



THE AMERICAN LEGION ANNUAL REPORT

2019

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



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A re-enactor waves to the crowd during the 100th National Convention in Minneapolis.

Photo by Schelly Stone/The American Legion

“He knew their service demanded more of all of us; it demanded that we remember our veterans and their families with concrete action that does not falter, that does not waver, that is not subject to the whims of politics, that belongs to neither party and to no ambition other than memory and duty.”

Theodore Roosevelt IV, speaking about his grandfather – Legion founder Theodore Roosevelt Jr. – during the opening session of the 100th National Convention of The American Legion

From legacy to vision

The American Legion’s 100th National Convention in Minneapolis in 2018 revived the formative spirit of the organization. Centennial exhibits and events included a 160-foot chronology display of the Legion’s first century and a film festival of Hollywood movies (many from the 1930s) that feature the organization in some way. Threatening weather turned the convention indoors for the annual parade, but that didn’t dampen enthusiasm among participants and spectators.

Re-enactors, singers, videos and an onstage appearance from 100th Anniversary Honorary Committee Chairman Theodore Roosevelt IV were all part of the opening session. Other members of the honorary committee – former NBC News Vice President Val Nicholas, Olympic gold medalist Jamie Corkish (a former American Legion Junior Shooting Sports champion), author/educator Susan Eisenhower, and Vietnam War combat nurse Diane Carlson Evans – took the stage to share their thoughts on the Legion and the way it has influenced them, and the nation, over the decades. Paralympian Melissa Stockwell, an Army veteran who lost her left leg in an attack in Iraq, served as emcee.

There were many other engagement connections for attendees, such as a red carpet with a place to list their favorite convention memories or capture a photo as the “1” in “100th.” The convention concluded with remarks from Vice President Mike Pence.

The theme for the first of the Legion’s two centennial conventions was the organization’s founding; the 101st National Convention in Indianapolis centers on its rise to become the nation’s largest organization of wartime veterans, with an emphasis on the vision for its future.

The 100th National Convention received the 2018 Pinnacle Award from Meeting Professionals International’s Indiana Chapter for best overall event among the association’s 250 members and final two nominees. The event offered an opportunity to shoot videos to promote the Team 100 campaign and begin the Legion’s launch into a second century of service to community, state and nation, to spring forth the “vision” element of the 101st National Convention.

Connections

- legion.org/convention
- legion.org/mobileapps/nationalconvention

“It is a great feeling to feel you belong again and be able to have fellowship with like-minded individuals, regardless of age or race or any other restrictions. I am honored to be part of Team 100 as we march into our centennial.”

Angela Conway, a member of Oliver Wendell Buzan American Legion Post 462, Glen Rose, Texas

The start of a second century

The American Legion centennial celebration began in Minneapolis at the 100th National Convention and has crisscrossed the nation and world, with traveling exhibits on the GI Bill and the organization’s many other achievements from the past century. As veterans and American Legion Family members celebrated, they cheered on social media, “We are Team 100!”

“Team 100” is the slogan National Commander Brett Reistad selected to guide his year as leader of the nation’s largest veterans organization, pushing the Legion’s first-century legacy into a vision for the future. Posts worldwide have worked to share that message with young veterans, establishing alliances with groups like Student Veterans of America, Team Red, White & Blue, Team Rubicon and The Mission Continues.

Throughout the 2018-2019 membership year, American Legion National Headquarters, departments and posts have marked the organization’s centennial with parades, memorials, special events and galas. In mid-March, local celebrations from Ohio to Oregon showcased the Legion’s place in community, state and nation – and provided opportunities for posts and members to renew their commitment to service as a second century begins.

Among the centennial year opportunities were a special website for posts to add their histories to an online index, a global database of memorials and monuments, Fathead wall clings for posts, centennial merchandise through Emblem Sales, a commemorative coin set from the U.S. Mint, a float in the Tournament of Roses Parade featured on the front page of the *Los Angeles Times*, a centennial film series, recognition of post namesakes through the U.S. World War I Centennial Commission, a centennial e-newsletter with nearly 600,000 subscribers, and a nationwide movement to share the Legion’s legacy with new generations.

Unique department events – including a Department of New York centennial celebration at the National Baseball Hall of Fame in Cooperstown, N.Y., in March, ceremonies in honor of the 100th anniversary of the St. Louis Caucus by the Department of Missouri, and a documentary film series by the Department of Arizona – have enriched the centennial program throughout the year too.

Connections

- legion.org/centennial
- [#Team100](https://twitter.com/Team100)



American Legion members gather in Minneapolis in support of the Team 100 campaign.

Photo by Schelly Stone/The American Legion

Vietnam War Army veteran
Artie Guerrero and Past National
Commander Tom Bock talk at the
dedication of the Rocky Mountain
Regional VA Medical Center in
Aurora, Colo.

Photo by Chet Strange/The American Legion



“This agreement contains several legislative priorities held by this committee – Republicans and Democrats alike – as well as our veterans service organization partners, (VA) and the administration. This compromise is one we can all be extraordinarily proud to support.”

Rep. Phil Roe, R-Tenn., on the passage of the MISSION Act

A mission to strengthen VA services

The 115th Congress brought significant wins for veterans and their families. The American Legion played an instrumental role in ensuring passage of several of these VA support bills by advocating on behalf of America's veterans, servicemembers and their families.

The John S. McCain III, Daniel K. Akaka and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act – also called the MISSION Act – overhauls how veterans receive their health care. First, it establishes a new permanent Veterans Community Care Program (VCCP), improving care provided outside VA. Next, it expands the current Program of Comprehensive Assistance for Family Caregivers, in two phases: by broadening the original 2010 law to include veterans with service-connected injuries incurred on or before May 7, 1995; and two years later extending these benefits to all pre-9/11 veterans, covering veterans of all eras. The MISSION Act also establishes an Asset and Infrastructure Review Commission to modernize and realign VA medical facilities. Lastly, it provides various statutory authorizations to the Veterans Health Administration (VHA) to recruit and retain health-care providers.

Now that this legislation has been passed and signed into law, it must be implemented. The American Legion will continue to support oversight during the 116th Congress, ensuring these laws are enacted correctly and in the best interests of the nation's veterans.

Contact

■ va&r@legion.org

Connections

■ legion.org/veteranshealthcare

“Using a public health approach is a proactive strategy to increase suicide-prevention readiness because it draws on the power of the collective, as opposed to the reactive strategy of focusing on the individual.”

American Legion testimony on “Tragic Trends: Suicide Prevention Among Veterans”

Efforts to prevent veteran suicide

Suicide prevention has long been a top priority of The American Legion. The Legion has established a Suicide Prevention Program under the supervision of its national TBI/PTSD Committee, which reports to the national Veterans Affairs & Rehabilitation Commission. The program examines trends of veteran suicide as they relate to traumatic brain injury (TBI), post-traumatic stress disorder (PTSD) and military sexual trauma, and analyzes the best practices in veteran suicide prevention.

In May, The American Legion released a mental health survey developed by the TBI/PTSD Committee to further the Legion’s efforts in preventing veteran suicide. The information collected on current suicide-prevention training efforts, in addition to various forms of treatment for TBI and PTSD, will help the Legion determine its current suicide-prevention policies, areas of potential improvement, and aid in the development of a consolidated list of available resources. These resources will be categorized by location and vetted to ensure the treatments are evidence-based and beneficial for veterans.

Veteran suicide is a national issue that far exceeds the ability of any one organization to handle alone. The American Legion stands behind VA in its efforts to collaborate with partners and communities nationwide. With the latest data on veteran suicide showing that more than 6,000 veterans died by suicide every year from 2008 to 2016, and that in 2016 the suicide rate was 1.5 times greater for veterans than non-veteran adults, the Legion recognizes the critical timing of a comprehensive plan to save veteran lives.

Contact

■ va&r@legion.org

Connections

■ legion.org/veteranshealthcare

*Members of American Legion
University of Akron Post 808 in Ohio
participated in a community-wide
Out of the Darkness suicide-
awareness walk on campus in April.
Photo by Schelly Stone/The American Legion*





A representative of the Marine For Life Network speaks with Jeffrey Dees at the Los Angeles Hiring our Heroes Job Fair at Hollywood American Legion Post 43 April 23. The event offered workshops on how to make successful résumés and use LinkedIn, as well as a job fair that included Starbucks, Marriott, Disney, law-enforcement departments and other employers.

*Photo by Justin L. Stewart/
The American Legion*

“Check out your local veterans service organizations like The American Legion ... because they’re going to be tied in to resources for (military) spouses.”

Sam Waltzer, Comcast-NBCUniversal

Help for veterans, military spouses seeking careers

Through job fairs and workshops at the national, department and post levels, The American Legion strives to help veterans and military spouses find rewarding careers.

The American Legion has participated in 41 career fairs since January, putting its name in front of an estimated 7,200 servicemembers, veterans and spouses, and exposing them to a variety of programs and services offered by the Legion, including membership.

American Legion Veterans Employment & Education Commission Chairman James Troiola said employers know what they’re getting when they hire a veteran. “The CEOs and management at companies recognize the value veterans bring to the table,” he said. “Veterans add essential technical and interpersonal skills, discipline, leadership, loyalty and many other attributes to a company’s workforce – all of which improve the organization and profitability.”

American Legion National Headquarters Human Resources Director Rodney Rolland regularly conducts résumé-writing workshops to help veterans improve their chances at landing a civilian job. A résumé’s purpose is “to get you to the interview,” he said. “Most HR people looking at your résumé are looking for the skills and abilities that fit the position they have open. Don’t try to put all (of your accomplishments) on the résumé. The more you put on, the more it fills up, and the less you increase your chance of actually getting to the interview.”

Contact

■ ve&e@legion.org

Connections

■ legion.org/careers

“From the day the Forever GI Bill was signed into law, VA, in collaboration with (VSOs), state approving agencies and school certifying officials, has taken an expansive approach to ensure earned benefits are provided to veterans in a timely, high-quality and efficient way.”

VA Secretary Robert Wilkie

Forever GI Bill expands VA education benefits

A number of provisions in the Harry W. Colmery Educational Assistance Act, also known as the Forever GI Bill, went into effect on Aug. 1, 2018, to enhance benefits for veterans.

These provisions, and those implemented since the law was signed, will further help veterans and their families using VA benefits pursue their education goals.

Among the provisions that went into effect:

- Entitlement charges for licensing and certification exams; national tests will be prorated based on the actual amount of the fee charged for the test, lowering the entitlement charge to benefits.
- A veteran who transferred entitlement to a dependent can designate a new dependent if the original dependent dies.
- VA will prorate the monthly housing allowance so that a student will receive housing payments effective the day of discharge.
- VA will develop a pilot program to provide eligible veterans with the opportunity to enroll in high-technology education programs providing training and skills sought by employers in a relevant field or industry.
- Servicemembers and honorably discharged veterans who were awarded the Purple Heart on or after Sept. 11, 2001, will be entitled to benefits at the 100 percent level for up to 36 months.

Contact

■ ve&e@legion.org

Connections

■ legion.org/gibill

Senior Airman Ryan Zeski takes advantage of a long flight as a passenger on a Michigan Air National Guard KC-135 Stratotanker to complete homework for a course he is taking at Oakland University in Michigan. Zeski is one of more than 250 Michigan citizen airmen who are using state or federal tuition assistance to further their educations through military service.

Air National Guard photo





National Vice Commander Paul Spedaliere talks with Petty Officer 2nd Class David Mendoza at Coast Guard Base Boston, where the Legion distributed Temporary Financial Assistance grants Jan. 25. Photo by Schelly Stone/The American Legion

“The American Legion came through, and it wasn’t a loan; it was a ‘thank you for your service,’ is what that was. And we really appreciate it.”

Jason Vanderhaden, Coast Guard Master Chief Petty Officer

Legion comes to rescue of Coast Guard families

When the largest government shutdown in U.S. history began in January, members of the Coast Guard and their families faced an uncertain future. Because the budget for their branch of the military falls under the Department of Homeland Security, Coast Guard personnel weren't going to be paid. To The American Legion, that was unacceptable.

Immediate financial relief was provided to thousands of Coast Guard families through the Legion's Temporary Financial Assistance (TFA) program, which distributed more than \$1 million in grants to Coast Guard members with minor children in the home. American Legion national staff worked nights and weekends to process applications and expedite delivery of assistance. This happened despite a budget of only \$280,000 to be distributed through TFA in 2019.

That was on the national level. Locally, American Legion posts, districts and departments came through with their own forms of assistance:

- Edward C. Headman Post 217 in Wyandotte, Mich., purchased 33 \$100 Visa gift cards to distribute to personnel at Coast Guard Sector Detroit.
- In Vallejo, Calif., American Legion Post 550 presented \$2,000 in \$50 gift cards to members of Coast Guard Station Vallejo.
- American Legion Post 184 in Wildwood, N.J., collected items to donate to a local Coast Guard community that included Training Center Cape May and seasonal stations in Townsend’s Inlet and Fortesque.
- In Maine, a breakfast fundraiser hosted by Charles E. Sherman Jr. Post 36 in Boothbay Harbor raised \$2,000 for local Coast Guard personnel.

After the shutdown ended, American Legion National Commander Brett Reistad continued to lobby for passage of the Pay Our Coast Guard Act, which would ensure that no servicemember goes unpaid during future shutdowns.

Contact

- acy@legion.org

Connections

- legion.org/family
- legion.org/tfa

“The American Legion and its Auxiliary yield considerable influence in the United States. Your views on key policies are highly valued by the United States government. Our Veterans Affairs Council and The American Legion have conducted exchanges for over half a century, and enjoy a longstanding and robust friendship.”

Taiwanese President Tsai Ing-wen

Support for peace through strong defense

A delegation from The American Legion traveled to Hawaii, South Korea, Taiwan, and Japan last December, led by American Legion National Commander Brett Reistad. Prior to the trip, the delegation received briefings from the State Department and the Department of Defense (DoD) to become better informed on the geopolitics of the Far East.

During preparation for the trip, the delegation was mindful of DoD’s 2018 National Defense Strategy (NDS), which lays out a world where great-power competition – rather than counterterrorism – will guide DoD’s strategy and force structure for the foreseeable future.

The primary focus of the delegation’s travel was to gain a better understanding of security issues in the Indo-Pacific region, as well as to meet with military leadership, government officials, servicemembers and Legionnaires to better inform the views of The American Legion in this vital region of the world. The information received during the trip will enable the Legion to articulate legislative goals to Congress and the administration regarding national security, servicemembers, veterans and their families.

The American Legion delegation was shown new ways the organization can assist active-duty military, brought up to date on issues covered by the Legion’s Four Pillars, and introduced to governments and military commanders in the region. The American Legion reaffirmed its diplomatic principles through the support of peaceful democracies through a strong national and international defense.

Contact

■ ns@legion.org

Connections

■ legion.org/security



National Commander Brett Reistad receives an acupuncture treatment at Taipei Veterans General Hospital during his visit to Taiwan.

Photo by Lou Celli/The American Legion



Marine Corps Sgt. Molly Hampton, a 2018 Spirit of Service Award recipient, volunteers with the Spirit Open Equestrian program at Frying Pan Farm Park in Herndon, Va., which provides horse therapy for children, veterans and others.

Photo by Mike Kepka/The American Legion

“Life is about people – meeting people, talking to people, helping people. I love volunteering because I get to meet people.”

Marine Corps Sgt. Molly Hampton, a 2018 American Legion Spirit of Service Award recipient

Servicemembers, going above and beyond

The American Legion Spirit of Service Award is presented annually to outstanding military professionals in each of the five service branches and the National Guard who are actively committed to volunteer community service during their off-duty hours. The award was created in 2000 to bring greater attention to the professionalism and dedication of today's armed forces.

As a snapshot of how many servicemembers spend their free time, the activities of the 2018 Spirit of Service recipients were varied and unique: working with therapy horses and their disabled riders, refereeing/judging a state high-school robotics competition, spending 48 hours per week for a year at an animal shelter, working with an all-youth homeless shelter, helping preserve a historical ship and museum, and more.

Each recipient is selected by his or her command. The recipients are invited to The American Legion's annual national convention, where they are presented with trophies and a one-year Legion membership by the national commander. They also participate in the convention parade.

Contact

■ ns@legion.org

Connections

■ legion.org/security

“Currently, only veterans who served during formally recognized conflicts can belong to (The American) Legion. Our legislation rights this wrong.”

Sen. Kyrsten Sinema, D-Ariz.

Congress moves to expand Legion eligibility

Legislation that would expand membership eligibility in The American Legion has been introduced in both chambers of Congress. The Let Everyone Get Involved in Opportunities for National Service Act – also known as the LEGION Act – would allow honorably discharged veterans who have served in unrecognized times of war since World War II to join the nation’s largest veterans service organization and receive access to benefits and programs they currently aren’t eligible to receive.

Because The American Legion’s membership periods are congressionally chartered, the organization is prevented from expanding eligibility without an act of Congress.

“Nearly 1,600 brave American men and women were killed or wounded since World War II, while defending our nation during times not officially recognized as periods of war by the U.S. government,” American Legion National Commander Brett Reistad said. “These veterans are unable to receive some of the benefits and recognition available to their counterparts who served during official wartime periods.”

The bill was introduced in the Senate by Sen. Kyrsten Sinema, D-Ariz., and co-sponsor Sen. Thom Tillis, R-N.C., in February, and in the House by Rep. Lou Correa, D-Calif., and Rep. Ben Cline, R-Va., with Rep. Gil Cisneros, D-Calif., an original co-sponsor, in March.

Contact

■ legislative@legion.org

Connections

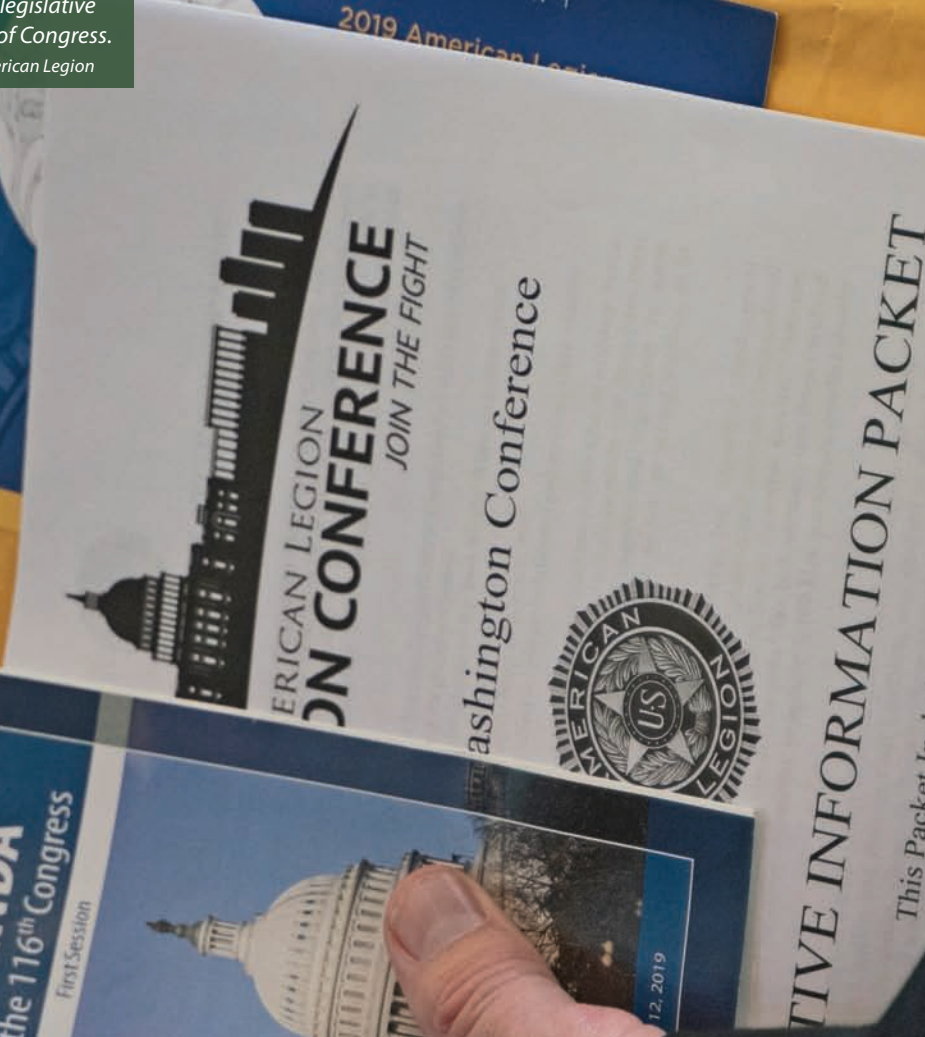
■ legion.org/legislative

Members of the American Legion Family visited Capitol Hill during the annual Washington Conference to share the organization's legislative priorities with members of Congress.
Photo by Lucas Carter/The American Legion

THE AMERICAN LEGION
LEGISLATIVE AGENDA
for the 116th Congress
First Session
12, 2019



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2019 American Legion
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DEPARTMENT OF

“The foundation will renew our commitment to children by delivering Temporary Financial Assistance to those in need, and provide expert assistance for service officers to help veterans and their families.”

National Commander Brett Reistad, announcing the launch of
The American Legion’s Veterans & Children Foundation

A commitment to America’s veterans and children

The American Legion rebranded its Endowment Fund in 2018, launching the Veterans & Children Foundation (V&CF). Like its predecessor, the American Legion Veterans & Children Foundation provides vital resources for military and veteran parents in financial crises, and supports service officers who assist veterans in obtaining health care and benefits.

By early May, donations to the foundation surpassed \$1.2 million. All contributions flow directly to The American Legion’s Temporary Financial Assistance (TFA) program and Veterans Affairs & Rehabilitation efforts. TFA distributes hundreds of thousands of dollars annually to military and veteran families with minor children at home.

The foundation also funds training for more than 3,000 American Legion service officers who provide free assistance to veterans and their families.

Other Legion programs that support veterans, servicemembers and their families include:

- **Operation Comfort Warriors.** OCW provides comfort items, recreational activities and rehabilitation equipment to military personnel and veterans recovering from wounds or illnesses.

- **National Emergency Fund.** When natural disasters strike, eligible American Legion and Sons of The American Legion members can receive immediate financial assistance from NEF. American Legion posts affected by disasters are also eligible.

- **Child Welfare Foundation.** CWF provides grants to nonprofit organizations that address the physical, mental, emotional and spiritual needs of our nation’s children.

Contact

- cs@legion.org

Connections

- legion.org/donate

Robert Bailey, commander of Rudolph Lambert American Legion Post 7 in Port Arthur, Texas, prepares to reopen the post last December, 16 months after it was flooded during Hurricane Harvey. The post received a \$10,000 National Emergency Fund grant to help with repairs.

Photo by Loren Elliott/The American Legion

AMERICAN LEGION RUDOLPH LAMBERT POST 7 PORT ARTHUR, TX.





Members of Frank Gladd American Legion Post 20 in Fort Gibson, Okla., raise a U.S. flag after the community suffered heavy flooding in May.
Photo by Torrey Purvey/The American Legion

“When it was broadcast that we could help, it was amazing. Everybody from Palm Springs became helpful. God bless The American Legion, and God bless Palm Springs.”

Mike Templeton, commander of American Legion Post 519 in Palm Springs, Calif., which served as a shelter for victims of a 13,139-acre wildfire near Idyllwild

Help in an emergency

In May, American Legion Post 20 in Fort Gibson, Okla., spent a week feeding displaced citizens and first responders after torrential flooding struck the community. “We had first responders coming in the building all night long getting snacks and water and coffee and just taking a five-minute break,” Commander Tim Smith told Tulsa TV station KJRH.

In the aftermath of Hurricane Irma, Post 11 Adjutant Bob Grinis waded through three feet of water, surveying the destruction in the Arcadia, Fla., post. He vowed to re-open the building. In November 2018, just 14 months after the devastating hurricane, a renovated Post 11 opened its doors again. All of the drywall had to be replaced. The kitchen, floors and ceiling tiles also had to be redone. “It was a major overhaul,” Grinis said.

Post 11 received a grant from The American Legion’s National Emergency Fund (NEF), which helped in its recovery. “That fund made it possible for us to immediately start to rebuild and to make things happen,” Grinis said. “Without that initial input, I think we would have been way behind schedule.”

NEF grants provide immediate financial assistance for posts, as well as American Legion and Sons of The American Legion (SAL) members, affected by hurricanes or other natural disasters. The grants provide up to \$3,000 for Legion and SAL members with active membership who have been displaced due to damages to their primary residence, and up to \$10,000 for posts that have been damaged by natural disaster.

Some recent highlights:

- During 2018, NEF grants totaling \$256,870 were distributed to 82 members and 22 posts.
- In the first four months of 2019, nearly \$60,000 in NEF grants were given out to 21 members and three posts. Recipients included those affected by a hurricane in North Carolina, floods in Kentucky and fires in California.

Contact

■ ia@legion.org

Connections

■ legion.org/nef

■ legion.org/donate

“It’s been really amazing, seeing where I came from, from a town that doesn’t have a red light – from a hay field – to playing American Legion Baseball, to the Hall of Fame.”

Lee Smith, 2019 Hall of Famer who played American Legion Baseball in Louisiana

The influence of American Legion Baseball

American Legion Baseball saw many firsts last season, starting with the webcast of a regional tournament. All 14 games from the Central Plains region were among the top 20 most-watched American Legion videos for the year. Baseball fans spent more than 134,000 minutes watching the American Legion World Series (ALWS) 2018 championship game alone.

At the ALWS, Wilmington, Del., Post 1, led by George Rulon American Legion Baseball Player of the Year Christopher Ludman, became the first team from the Department of Delaware to win the tournament. Two exciting plays from the championship game went viral, ranking as the third- and first-ranked plays on ESPN’s “SportsCenter,” and reaching over 7 million people on social media and countless others on television. This led ESPNU to replay numerous ALWS games throughout the month of August, leading to conservative estimates of more than 700,000 total viewers. That marks an increase of at least 100,000 viewers compared to 2017 and more than double that of 2016.

The SportsEngine platform received more than 400,000 impressions in its first year of hosting regional and World Series hubs, including new brackets, live scoring, recaps and stats updates. Between SportsEngine and the Legion’s own baseball site, there were more than 1 million hits in August alone, a new record.

Since 1925, American Legion Baseball has been a part of the fabric of the nation. A total of 81 Hall of Famers, including four from the Class of 2019, 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.

Contact

■ baseball@legion.org

Connections

■ legion.org/baseball

View the American Legion Baseball brochure online: legion.org/publications



Wilmington, Del., Post 1 head coach Brent Trembl gets an ice bath from players after their 2018 American Legion World Series championship win at Veterans Field at Keeter Stadium in Shelby, N.C., on Aug. 21, 2018.

Photo by Lucas Carter/The American Legion



American Legion National Judge Advocate Kevin Bartlett addresses the media on the steps of the U.S. Supreme Court after justices heard arguments on the Bladensburg Cross memorial case on Feb. 27.

Photo by Pete Marovich /The American Legion

“The American Legion was founded to preserve the memories and incidents of the great wars. That’s why we are here today – to keep remembering those heroes.”

National Judge Advocate Kevin Bartlett, addressing the media after the Legion made oral arguments to the U.S. Supreme Court in defense of the Bladensburg memorial cross

A landmark victory for The American Legion

The U.S. Supreme Court sided with The American Legion in a closely watched case involving veterans memorials.

In its landmark 7-2 decision, the court ruled that the Bladensburg World War I Veterans Memorial can remain on public land in Prince George’s County, Md.

For decades, Legion posts have conducted Memorial Day and Veterans Day ceremonies at the site. In 1925, The American Legion and Gold Star Mothers erected the 40-foot memorial as a tribute to 49 Prince George’s County veterans who died during World War I. The cross shape was selected by the Gold Star Mothers to represent their sons’ resting place in Europe.

The memorial stood peacefully for decades until the American Humanist Association filed suit, claiming the memorial violated the First Amendment.

Also related to honor and remembrance:

- The American Legion Veterans Memorial Identification Project database now has nearly 2,500 entries. It includes memorials from all war eras and all 50 states, plus some foreign countries.
- An American Legion delegation, led by National Commander Brett Reistad, participated in the 75th anniversary commemorations of the D-Day landing in Normandy, France.
- The nation’s first Veterans Museum held its grand opening last October in Columbus, Ohio.
- The GI Bill, authored by American Legion Past National Commander Harry W. Colmery, celebrated its 75th anniversary with a ceremony in Washington, D.C.

Connections

■ legion.org/honor

■ legion.org/memorials

■ legiontown.org

On Facebook, search for “The American Legion: Honor and Remembrance”

“It’s important for blind kids to be able to read, but it’s also important for them to understand what the Constitution means for all of us. We are thankful for The American Legion’s support.”

Joseph Quintanilla of the National Braille Press, a 2018 CWF grant recipient for Braille books on the U.S. Constitution and the Declaration of Independence

CWF supports children with \$17 million in grants

The American Legion’s Child Welfare Foundation (CWF) was founded in 1954 after the Legion received a generous land donation from Dr. Garland Murphy, a decorated World War II flight surgeon and former American Legion Department of Arkansas commander. His only requirement was that the gift had to be used to help children.

In 1955, the CWF gave its first three grants totaling \$22,500 to three organizations: the Delinquency Control Institute, the National Association for Retarded Children and the National Society for the Prevention of Blindness. Since then, more than \$17 million – with an average of \$500,000 in grants a year – have been awarded to nonprofit organizations that contribute to the physical, mental, emotional and spiritual welfare of children and youth, as well as establish more effective uses of knowledge possessed by well-established organizations.

These grants have helped nonprofits provide resources and other needed assistance to children facing a variety of challenges, such as autism, blindness, pediatric cancer, post-traumatic stress disorder and adoption support.

Donations to the Child Welfare Foundation make these grants possible. Sons of The American Legion is the single largest contributor to the CWF, generating more than \$8 million in donations since 1988.

Contact

■ cwf@legion.org

Connections

■ legion.org/childwelfare

View the American Legion Child Welfare Foundation brochure online: legion.org/publications



Children's Craniofacial Association of Dallas received a \$32,000 CWF grant to print the book "Wonder" in support of CCA's Choose Kind Initiative.

Photo by Schelly Stone/The American Legion

“It completely opened my eyes to what a trooper trainee goes through ... it provided me with everything I need to know if I was going to be ready to put in for that kind of career.”

William Blount, a Virginia state trooper who attended the Department of Virginia’s Youth Cadet Law Enforcement Program in 2006

Legion provides firsthand insight into law enforcement

The American Legion’s Youth Cadet Law Enforcement Program, founded in 1985, provides a week’s worth of hands-on training in law enforcement’s principles, discipline, ethics, physical fitness and teamwork. The program was transferred from the National Security Commission to the Americanism Commission in 2011 and continues to teach young men and women respect for law enforcement while giving them a glimpse of an average day’s work for a police officer or state trooper.

In 2016, the American Legion National Executive Committee adopted Resolution No. 6, which called for the establishment of a Youth Cadet Law Enforcement Committee. The committee’s mission is to “develop, coordinate, facilitate and foster strategies to promote development, sustainability, growth and viability of the Youth Cadet Law Enforcement Program.”

Currently, 21 American Legion departments operate Youth Cadet Law Enforcement programs for incoming high school seniors, often in cooperation with their state police or highway patrols.

Contact

■ youthlaw@legion.org

Connections

■ legion.org/youthlaw

View the Youth Cadet Law Enforcement Program Brochure online: legion.org/publications

Senior Trooper M.S. Walden salutes a cadet during the Department of Virginia's Youth Cadet Law Enforcement graduation ceremony, after cadets performed marching movements before a crowd of proud parents in Richmond.

Photo by Lucas Carter/The American Legion



American Legion Legacy Scholarship recipient Elizabeth Brunke-Turner of California attends Johns Hopkins University in Baltimore. She plans to become a plastic surgeon to help veterans and children.

Photo by Gabe Dinsmoor/The American Legion



“The American Legion scholarship definitely keeps me on track as far as being able to continue on to graduate school and achieve my dream of becoming a surgeon.”

Elizabeth Brunke-Turner, 2018 Legacy Scholarship recipient attending John Hopkins University

Legacy Scholarship makes college a reality

Since the American Legion Legacy Scholarship expanded its eligibility three years ago, the number of scholarships and financial amount awarded has increased significantly. More than \$2.5 million has been awarded since 2017 to 153 military children of the fallen or disabled.

Through the Legacy Scholarship, which was established in 2002 following the 9/11 attacks, The American Legion helps provide higher education for children of servicemembers who died while serving on active duty on or after 9/11. In 2016, The American Legion’s National Executive Committee passed Resolution No. 1, which recognizes the dedication and sacrifice of servicemembers injured on active duty. Thus, the Legacy Scholarship’s eligibility expanded to include children of post-9/11 veterans with combined individual VA disability ratings of 50 percent or greater.

The renewable, needs-based scholarship awards up to \$20,000 in aid. The first Legacy Scholarship was awarded in 2004, and since then, 366 military children have received more than \$3 million in aid. Many recipients say the scholarship allows them to focus on their studies and not have to work a part-time job.

The American Legion Riders are the biggest contributors to the American Legion Legacy Scholarship Fund, through the Legacy Run.

Contact

■ scholarships@legion.org

Connections

■ legion.org/scholarships

View the Legacy Donor and Scholarship pamphlets online: legion.org/publications

“Little did our founders know how media would evolve since they started the magazine nearly 100 years ago. But we are committed to informing and educating them on the issues most important to them.”

Walter Ivie, American Legion Media & Communications Commission chairman

A robust communications menu

The American Legion distributes news, information and resources to its nearly 2 million members, patriotic Americans, media and other influencers via a vast array of print and digital platforms.

Leading the way is *The American Legion Magazine*. The monthly publication was once again named “best-read” magazine out of nearly 180 surveyed by independent auditor GfK MRI.

Meanwhile, the Legion’s digital program is growing rapidly. Its national website, legion.org, has grown exponentially since a redesign a few years ago; April 2019 saw 1,172,607 page views, up from 837,465 during the same period in 2015.

Social media followings continue to increase, including the Legion’s Twitter account, which has passed 100,000.

A vibrant e-newsletter program connects subscribers to topics of interest, ranging from twice-monthly messages from the national commander to the American Legion Riders program to American Legion Baseball.

Helping to promote the Legion’s message to communities large and small is the National American Legion Press Association (NALPA). Members use modern communication tools and resources provided by National Headquarters to inform and educate their communities about local American Legion activities.

Contact

■ magazine@legion.org

Connections

■ legion.org/media

■ legion.org/nalpa

■ legion.org/facebook

■ twitter.com/AmericanLegion

■ youtube.com/user/AmericanlegionHQ

■ instagram.com/theamericanlegion

■ On LinkedIn, under Companies, search for “The American Legion”



Past Department of New York Commander Rena Nessler speaks to local media about The American Legion's centennial during the CNY Veterans Parade and Expo at the New York State Fairgrounds in Syracuse.

Photo by Lucas Carter/The American Legion

Georgia American Legion Post 233
hosts the annual Ride for America,
a 38-mile ride from Loganville to
Madison that raises money for the
Legacy Scholarship and
post programs.

Photo by Audra Melton/The American Legion



“It’s ... kind of emotional (to meet the Legion Riders) because it’s just a really great opportunity and I’m so thankful to them.”

Ally Niven, a Legacy Scholarship recipient who visited a stop during the 2018 Legacy Run to meet some of the Legion Family members who raised funds for her award

A united Legion Family

When the American Legion Family comes together, it’s a force. In addition to The American Legion itself, the Legion Family is made up of:

- **The American Legion Auxiliary** (for female relatives of Legion-eligible veterans), founded in 1919, and with nearly 1 million members.

- **Sons of The American Legion** (for male descendants of Legion-eligible veterans), a Legion program founded in 1932, with more than 365,000 members.

- **American Legion Riders**, a motorcycle group open to members of the entire Legion Family. This program was founded on the national level in 2007, and has more than 110,000 members.

Fundraising and other activities that help the nation’s veterans, military, families and youth are a big part of all four components of the American Legion Family, and one of the biggest is the annual Legacy Run. Since 2006, Riders from across the country and around the world have embarked on a multi-day, multi-state mass ride to the host city of the Legion’s national convention, raising money 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. In 2018, between the Legacy Run itself and donations made at the national convention, a record \$1.3 million was raised. It was the fifth straight year total donations topped the \$1 million mark.

Contact

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

Connections

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

“Buddy Check is about seeing how veterans are doing. To discover that, it takes personal engagement.”

National Commander Brett Reistad

Buddy Check helps identify veterans’ needs

In early 2019, American Legion National Commander Brett Reistad issued a call to action to Legionnaires around the world. He asked them to perform a Buddy Check, a health-and-welfare check common among noncommissioned officers and officers in the military, during the National Week of Calling around The American Legion’s 100th birthday. Reistad wanted to use the Buddy Check to remind Legionnaires of their solemn duty to all veterans, and as a way to reach out to past, present and future members who may need help.

Legionnaires answered the call. On March 13 and 16, a group of volunteers from Buck-Dubiel Post 101 in Somers, Conn., got together to make phone calls to check on fellow post members, as well as other Legionnaires in the area who are members of the department headquarters post or who had allowed their membership to lapse. “We learned of members who were in poor health, needed assistance with VA benefits, (and) wanted to attend meetings but had no means of transportation, and were homebound and lonely and could use a visit/camaraderie,” said Sherri Marquis, Post 101’s public affairs director. The event highlighted some of the challenges veterans face in their busy lives, especially disabled veterans, many of whom are proud to be members at large but struggle to make time for their posts.

In Colorado, the department sent out an email to everyone in the headquarters post, asking how members were doing and thanking them for their service and membership. The department was able to customize each email to include the member’s war era and number of years in the Legion. One headquarters post member responded to the email needing assistance with paying utilities, and received financial aid through the department. And District 22 in San Diego found veterans in need of food, transportation, pet therapy visits and home engagement, all by making phone calls to hundreds of their members.

This is just a sampling of the hundreds of success stories from the Buddy Check initiative.

Contact

■ membership@legion.org

Connections

■ legion.org/membership

MARCH 11-18, 2019

BUDDY CHECK

During Buddy Check week,
take time to call on any
member or former
member who may
have lost touch with
the post.

We need them,
and they may need us.

Honor the vision of
our founders by making
PERSONAL CONTACT
with fellow veterans.



#TEAM 100

WWW.LEGION.ORG/MEMBERSHIP

Posters distributed by posts across the country announced The American Legion's "Buddy Check" initiative.

Caps, shirts, pins, patches and special-order items from Emblem Sales give members an opportunity to celebrate The American Legion's centennial with style.

Photo by Schelly Stone/The American Legion



“The history of our organization – all 100 years of it – has illuminated and inspired me, and I am sure it will do the same to our Legionnaires, Legion Family members and the general public.”

Past National Commander Dave Rehbein, chairman of the Legion’s national 100th Anniversary Observance Committee

The Legion’s rich history, on display

American Legion Emblem Sales provides a wide variety of merchandise – clothing, accessories, retail goods, documents and much more – relating to the American Legion Family and many of its programs, most of which can be customized for an individual or post. Emblem Sales is also a leading seller of American-made U.S. flags, selling more than 1 million each year.

The category of merchandise relating to the Legion’s 100th anniversary has grown steadily in recent years. As of the end of March, centennial merchandise had brought in just under \$650,000, which helps fund Legion programs. The newest sub-category consists of items showcasing the Legion and its history, designed to be displayed at a post or public place even after the end of the centennial celebration. The showcases are printed on Fatheads, self-adhesive decals printed on white, super-tough, precision-cut vinyl. They are removable and reusable, and won’t damage walls. The selection includes a timeline, 100 Years of Service, the Legion’s Four Pillars, a set of logos, and the Preamble to The American Legion Constitution.

Orders can be taken online, over the phone, through the mail, or in person at the John H. Geiger Operations Center at 5745 Lee Road 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 on weekdays, fax an order to **(317) 630-1381** or email **emblem@legion.org**.
- The American Legion Emblem Sales website – **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**

Connections

- **(888) 453-4466 (toll-free)**
- **(317) 630-1381 (fax)**

“Every day across America, the Mint connects Americans through coins, and it is our great privilege to connect America to the legacy of the nation’s largest wartime veterans service organization. We hope you will be as pleased with these coins as we are.”

David Croft, associate director of manufacturing for the U.S. Mint, at the first-strike ceremony for the Legion centennial coin set

Commemorative coins honor Legion’s centennial

Since 1982, the U.S. Mint has received authorization from Congress to mint two commemorative coin collections each year. Commemorative coins celebrate and honor American people, places, events and institutions, and each coin is crafted to be rich in symbolic history. Unique among U.S. Mint products, the coins help raise money and awareness for important causes and aspects of U.S. history. In short, they capture the American culture.

The American Legion is one of only two organizations to receive approval from the U.S. Mint this year through this program. Three coins and an American Veterans Silver Medal are available to mark the the organization’s first century of service. Designs invoke pride and patriotism, honor the service and sacrifice of veterans, and inspire hope for future generations.

The American Legion will receive a surcharge for each coin sold. The commemorative coins are available for purchase online at **legion.org/coin** through December. Funds raised from the sale of the coins will support Legion programs and the organization’s ongoing mission to serve and support veterans, the nation’s military, their families and the communities in which they live.

Contact

■ marketing@legion.org

Connections

■ legion.org/coin

■ legion.org/alliances



A freshly minted American Legion 100th Anniversary commemorative silver dollar is displayed at the first-strike ceremony at the U.S. Mint in Philadelphia on Jan. 31.

Photo by Lucas Carter/The American Legion



Crowe LLP
Independent Member Crowe Global

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, 2018 and 2017, and the related consolidated statements of activities, functional expenses 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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Legion has adopted ASU 2016-14 - Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. Our opinion is not modified with respect to this matter.

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 LLP

Indianapolis, Indiana
May 1, 2019

**THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 3,012,220	\$ 2,174,906
Accounts receivable	5,460,308	5,040,578
Interest receivable	885,540	904,673
Prepaid expenses and deposits	2,755,099	953,487
Deferred membership expense	4,077,478	4,596,295
Inventory	2,861,202	2,761,406
Investment in affiliate (CFA)	11,070	11,511
Beneficial interest in trust	<u>76,729</u>	<u>114,200</u>
	19,139,646	16,557,056
Investments		
General	18,387,061	16,334,237
Segregated for Restricted and Reserved Funds	34,986,881	35,277,631
Paid-Up-For-Life Membership fund	25,452,708	28,107,482
Samsung scholarship fund	7,209,799	7,768,802
Building funds	6,501,856	6,380,417
Sept. 11 Memorial scholarship fund	14,349,042	13,181,694
Special account – Endowment Fund	2,009,882	2,270,210
General account – Endowment Fund	8,037,160	7,610,997
National Emergency Fund	5,822,925	5,791,430
American Legion Charities	5,006,983	4,749,866
Other	<u>3,817,097</u>	<u>3,853,224</u>
	131,581,394	131,325,990
Property, plant and equipment, net	<u>3,753,291</u>	<u>4,489,117</u>
	<u>\$ 154,474,331</u>	<u>\$ 152,372,163</u>
LIABILITIES		
Accounts payable	\$ 3,994,332	\$ 3,327,417
Scholarships payable	1,406,831	1,346,892
Deposits on emblem merchandise sales	453,450	283,453
Deferred income	1,416,956	929,571
Deferred dues income	24,893,121	25,316,796
Deferred income – direct membership solicitation	3,382,071	3,708,642
Accrued vacation benefits	754,932	947,080
Accrued pension expense	17,838,379	19,449,457
Other liabilities	1,044,811	860,355
Notes payable	426,698	631,749
Deferred dues income – Paid-Up-For-Life membership	22,367,575	23,664,141
Life memberships due to state and local posts	<u>25,041,442</u>	<u>26,239,151</u>
	103,020,598	106,704,704
NET ASSETS		
Without donor restriction	9,753,041	5,178,172
With donor restriction	<u>41,700,692</u>	<u>40,489,287</u>
Total net assets	<u>51,453,733</u>	<u>45,667,459</u>
	<u>\$ 154,474,331</u>	<u>\$ 152,372,163</u>

See accompanying notes to consolidated financial statements.

THE AMERICAN LEGION NATIONAL HEADQUARTERS CONSOLIDATED STATEMENT OF ACTIVITIES Year ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
Revenue, gains and other support			
National member dues	\$ 30,394,651	\$ -	\$ 30,394,651
Direct membership solicitations	6,074,433	-	6,074,433
Member service fees income	636,526	-	636,526
Affinity income	4,228,914	-	4,228,914
Sales of emblem items	13,917,701	-	13,917,701
Advertising	8,674,307	-	8,674,307
Contributions	12,507,600	3,380,136	15,887,736
Label and printing fees	360,920	-	360,920
Interest and dividends	1,934,050	1,124,419	3,058,469
Net realized losses	(339,600)	(102,058)	(441,658)
Other	4,121,753	25,000	4,146,753
	<u>82,511,255</u>	<u>4,427,497</u>	<u>86,938,752</u>
Net assets released from restriction	<u>2,669,226</u>	<u>(2,669,226)</u>	<u>-</u>
Total revenues, gains, and other support	85,180,481	1,758,271	86,938,752
Expenses			
Salaries	17,262,927	-	17,262,927
Employee benefits	5,962,222	-	5,962,222
Cost of sales – Legion	7,468,856	-	7,468,856
Department and magazine costs	1,564,384	-	1,564,384
Direct publications	10,240,139	-	10,240,139
Executive, staff and program travel	3,823,788	-	3,823,788
Commission and committee	1,700,086	-	1,700,086
Printing and postage	12,567,362	-	12,567,362
Scholarships, grants and awards	2,083,162	-	2,083,162
Office and other operating	14,646,154	-	14,646,154
Occupancy and usage	2,120,396	-	2,120,396
Special projects and programs	3,714,040	-	3,714,040
	<u>83,153,516</u>	<u>-</u>	<u>83,153,516</u>
Change in net assets from operations	2,026,965	1,758,271	3,785,236
Net unrealized loss – investments	(2,225,419)	(546,866)	(2,772,285)
Net change in PUFL	2,702,057	-	2,702,057
Amortization of pension loss	(2,262,117)	-	(2,262,117)
Pension-related changes other than net periodic pension cost	<u>4,333,383</u>	<u>-</u>	<u>4,333,383</u>
Change in net assets	4,574,869	1,211,405	5,786,274
Net assets, beginning of year	<u>5,178,172</u>	<u>40,489,287</u>	<u>45,667,459</u>
Net assets, end of year	<u>\$ 9,753,041</u>	<u>\$ 41,700,692</u>	<u>\$ 51,453,733</u>

See accompanying notes to consolidated financial statements.

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

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
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	3,354,115	17,581,041
Label and printing fees	1,600,308	-	1,600,308
Interest and dividends	1,804,836	1,081,228	2,886,064
Net realized losses	(40,306)	(86,461)	(126,767)
Other	4,407,398	12,000	4,419,398
	<u>85,701,059</u>	<u>4,360,882</u>	<u>90,061,941</u>
Net assets released from restriction	<u>1,901,056</u>	<u>(1,901,056)</u>	<u>-</u>
Total revenues, gains, and other support	87,602,115	2,459,826	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>84,829,922</u>
Change in net assets from operations	2,772,193	2,459,826	5,232,019
Net unrealized gain – investments	587,170	303,524	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	<u>(4,958,649)</u>	<u>-</u>	<u>(4,958,649)</u>
Change in net assets	(3,563,993)	2,763,350	(800,643)
Net assets, beginning of year	<u>8,742,165</u>	<u>37,725,937</u>	<u>46,468,102</u>
Net assets, end of year	<u>\$ 5,178,172</u>	<u>\$ 40,489,287</u>	<u>\$ 45,667,459</u>

See accompanying notes to consolidated financial statements.

THE AMERICAN LEGION NATIONAL HEADQUARTERS CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES Year ended December 31, 2018

	Program Services		Supporting Services			Total
	Veterans Programs Services	Americanism and Children and Youth Activities	Management and General	Member Development	Fundraising	
Salaries	\$ 7,014,252	\$ 518,571	\$ 8,803,868	\$ 926,236	\$ -	\$17,262,927
Employee benefits	722,259	52,277	5,096,699	90,987	-	5,962,222
Cost of sales - Legion Department and magazine costs	7,468,856	-	-	-	-	7,468,856
Direct publications	1,439,535	-	17,608	-	107,241	1,564,384
Executive, staff and program travel	10,240,139	-	-	-	-	10,240,139
Commission and committee	1,285,290	1,456,482	1,026,231	55,785	-	3,823,788
Printing and postage	867,076	254,430	488,504	90,076	-	1,700,086
Scholarships, grants, and awards	2,044,490	16,548	96,603	2,359,896	8,049,825	12,567,362
Office and other operating	555,333	1,394,383	-	133,446	-	2,083,162
Occupancy and usage	3,988,158	168,576	4,314,848	5,972,112	202,460	14,646,154
Special projects and programs	18,835	1,426	1,574,119	526,016	-	2,120,396
	<u>2,235,451</u>	<u>681,254</u>	<u>797,335</u>	<u>-</u>	<u>-</u>	<u>3,714,040</u>
Total	<u><u>\$ 37,879,674</u></u>	<u><u>\$ 4,543,947</u></u>	<u><u>\$22,215,815</u></u>	<u><u>\$ 10,154,554</u></u>	<u><u>\$ 8,359,526</u></u>	<u><u>\$83,153,516</u></u>

See accompanying notes to consolidated financial statements.

**THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2017**

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total</u>
	<u>Veterans Programs Services</u>	<u>Americanism and Children and Youth Activities</u>	<u>Management and General</u>	<u>Member Development</u>	<u>Fundraising</u>	
Salaries	\$ 7,297,987	\$ 751,442	\$ 7,669,565	\$ 1,110,996	\$ -	\$16,829,990
Employee benefits	720,200	72,887	4,943,353	103,016	-	5,839,456
Cost of sales - Legion Department and magazine costs	7,364,200	-	-	-	-	7,364,200
Direct publications	1,507,935	-	6,437	-	1,159,549	2,673,921
Executive, staff and program travel	10,458,470	-	-	-	-	10,458,470
Commission and committee	1,411,059	1,596,223	968,933	78,234	6,103	4,060,552
Printing and postage	872,618	288,745	455,420	120,549	-	1,737,332
Scholarships, grants, and awards	1,694,117	19,404	129,693	3,042,156	9,263,286	14,148,656
Office and other operating	895,677	1,827,906	-	127,264	-	2,850,847
Occupancy and usage	3,712,389	249,772	4,314,787	5,339,023	529,458	14,145,429
Special projects and programs	20,069	4,669	1,554,452	825,107	-	2,404,297
	<u>839,833</u>	<u>701,160</u>	<u>775,779</u>	<u>-</u>	<u>-</u>	<u>2,316,772</u>
Total	<u>\$ 36,794,554</u>	<u>\$ 5,512,208</u>	<u>\$20,818,419</u>	<u>\$ 10,746,345</u>	<u>\$10,958,396</u>	<u>\$84,829,922</u>

See accompanying notes to consolidated financial statements.

THE AMERICAN LEGION NATIONAL HEADQUARTERS CONSOLIDATED STATEMENTS OF CASH FLOWS Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 5,786,274	\$ (800,643)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation expense	791,860	777,333
Loss on disposal of property and equipment	-	154,736
Realized loss on sale of investments	441,658	126,767
Unrealized (gain) loss on investments	2,772,285	(890,694)
Net change in Paid-Up-For-Life annuity	(2,702,057)	(234,749)
Amortization of pension loss	2,262,117	2,199,456
Pension-related changes other than net periodic pension cost	(4,333,383)	4,958,649
Contributions restricted for long-term purposes	(153,273)	(130,490)
Changes in assets and liabilities:		
Accounts receivable	(419,730)	245,331
Interest receivable	19,133	(65,812)
Prepaid expenses and deposits	(1,801,612)	957,746
Deferred membership expense	518,817	354,110
Inventories	(99,796)	86,097
Beneficial interest in trust	37,471	37,794
Accounts and scholarships payable	726,854	177,182
Deferred income	114,918	(2,080,501)
Accrued pension expense	460,188	232,634
Other accrued liabilities	(7,692)	(723,250)
Net cash from operating activities	<u>4,414,032</u>	<u>5,381,696</u>
Cash flows from investing activities		
Purchase of property and equipment	(106,933)	(759,619)
Sales of property and equipment	50,899	17,607
Purchase of investments	(66,855,851)	(48,059,223)
Sales and maturities of investments	63,386,504	44,405,000
Investments in affiliate (CFA)	441	2,064
Net cash from investing activities	<u>(3,524,940)</u>	<u>(4,394,171)</u>
Cash flows from financing activities		
Contributions restricted for long-term purposes	153,273	130,490
Repayment on notes payable	(205,051)	(199,700)
Net cash from financing activities	<u>(51,778)</u>	<u>(69,210)</u>
Net increase (decrease) in cash and cash equivalents	837,314	918,315
Cash and cash equivalents, beginning of year	<u>2,174,906</u>	<u>1,256,591</u>
Cash and cash equivalents, end of year	<u>\$ 3,012,220</u>	<u>\$ 2,174,906</u>
Supplemental cash flows information		
Interest paid	\$ 19,278	\$ 21,120
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.”

Approximately 40% of the Legion’s income is derived from membership dues (including amounts allocated for magazine subscriptions). An additional 10 - 11% 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 without donor restriction and with donor restriction.

The following classes of net assets are maintained:

Net Assets Without Donor Restriction – The net asset without donor restriction 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 net asset without donor restriction of the Legion may be used at the discretion of management to support the Legion’s purposes and operations.

Net Assets With Donor Restrictions – The net asset with donor restriction 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 are classified as net asset with donor restriction. As the restrictions are met, the net assets are released from restrictions and included in net assets without donor restriction. Contributions for which the restrictions are met in the same period in which the contribution is received are also recorded as net assets with donor restrictions and released from restrictions. The net asset with donor restriction class also 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, 2018 and 2017.

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, 2018 and 2017.

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. Interest and dividends are shown net of fees on the statements of activities.

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, 2018 and 2017.

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.

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

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 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 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017.

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: Expenses have been classified as program services, management and general, member development and fund raising based on actual direct expenditures. Additionally, salary and employee benefits expenses are allocated among departments based upon estimates of the amount of time spent by Legion employees performing services for these departments.

Recent Accounting Pronouncement: In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities* (Topic 958) ("ASU 2016-14"). ASU 2016-14 makes several improvements to current reporting requirements that address the complexities related to not-for-profit financial reporting. The guidance requires an entity to continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method but no longer requires the presentation of the indirect method reconciliation if using the direct method. It requires the entity to provide qualitative and quantitative information that communicates how the entity manages liquid resources available to meet cash needs within one year of the statement of net position date. It also requires the entity to disclose expenses by both natural and functional classification as well as methods used to allocate between program and support functions. ASU 2016-14 requires the entity to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Legion implemented this guidance for the year ended December 31, 2018 and elected to retroactively apply it for the year ended December 31, 2017. The new disclosures are located in the statements of financial position, statement of activities, statement of functional expenses and Notes 11, 12 and 13.

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets or total net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2018, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2018. Management has performed their analysis through May 1, 2019, 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.

CFA recognized a change in net assets of \$(440) and \$(2,064) in 2018 and 2017, 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 2018 and 2017.

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 3.01% discount rate in 2018 and a 2.57% discount rate in 2017, the present value of future benefits expected to be received by the ALEF is estimated to be \$76,729 and \$114,200 at December 31, 2018 and 2017, 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.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 obligations, 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, 2018 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	\$ -	\$ -	\$ 76,729
Money market accounts	14,158,119	-	-
U.S. Government obligations	-	42,988,776	-
State and municipal bonds	-	29,242,544	-
Corporate bonds	-	44,736,885	-
Common Stock	455,070	-	-
	<u>\$ 14,613,189</u>	<u>\$ 116,968,205</u>	<u>\$ 76,729</u>

	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	-	-
	<u>\$ 17,778,741</u>	<u>\$ 113,547,249</u>	<u>\$ 114,200</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, 2018 and 2017:

	Beneficial interest in trust	
Beginning balance, Jan. 1, 2018	\$	114,200
Change in value of split interest agreements		2,205
Distributions from trust		(39,676)
Ending balance, Dec. 31, 2018	<u>\$</u>	<u>76,729</u>
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>\$</u>	<u>114,200</u>

NOTE 6 – PROPERTY AND EQUIPMENT

The Legion's property and equipment, and the related accumulated depreciation at December 31, 2018 and 2017 are as follows:

	2018		2017	
Washington, D.C., real estate				
Land	\$	80,000	\$	80,000
Building		5,661,735		5,661,735
Indianapolis real estate				
Land		389,264		389,264
Building		4,134,868		4,082,610
Furniture, fixtures and equipment				
National Headquarters, Indianapolis		6,946,165		6,931,764
Washington, D.C.		701,597		728,651
Construction in progress		-		34,470
		17,913,629		17,908,494
Less: accumulated depreciation		(14,160,338)		(13,419,377)
	<u>\$</u>	<u>3,753,291</u>	<u>\$</u>	<u>4,489,117</u>

Depreciation expense for the years ended, December 31, 2018 and 2017 was \$791,860 and \$777,333, 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 \$426,698 and \$631,749 as of December 31, 2018 and 2017.

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

2019	\$	211,200
2020		215,498
Total	<u>\$</u>	<u>426,698</u>

Interest expense was \$19,278 and \$21,120 for the years ended December 31, 2018 and 2017, respectively.

NOTE 7 – LONG-TERM DEBT (continued)

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 provided 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 \$426,698 and \$631,749 at December 31, 2018 and December 31, 2017, 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 2022. Rent expense under these leases for the years ended December 31, 2018 and 2017 was \$386,313 and \$361,660, respectively.

Minimum lease commitments are as follows:

2019	\$ 365,404
2020	336,412
2021	296,500
2022	130,454
	<u>\$ 1,128,770</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 2018 and 2017 was \$901,879 and \$1,024,409, 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 without donor restriction, 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 without donor restriction, 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 2018 and 2017. As of December 31, 2018 and 2017, the restricted fund had a balance of \$33,143,651 and \$33,325,054, respectively.

The reserve fund is also designated for use by the National Finance Commission and National Executive Committee and reported as without donor restriction, 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. As of December 31, 2018 and 2017, the reserve fund had a balance of \$2,130,151 and \$2,243,241, respectively.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions have assets that are donor-restricted for specific purposes or have assets that 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. service men and service women 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, 2018 and 2017, net assets with donor restriction by specific purpose and in perpetuity are as follows:

	2018	2017
<i>With specific purpose</i>		
Overseas Graves Decoration Fund	\$ 953,471	\$ 972,346
Samsung scholarship	1,658,791	1,964,846
American Legacy Fund	14,425,418	13,360,721
National Emergency Fund	6,146,647	5,863,619
Boy Scouts	467,899	467,899
Operation Comfort Warrior	3,270,363	3,074,711
John DeVore	319,164	325,227
Edwin J. Dentz VA Boy's State	617,244	654,385
Samsung American Legion Alumni Association	89,235	184,676
Others	152,540	566,150
Total with specific purpose	<u>\$ 28,100,772</u>	<u>\$ 27,434,580</u>
<i>In perpetuity</i>		
Samsung scholarship	5,000,000	5,000,000
American Legion Endowment Fund	8,599,920	8,054,707
Total in perpetuity	<u>13,599,920</u>	<u>13,054,707</u>
Total assets with donor restriction	<u>\$ 41,700,692</u>	<u>\$ 40,489,287</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.

	2018	2017
<i>Purpose restrictions accomplished</i>		
Overseas graves decoration	\$ 25,106	\$ 25,298
Scholarships and grants (including relief aid)	1,712,649	1,215,669
Veterans Affairs & Rehabilitation and Children & Youth programs	931,471	660,089
	<u>\$ 2,669,226</u>	<u>\$ 1,901,056</u>

NOTE 13 – ENDOWMENT COMPOSITION

The Legion's endowments include donor restricted endowment funds that 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, 2018:

	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment funds	\$ 270	\$ 15,258,711	\$ 15,258,981
Total Funds	\$ 270	\$ 15,258,711	\$ 15,258,981

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

	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment funds	\$ 457	\$ 15,090,894	\$ 15,091,351
Total Funds	\$ 457	\$ 15,090,894	\$ 15,091,351

Endowment net asset composition by type of fund as of December 31, 2018:

	Unrestricted	Temporarily restricted	Total
Net assets, beginning of year	\$ 457	\$ 15,090,894	\$ 15,091,351
Investment gain/(loss):			
Investment income, net of fees	43,767	395,371	439,138
Net depreciation (realized and unrealized)	(22,117)	(393,479)	(415,596)
Total investment gain	21,650	1,892	23,542
New gifts	-	653,274	653,274
Appropriation of endowment assets for expenditure	(21,837)	(487,349)	(509,186)
Net assets, end of year	\$ 270	\$ 15,258,711	\$ 15,258,981

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

	Unrestricted	Temporarily restricted	Total
Net assets, beginning of year	\$ (29,252)	\$ 14,906,555	\$ 14,877,303
Investment gain/(loss)			
Investment income, net of fees	52,214	420,684	472,898
Net depreciation (realized and unrealized)	(12,807)	(73,190)	(85,997)
Total investment gain	39,407	347,494	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	\$ 15,090,894	\$ 15,091,351

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 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.

NOTE 13 – ENDOWMENT COMPOSITION (continued)

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. As of December 31, 2018 and 2017, the Legion did not have any funds with deficiencies.

NOTE 14 – 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 \$405,316 and \$391,965 in 2018 and 2017, 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.

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, 2018 and 2017:

	2018	2017
Benefit obligation	\$ (56,910,890)	\$ (61,779,828)
Fair value of plan assets	42,739,269	46,806,040
Funded status	\$ (14,171,621)	\$ (14,973,788)
Interest cost	\$ 2,015,470	2,111,952
Actual (loss) return on assets	684,408	(4,644,872)
Amortization of prior service costs	442,267	121,085
Amortization of loss	2,208,584	2,199,456
Difference between expected and actual return on assets	(3,822,680)	1,608,755
Net periodic pension cost	\$ 1,528,049	\$ 1,396,376
Net gain (loss)	\$ (1,887,949)	\$ 1,639,779
Prior service cost	(442,267)	(121,085)
Pension-related changes other than net periodic pension cost	\$ (2,330,216)	\$ 1,518,694
Prepaid benefit cost	\$ 6,954,381	\$ 8,482,430
Accumulated benefit obligation	56,910,890	61,779,828
Vested benefit obligation	55,894,475	60,623,063
Net periodic pension cost	1,528,049	1,396,376
Benefits paid	3,382,363	3,060,604
Measurement date	12/31/2018	12/31/2017

Estimated future benefit payments:

2019	\$ 3,643,798
2020	3,625,510
2021	3,667,782
2022	3,718,102
2023	3,812,284
Years 2024-2027	18,581,096

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, 40-70% in fixed income and 30-60% 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, 2018 and 2017 are as follows. See Note 5 for descriptions of inputs for each type of asset.

	Fair Value Measurements at Dec. 31, 2018, using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Accrued interest	\$ 258,936	\$ -	\$ -
Money market accounts	873,336	-	-
U.S. Government and agency obligations	-	10,173,194	-
Asset backed securities	-	637,123	-
Municipal bonds	-	3,971,276	-
Corporate bonds	-	15,075,278	-
Common stock:			
Materials	320,739	-	-
Industrials	788,041	-	-
Consumer discretionary	750,589	-	-
Consumer staples	885,548	-	-
Energy	576,777	-	-
Health care	2,137,164	-	-
Financials	2,159,984	-	-
Telecommunication	821,890	-	-
Technology	2,765,154	-	-
Utilities	544,240	-	-
	\$ 12,882,398	\$ 29,856,871	\$ -

NOTE 14 – EMPLOYEE BENEFITS (continued)

	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	-	-	-
Industrials	3,409,523	-	-
Consumer discretionary	2,148,353	-	-
Consumer staples	1,736,608	-	-
Energy	780,075	-	-
Health care	3,099,653	-	-
Financials	3,170,298	-	-
Telecommunication	-	-	-
Technology	3,292,621	-	-
Utilities	562,002	-	-
	<u>\$ 19,375,304</u>	<u>\$ 27,430,736</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	2018	2017
Discount rate	4.01%	3.37%
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, 2018 are \$1,528,049 and \$442,267, 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, 2018 and 2017:

	2018	2017
Benefit obligation	\$ (5,127,475)	\$ (5,137,839)
Fair value of plan assets	1,460,717	662,170
Funded status	<u>\$ (3,666,758)</u>	<u>\$ (4,475,669)</u>
Service cost	\$ 653,399	\$ 541,379
Interest cost	185,551	147,058
Actual (loss) return on assets	112,162	(13,476)
Amortization of prior service costs	370,027	370,027
Amortization of loss	53,533	-
Difference between expected and actual return on assets	(180,416)	(9,274)
Net periodic pension cost	\$ 1,194,256	\$ 1,035,714
Net loss	\$ (1,633,140)	\$ 3,809,982
Prior service cost	(370,027)	(370,027)
Pension-related changes other than net periodic pension cost	\$ (2,003,167)	\$ 3,439,955
Prepaid benefit cost	\$ (651,075)	\$ (385,503)
Accumulated benefit obligation	1,254,953	1,356,908
Vested benefit obligation	1,453,765	1,356,908
Net periodic pension cost	1,194,256	1,035,714
Benefits paid	17,975	1,517
Measurement date	12/31/2018	12/31/2017

Estimated future benefit payments:

2019	\$ 29,501
2020	40,534
2021	54,964
2022	82,293
2023	112,241
Years 2024-2028	928,001

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, 40-70% in fixed income and 30-60% in equities. Prohibited investments include real estate investment trusts, real estate partnerships, mutual funds, private equity, hedge funds and guaranteed investment certificates.

NOTE 14 – EMPLOYEE BENEFITS (continued)

The fair value of Plan B assets at December 31, 2018 and 2017 are as follows. See Note 5 for descriptions of inputs for each type of asset.

	Fair Value Measurements at Dec. 31, 2018 using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Accrued interest	\$ 7,941	\$ -	\$-
Money market accounts	31,639	-	-
U.S. government and agency obligations	-	497,647	-
Municipal bonds	-	49,579	-
Corporate bonds	-	467,949	-
Common stock:			
Materials	11,334	-	-
Industrials	19,698	-	-
Consumer discretionary	27,082	-	-
Consumer staples	30,969	-	-
Energy	20,378	-	-
Health care	75,383	-	-
Financials	76,043	-	-
Telecommunication	29,247	-	-
Technology	96,758	-	-
Utilities	19,070	-	-
	<u>\$ 445,542</u>	<u>\$ 1,015,175</u>	<u>\$-</u>

	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>

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	2018	2017
Discount rate	3.62%	4.21%
Expected return on plan assets	7.00%	7.00%
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, 2018 are \$1,194,256 and \$370,027, respectively.

NOTE 15 – LIQUIDITY AND AVAILABILITY

The Legion's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2018	2017
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,012,220	\$ 2,174,906
Accounts receivable, net	5,460,308	5,040,578
Interest receivable	885,540	904,673
Investments	131,581,394	131,325,990
Total financial assets	<u>140,939,462</u>	<u>139,446,147</u>
Less amounts not available for general expenditure within one year:		
Donor-restricted endowment funds	(13,523,191)	(13,011,848)
Financial assets not available to be used within one year	<u>(13,523,191)</u>	<u>(13,011,848)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 127,416,271</u>	<u>\$ 126,434,299</u>

As part of the Legion's liquidity management, the Legion invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 16 – 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, 2018

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
ASSETS						
Cash and cash equivalents	\$ 2,145,654	\$ 493,954	\$ 105,199	\$ 267,413	\$ -	\$ 3,012,220
Accounts receivable	5,430,308	272,534	311,874	2,680	(557,088)	5,460,308
Interest receivable	733,983	38,583	59,345	53,629	-	885,540
Prepaid expenses and deposits	2,755,099	-	-	-	-	2,755,099
Deferred membership expense	4,077,478	-	-	-	-	4,077,478
Due from American Legion Endowment Fund	2,000,000	-	-	-	(2,000,000)	-
Inventory	2,861,202	-	-	-	-	2,861,202
Investment in affiliate (CFA)	11,070	-	-	-	-	11,070
Beneficial interest in trust	-	-	76,729	-	-	76,729
	<u>20,014,794</u>	<u>805,071</u>	<u>553,147</u>	<u>323,722</u>	<u>(2,557,088)</u>	<u>19,19,646</u>
Investments						
General	18,387,061	-	-	-	-	18,387,061
Segregated for Restricted and Reserved funds	34,986,881	-	-	-	-	34,986,881
Paid-Up-For-Life Membership fund	25,452,708	-	-	-	-	25,452,708
Samsung scholarship fund	7,209,799	-	-	-	-	7,209,799
Building funds	6,501,856	-	-	-	-	6,501,856
Sept. 11 Memorial scholarship fund	14,349,042	-	-	-	-	14,349,042
Special account – Endowment Fund	-	-	2,009,882	-	-	2,009,882
General account – Endowment Fund	-	-	8,037,160	-	-	8,037,160
National Emergency Fund	-	-	-	5,822,925	-	5,822,925
American Legion Charities	-	5,006,983	-	-	-	5,006,983
Other	3,817,097	-	-	-	-	3,817,097
	<u>110,704,444</u>	<u>5,006,983</u>	<u>10,047,042</u>	<u>5,822,925</u>	<u>-</u>	<u>131,581,394</u>
Property, plant and equipment, net	<u>3,753,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,753,291</u>
	<u>\$ 134,472,529</u>	<u>\$ 5,812,054</u>	<u>\$ 10,600,189</u>	<u>\$ 6,146,647</u>	<u>\$ (2,557,088)</u>	<u>\$ 154,474,331</u>
LIABILITIES						
Accounts payable	\$ 3,747,879	\$ 803,541	\$ -	\$ -	\$ (557,088)	\$ 3,994,332
Scholarships payable	1,406,831	-	-	-	-	1,406,831
Due to American Legion National Headquarters	-	-	2,000,000	-	(2,000,000)	-
Deposits on emblem merchandise sales	453,450	-	-	-	-	453,450
Deferred income	1,416,956	-	-	-	-	1,416,956
Deferred dues income	24,893,121	-	-	-	-	24,893,121
Deferred income – direct membership solicitation	3,382,071	-	-	-	-	3,382,071
Accrued vacation benefits	754,932	-	-	-	-	754,932
Accrued pension expense	17,838,379	-	-	-	-	17,838,379
Other liabilities	1,044,811	-	-	-	-	1,044,811
Notes payable	426,698	-	-	-	-	426,698
Deferred dues income – Paid-Up-For-Life Membership	22,367,575	-	-	-	-	22,367,575
Life memberships due to state and local posts	25,041,442	-	-	-	-	25,041,442
	<u>102,774,145</u>	<u>803,541</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,557,088)</u>	<u>103,020,598</u>
NET ASSETS						
Without donor restriction	8,113,877	1,638,895	269	-	-	9,753,041
With donor restriction	23,584,507	3,369,618	8,599,920	6,146,647	-	41,700,692
Total net assets	<u>31,698,384</u>	<u>5,008,513</u>	<u>8,600,189</u>	<u>6,146,647</u>	<u>-</u>	<u>51,453,733</u>
	<u>\$ 134,472,529</u>	<u>\$ 5,812,054</u>	<u>\$ 10,600,189</u>	<u>\$ 6,146,647</u>	<u>\$ (2,557,088)</u>	<u>\$ 154,474,331</u>

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
	17,721,775	609,033	248,286	72,189	(2,094,227)	16,557,056
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
	110,903,487	4,749,866	9,881,207	5,791,430	-	131,325,990
Property, plant and equipment, net	4,489,117	-	-	-	-	4,489,117
	\$ 133,114,379	\$ 5,358,899	\$ 10,129,493	\$ 5,863,619	\$ (2,094,227)	\$ 152,372,163
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
	106,793,675	2,268	2,002,988	-	(2,094,227)	106,704,704
NET ASSETS						
Unrestricted	3,330,550	1,847,165	457	-	-	5,178,172
Temporarily restricted	22,990,154	3,509,466	8,126,048	5,863,619	-	40,489,287
Total net assets	26,320,704	5,356,631	8,126,505	5,863,619	-	45,667,459
	\$ 133,114,379	\$ 5,358,899	\$ 10,129,493	\$ 5,863,619	\$ (2,094,227)	\$ 152,372,163

SUPPLEMENTARY INFORMATION:
THE AMERICAN LEGION NATIONAL HEADQUARTERS
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2018

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
Revenue, gains and other support						
National member dues	\$ 30,394,651	\$ -	\$ -	\$ -	\$ -	\$ 30,394,651
Direct membership solicitation	6,074,433	-	-	-	-	6,074,433
Member service fees income	636,526	-	-	-	-	636,526
Affinity income	4,228,914	-	-	-	-	4,228,914
Sales of emblem items	13,917,701	-	-	-	-	13,917,701
Advertising	8,674,307	-	-	-	-	8,674,307
Contributions	14,418,100	2,012,773	653,273	596,115	(1,792,525)	15,887,736
Label and printing fees	360,920	-	-	-	-	360,920
Interest and dividends, net of fees	2,534,510	144,604	199,740	179,615	-	3,058,469
Net realized gains (losses)	(357,477)	(24,758)	(34,180)	(25,243)	-	(441,658)
American Legion Endowment Fund income	227,000	-	-	-	(227,000)	-
Other	4,146,753	-	-	-	-	4,146,753
	<u>85,256,338</u>	<u>2,132,619</u>	<u>818,833</u>	<u>750,487</u>	<u>(2,019,525)</u>	<u>86,938,752</u>
Expenses						
Salaries	17,262,927	-	-	-	-	17,262,927
Employee benefits	5,962,222	-	-	-	-	5,962,222
Cost of sales – Legion	7,468,856	-	-	-	-	7,468,856
Department and magazine costs	1,564,384	-	-	-	-	1,564,384
Direct publications	10,240,139	-	-	-	-	10,240,139
Executive, staff and program travel	3,818,330	-	5,458	-	-	3,823,788
Commission and committee	1,700,086	-	-	-	-	1,700,086
Printing and postage	12,567,362	-	-	-	-	12,567,362
Scholarships, grants and awards	1,600,957	1,522,750	227,000	251,980	(1,519,525)	2,083,162
Office and other operating	14,589,104	38,460	16,694	1,896	-	14,646,154
Occupancy and usage	2,120,396	-	-	-	-	2,120,396
Special projects and programs	3,484,690	729,350	-	-	(500,000)	3,714,040
	<u>82,379,453</u>	<u>2,290,560</u>	<u>249,152</u>	<u>253,876</u>	<u>(2,019,525)</u>	<u>83,153,516</u>
Change in net assets from operations	2,876,885	(157,941)	569,681	496,611	-	3,785,236
Net unrealized gains (losses) - investments	(2,272,528)	(190,177)	(95,997)	(213,583)	-	(2,772,285)
Net change in PUFL	2,702,057	-	-	-	-	2,702,057
Amortization of pension loss	(2,262,117)	-	-	-	-	(2,262,117)
Pension-related changes other than net periodic pension cost	4,333,383	-	-	-	-	4,333,383
Change in net assets	5,377,680	(348,118)	473,684	283,028	-	5,786,274
Net assets, beginning 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>
Net assets, end of year	<u>\$ 31,698,384</u>	<u>5,008,513</u>	<u>8,600,189</u>	<u>6,146,647</u>	<u>-</u>	<u>51,453,733</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	<u>(4,958,649)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,958,649)</u>
Change in net assets	<u>(3,253,560)</u>	<u>1,401,943</u>	<u>158,978</u>	<u>891,996</u>	<u>-</u>	<u>(800,643)</u>
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>

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

legion.org
legion.org/join
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twitter.com/AmericanLegion