage	12,910,600	-	-	-	-	12,910,600
Scholarships, grants and awards	1,572,325	689,983	235,551	184,944	(693,407)	1,989,396
Office and other operating	13,299,378	19,110	19,097	7,861	-	13,345,446
Occupancy and usage	2,049,531	-	-	-	-	2,049,531
Special projects and programs	2,747,803	121,400	-	-	(75,000)	2,794,203
	<u>79,216,172</u>	<u>830,493</u>	<u>257,393</u>	<u>192,805</u>	<u>(768,407)</u>	<u>79,728,456</u>
Change in net assets from operations	(359,968)	892,338	(4,235)	437,497	-	965,632
Net unrealized gains (losses) - investments	(515,048)	41,126	(88,652)	(88,040)	-	(650,614)
Net change in PUFL	(1,886,814)	-	-	-	-	(1,886,814)
Amortization of pension loss	(2,506,774)	-	-	-	-	(2,506,774)
Pension-related changes other than net periodic pension cost	<u>2,916,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,916,028</u>
Change in net assets	(2,352,576)	933,464	(92,887)	349,457	-	(1,162,542)
Net assets, beginning of year	<u>31,926,840</u>	<u>3,021,224</u>	<u>8,060,414</u>	<u>4,622,166</u>	<u>-</u>	<u>47,630,644</u>
Net assets, end of year	<u>\$ 29,574,264</u>	<u>\$ 3,954,688</u>	<u>\$ 7,967,527</u>	<u>\$ 4,971,623</u>	<u>\$ -</u>	<u>\$ 46,468,102</u>

American Legion National Contacts

Veterans Affairs & Rehabilitation

(202) 263-5759
va&r@legion.org

Veterans Employment & Education

(202) 263-5771
ve&e@legion.org

Legislative

(202) 263-5752
legislative@legion.org

National Security

(202) 263-5765
ns@legion.org

Americanism

(317) 630-1203
americanism@legion.org

Membership

(317) 630-1327
membership@legion.org

Internal Affairs

(317) 630-1330
ia@legion.org

Finance

(317) 630-1218
finance@legion.org

Convention & Meetings

(317) 630-1313
convention@legion.org

Media & Communications

(317) 630-1298
magazine@legion.org

Marketing

(317) 630-1398
marketing@legion.org

American Legion Riders

(317) 630-1265
legionriders@legion.org

Emblem Sales

(888) 453-4466
emblem@legion.org

Sons of The American Legion

(317) 630-1205
sal@legion.org

American Legion Auxiliary

(317) 569-4500
alahq@alaforveterans.org



THE AMERICAN LEGION

P.O. Box 1055

Indianapolis, IN 46206

(317) 630-1200

www.legion.org

www.legion.org/join

www.legion.org/donate

www.legion.org/Facebook

twitter.com/AmericanLegion