



THE AMERICAN LEGION ANNUAL REPORT

2015

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.*

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California District Commander Tony Stewart shakes hands with a Marine recovering at Balboa Naval Hospital during a barbecue sponsored by Operation Comfort Warriors in San Diego. Photo by Sandy Huffaker Jr./The American Legion

“This is the Legion’s mission at work: veterans helping veterans. When you are active-duty military, that’s all you do. That’s what your life is. You learn to love your brothers and sisters and look after them. And now that’s afforded to us again.”

– **D.J. Douglass**, second vice commander, University of Akron American Legion Post 808

Who we are, what we do

Across the country and around the world, The American Legion is evolving.

College campus posts are springing into existence to better serve student veterans and their families. They network online, share best practices and stay connected through social media. In communities such as Green River, Wyo., Portland, Ore., and Tulsa, Okla., long-established posts are transforming to cater to the interests of the post-9/11 generation of veterans. In Panama City, Fla., the Legion Riders chapter is attracting new members from the active-duty ranks. In Alexandria, Va., Legionnaires are running and bicycling with veterans of Team Red, White and Blue. Groups like The Mission Continues, Student Veterans of America and Team Rubicon are likewise embracing the common bond of military service, regardless of war era, with the Legion. Even in places like Belgium, where membership in Flanders Field Post BE02 has soared from just a handful to more than 80 in the past two years, interest in the Legion is climbing among military personnel and U.S. veterans living in Europe.

What is causing this revival? Service. Values. Camaraderie. Honor. Purpose. The same founding principles that have guided The American Legion for nearly a century.

Veterans of the longest war in U.S. history are re-entering civilian lives with unique needs and expectations, along with a passion to continue serving causes bigger than themselves. “I joined the Legion because I like helping others, and I like to volunteer in our community,” said Krista Mette, who at 29 became the first female post commander in Teutopolis, Ill. “By joining The American Legion, you’re not just improving someone else’s life. You’re improving your own life because you are learning new skills, new trades, and you have a common goal to help veterans.”

Such words could just as easily have been spoken by Theodore Roosevelt Jr. or Harry Colmery nearly a century ago when they helped found the organization.

Post development is just one aspect. Young veterans are turning to the Legion’s nearly 3,000 service officers for help with their benefits and health care. The Legion is involved in more than 1,000 veteran hiring events each year. And for veterans looking to convert military experience into credits to obtain licenses and credentials in skilled professions, The American Legion is the nation’s leader among industries, agencies and government offices at every level.

As the war persists, the Legion continues to stand with the troops and their mission. Every day we fight in Washington to protect military benefits, ensure that quality-of-life needs are met and that those in harm’s way have resources and equipment, a tall order in the era of sequestration.

Legion youth programs and scholarships are now helping another new generation learn values, understand discipline, gain skills, embrace democracy and become leaders of tomorrow. As they do, the post-9/11 veterans joining The American Legion today will, by design, have a firm grip on the organization’s reins, maintaining a legacy and shaping a second century of service guided by values that have proven timeless.

“I knew the Legion did a lot of good things, and so I wanted to join. I’m still involved because they feed soldiers and their families before a deployment. The Legion is a great benefit to the Arizona National Guard.”

– **Steve Brauss**, Army veteran who joined Arizona Post 53 nearly 15 years ago

Support for the men and women now serving

The American Legion places a high priority on ensuring quality of life for, and fair treatment of, military men and women. It’s a value that follows servicemembers into civilian life and extends to their families, when they are in the service and after discharge. Many Legion programs directly serve military personnel and their families, including Operation Comfort Warriors, Temporary Financial Assistance and the Family Support Network.

The American Legion recently beefed up its online presence in this area of advocacy with a new web page, **www.legion.org/family**. The Troop and Family Support page offers valuable information and links for troops and their families looking for assistance.

The Legion is active in military communities worldwide. One example is the Legion’s participation in the nationwide Quilts of Valor program in Indianapolis last May. Members of the American Legion Family volunteered their time to help prepare handmade quilts for wounded servicemembers and veterans recovering in military hospitals.

Another example is the Legion’s relationship with Soldier’s Wish, which sponsors special events to grant wishes to U.S. military personnel, veterans and their families across the country. The relationship gives the Legion an opportunity to promote its programs and services to those who need them, and to increase awareness of American Legion advocacy and values.

Contact

■ americanism@legion.org

Connections

■ **www.legion.org/family**

■ **www.legion.org/troops**

■ **www.legion.org/soldierswish**



MEJIA

JOIN
 Donations can be made to
 American Legion Chapters, one
 specific program or multiple
 programs. To contribute:
 Go online to:
 @ www.legion.org/donate
 Mail a check to American Legion
 Charities
 P.O. Box 361626
 Indianapolis, IN 46236
 For questions, call (317) 860-3009

THE AMERICAN LEGION
 100 YEARS

*Arizona Legion Family members support National Guard troops during the state's first muster event in over a century.
 Photo by Lucas Carter/The American Legion*



*The Kansas Legion Family raised funds to provide James Harris, center, with a service dog to help his manage his PTSD and TBI.
Photo by Travis Heying/The American Legion*

“Veterans and people in the military, they go to war – it’s traumatic. It just is. You’re not supposed to see something like that ... and be as you were before you went. That’s not reasonable.”

– **Dr. Constance Scharff**, speaking at American Legion Post 43 in California before presenting a \$20,000 donation on behalf of Cliffside Malibu to help the Legion’s PTSD-TBI efforts

Signature wounds of the war

Traumatic brain injury (TBI) and post-traumatic stress disorder (PTSD) are considered the signature wounds of the post-9/11 wars. As it has for nearly a century, The American Legion continues to work as a tireless advocate for those battling the conditions.

In 2014, the Legion conducted a PTSD-TBI symposium that received national media coverage and released findings from its PTSD-TBI survey of more than 3,100 respondents. Another survey was launched in summer 2015.

Resolutions passed at the 2014 National Convention called on the Department of Defense to improve its investigation and prosecution of reported cases of military sexual trauma, demanded improvements in VA health-care programs for women veterans, and called on Congress to provide oversight and funding to DoD and VA for innovative TBI and PTSD research currently used in the private sector. The issue is so high on the Legion’s priority list that it was the key message in American Legion National Commander Mike Helm’s testimony before a joint session of the House and Senate committees on Veterans’ Affairs in February. The Legion also united with Grammy Award-winning artists The Oak Ridge Boys to raise awareness and support for needs of veterans, including better detection and treatment of PTSD.

Contact

■ var@legion.org

Connections

■ www.legion.org/veteranshealthcare

■ www.legion.org/suicideprevention

■ See “The War Within,” a report of The American Legion’s advocacy for veterans with PTSD-TBI, at www.legion.org/publications

“You don’t have to go through somebody putting you on hold to go find somebody, and then that not being the person to help you. It’s very valuable coming here and going face to face with these guys.”

– **Army veteran Irving Joyner**, who attended the January Veterans Benefits Center in Bay Pines, Fla.

Crisis to confidence: Veterans Benefits Centers

In May 2014, after it became clear that veterans were dying while waiting in line for VA appointments and hospital directors were receiving performance bonuses based on falsified records, The American Legion demanded change at the top. Following that, and the resignation of the VA secretary, whistleblowers and frustrated veterans began stepping forward in their communities, reporting problems ranging from lack of reasonable access to persistent delays in claims adjudication.

The American Legion took its advocacy on the road, conducting Veterans Crisis Command Centers nationwide, providing firsthand assistance in the hardest-hit communities. In less than a year, the Legion conducted 16 such events, working with VA to solve the problem one veteran at a time. Nearly 4,000 were assisted and more than \$1 million in retroactive benefits compensation awarded. After the 11th event, the program was renamed Veterans Benefit Centers because, as Veterans Affairs & Rehabilitation Chairman Ralph Bozella put it, “This crisis has to end ... We cannot do it alone. VA cannot do it alone. We have to work together.”

The centers have helped homeless veterans find shelter and disability assistance. They have counseled dozens of grieving spouses who did not understand their survivor benefits. Disability ratings have been adjusted for qualified veterans at the centers. Service officers and VA claims processors have worked together, and learned from each other and from the families they serve, to resolve problems, including communications breakdowns. One VBC even offered flu shots. The centers will continue at least through the end of 2015, and the Legion’s call for restored trust will continue as long as the need exists.

Contact

■ var@legion.org

Connections

- www.legion.org/publications/226222/crisis-confidence
- www.legion.org/veteranshealthcare



*Air Force veteran Joe Fornino chats with Veterans Affairs & Rehabilitation Director Louis Celli Jr. at the Veterans Benefits Center at Bay Pines VA Medical Center in St. Petersburg, Fla.
Photo by Lucas Carter/The American Legion*



Operation Comfort Warriors donated clothing and other items to Overton Brooks VA Medical Center in Shreveport, La., in October.

Photo by Henry Howard/The American Legion

“Every item becomes so priceless to the veteran.”

– **Melissa Heinlein**, chief of Voluntary Services, Philadelphia VA Medical Center

Operation Comfort Warriors improves lives

Wounded servicemembers and veterans from Philadelphia to Shreveport, La., from San Diego to San Antonio, and many other locations around the world received help this year from The American Legion’s Operation Comfort Warriors program.

Donations are used to purchase or provide items for sick or wounded warriors recovering in military facilities, severely injured veterans transitioning back to civilian life, and those who use VA facilities in selected cases. Donations have helped purchase loose-fitting sweatsuits for burn victims, exercise equipment for sports adaptive-therapy programs, recreational outings for wounded servicemembers and their families, and more.

Staff members from National Headquarters work with Legion departments, VA and DoD warrior transition units to identify needs. Once the need is identified and items are approved, the Legion arranges for the purchase, delivery and presentation.

Highlights in 2014-2015

- Starting at the beginning of 2015, Operation Comfort Warriors participated in the Legion’s monthly Veterans Benefits Centers across the country, providing aid to wounded servicemembers and homeless veterans.
- About 900 wounded warriors from Brooke Army Medical Center in San Antonio and their family members were treated to a day at a nearby Six Flags amusement park in September.
- OCW provided quarterly dinners for wounded warriors from Walter Reed Medical Center. Guests also received Amazon gift cards. Two warriors also won Samsung Galaxy tablets in a special drawing.
- The Dr Pepper Snapple Group donated \$31,626 to OCW. Last summer, the company donated 25 cents for each case of Dr Pepper, 7UP or Snapple sold during a promotion in Iowa.

Contact

- ocw@legion.org

Connections

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

“It’s the perfect fit, really. We’re like a traditional veterans group on campus, but the difference is that we are backed by the recognizable name of The American Legion.”

– **Steven Downey**, commander of University of Akron Post 808

The rise of American Legion campus posts

In the past year, fellowship-minded student veterans continued founding American Legion posts at colleges and universities nationwide, providing new, young faces behind the Legion’s longtime leadership in veterans education. The campus post phenomenon started in 2011, when veterans from the student and faculty ranks at Indiana University-Purdue University Indianapolis launched University Post 360. What began as a simple idea has grown into a full-blown movement.

In the four years since, Legion posts have been popping up at institutions of higher learning across the land. Legion posts have found their place at traditional brick-and-mortar institutions and non-traditional schools alike.

Each post welcomes as members student veterans, alumni and faculty. The older student veterans and faculty often serve as mentors to the younger members, and post meetings provide the support and camaraderie members knew in the service. Campus posts also look out for the student veteran population, developing relationships with administrators and ensuring that the campus remains veteran-friendly.

A notable addition to the campus post ranks is University Post 808 at the University of Akron in Ohio. There, nearly 150 student veterans, faculty and alumni have formed in less than a year’s time a flagship post that counts among its membership young student veterans and longtime school administrators who have years of experience in academia.

The post has helped make a military-friendly school even more so. Professors and faculty who are members are paired with student-veteran members according to their areas of study to provide academic and career guidance. The post also sits on a Military Veterans Steering Committee that meets monthly to address student veterans’ issues.

The American Legion encourages departments and Legionnaires to work closely with student veterans and academic institutions to help found posts at local colleges and universities, lending the Legion’s name to student veterans and giving them leverage when they approach administrators or attempt to effect change at their schools. The campus post initiative is the latest – and perhaps most fitting – chapter in the Legion’s storied history of protecting veterans education, starting with the GI Bill of Rights over 70 years ago and extending into the modern Post-9/11 GI Bill era.

Contact

■ econ@legion.org

Connections

■ www.legion.org/education



*American Legion Akron Post 808 members
2nd Vice Commander D.J. Douglass, Post
Commander Steven Downey and Adjutant
Jay Musson, from left, view the POW-MIA
"Chair of Honor" at InfoCision Stadium at
the University of Akron.*

Photo by Alex Slitz/The American Legion



Seventy employers participated in an American Legion veterans job fair during the Washington Conference in February. Photo by Lucas Carter/The American Legion

“There’s going to be more guys and girls who are coming home, and a lot of them are the 24-year-olds who went from high school straight into the service and have nowhere to go.”

– **Bob Looby**, past New Jersey department commander and veterans job fair organizer

Career connections for veterans and their families

The American Legion’s Veterans Employment & Education Commission is dedicated to its core mission of helping servicemembers find meaningful civilian careers after discharge from the U.S. military. To accomplish this, the commission provides grassroots assistance to veterans in the areas of education, employment and homelessness prevention. That assistance goes hand in hand with the Legion’s dedicated advocacy on Capitol Hill and state legislatures.

Specifically, the Legion has honed in on easing the challenges servicemembers face in obtaining civilian licenses and certifications in specialized fields after they leave the military. The problem has been the same since the mid-1990s, when the Legion was the first organization to raise awareness of the issue. The military is providing best-of-class training to its personnel in fields such as truck driving or emergency aid, but that training doesn’t necessarily fulfill obligations for earning licenses or certifications in related civilian fields. The American Legion successfully pushed for passage of federal laws to help correct the problem. In 2014, the focus turned to lobbying state legislatures and agencies.

That year, the commission also coordinated and co-sponsored veterans job fairs that reached all areas of the country, including small towns and major metropolitan areas. These fairs, often co-sponsored by the U.S. Chamber of Commerce in its Hiring Our Heroes initiative, connect veterans, servicemembers and spouses with military-friendly employers who are ready to hire. This year, the Legion hosted or co-sponsored nearly 150 of these fairs. Of particular note was a Legion-sponsored veterans job fair in Atlantic City, N.J., which led to nearly 300 veterans being hired as longshoremen with the Port Authority of New York and New Jersey. Local posts conduct more than 1,000 career events throughout the country annually as well.

Key relationships

- **Military.com**, powering the Legion’s Veterans Career Center online, with job listings searchable by ZIP code
- **AVUE Technologies**, for federal government career information and listings
- **U.S. Chamber of Commerce**, Hiring Our Heroes career fairs
- **HirePurpose**, listing military-friendly employers and their career opportunities

Contact

- econ@legion.org

Connections

- www.legion.org/careers

“This says ‘The American Legion’s legislative priorities,’ but I would just shorten it to ‘America’s priorities.’”

– Rep. Tim Walz, D-Minn., during American Legion National Commander Mike Helm’s testimony before Congress in February

At work every day on Capitol Hill

In the wake of a nationwide scandal at the Department of Veterans Affairs last year, The American Legion worked with Congress on the Veterans Access, Choice, and Accountability Act of 2014, a measure to help reform VA’s management culture and improve access to medical care for veterans. The bill was signed into law Aug. 7. By then, the Legion, Congress and VA were at work gauging the magnitude of the problem and mapping out solutions.

The Legion’s Legislative Commission has tracked implementation of the law’s mandates and is directing staff to work with Congress to fine-tune its provisions and push for improvements, such as support for the Increasing the Department of Veterans Affairs Accountability to Veterans Act of 2015, introduced in the House of Representatives in January.

As Congress considers its course of action to reform VA, The American Legion is also confronting a number of other legislative issues, including military retirement, GI Bill benefits and more. Working with both Armed Services committees, the Legion is fighting to prevent budget-driven changes from damaging our national security and ability to stand up an all-volunteer force.

Legislative priorities

- Enforce laws to help VA deliver health care and benefits to veterans more effectively
- Enable VA to adopt more complementary and alternative medicine for treating TBI and PTSD
- Improve GI Bill benefits to offer more assistance to veterans who wish to pursue careers in small business
- Substantially improve the delivery of VA health care to women and rural veterans
- Amend the Constitution to protect the U.S. flag from physical desecration

Contact

- leg@legion.org

Connections

- www.legion.org/legislative
- capwiz.com/legion/home (Legislative Action Alerts)
- www.legion.org/newsletters (Legislative Update)



Annie Day Henry, first vice commander of District 10, U.S. Virgin Islands, prepares to brave a snowy Capitol during the Washington Conference.

Photo by Lucas Carter/The American Legion



*Sgt. Douglas Ouellette and Pfc. Dylan Dalton, 101st Airborne Division, advance on their target during partnered marksmanship training at Tactical Base Gamberi in eastern Afghanistan.
U.S. Army photo by Capt. Charlie Emmons*

“Those that would cut those life-saving projects should be sent to the war zones for one full tour of duty, I betcha they would come home with a different point of view.”

– American Legion National Headquarters Facebook commenter, in response to sequestration

Protection for our protectors

As Congress continues to debate current budget proposals, The American Legion remains steadfast in its advocacy to end troop drawdowns and ensure military readiness while war continues in the Middle East. The Legion is also pushing for DoD-VA collaborations regarding military pay, retirement and other benefits. Upholding one of the organization’s founding pillars, the National Security Commission is dedicated to a well-funded DoD, preservation of a decent quality of life for military members and their families, and smooth transitions after discharge.

The American Legion’s portfolio of troop support extends to those who have not yet come home. The Legion, engaged in every step along the way, has united with several agencies to form the new Defense POW/MIA Accounting Agency, providing it with guidance on the recovery and accounting of missing servicemembers from past conflicts.

Knowing the importance of the sacrifices soldiers and civilians made for each other on a fateful day at Fort Hood in 2009, The American Legion called for action, urging DoD to reclassify the deadly shooting there as an act of terrorism due to the fact that Army Maj. Nidal Hasan was in contact with an al-Qaida leader prior to carrying out his attack. A resolution passed by the Legion prompted corresponding legislation in the 2015 National Defense Authorization Act passed by Congress, which included provisions to award victims of the massacre the Purple Heart.

The American Legion’s dedication to protecting and supporting those who serve in the U.S. Armed Forces, as well as those who have served and earned their military benefits, is an intractable plank in the organization’s platform of values.

National Security priorities

- End sequestration and the effect it has on U.S. military strength
- Properly fund the Department of Defense and military operations at a time of war
- Protect military benefits
- Improve investigation and prosecution in cases of military sexual assault

Contact

- nsfr@legion.org

Connections

- www.legion.org/security

“I highly encourage all my young guys (to join the Legion). I’ll tell them ... you’re going to make a lot of great friends. And at the end of the day I say, ‘These people are going to take care of you.’”

– U.S Air Force Staff Sgt. **Joshua Bragg**, a member of Post 392 in Panama City, Fla.

Camaraderie, support through Legion membership

The greater The American Legion’s membership, the more powerful its voice when lobbying on behalf of America’s servicemembers, veterans, families and communities. National Headquarters works daily with departments, districts and posts to keep the organization growing, and revitalizing.

As plans take shape to increase membership for the organization’s centennial in 2018 and 2019, the Legion’s Membership & Post Activities Committee’s five-year growth strategy has been replicated and tailored at the department and local levels. Plans include new ideas and efforts for marketing, communication, leadership training, post development and recruiting.

Many join the Legion after receiving requests online or through the mail, but members are much more likely to renew if they become active in local posts, sharing experiences alongside their fellow veterans. To stimulate the transition to local post membership, national staff teams routinely conduct revitalizations and other membership-generation activities. These efforts have produced many recent successes. For example, revitalizations in Delaware, Illinois, Oklahoma, Minnesota and Wyoming resulted in more than 400 transfers into local posts, and more than 140 new or renewed members. Multiple revitalization efforts are scheduled for the remainder of the year, to complement traditional membership efforts at the local level.

Membership & Internal Affairs initiatives

- Provide training through LEAD, the Legion’s Leadership Education and Development program
- Increase awareness of American Legion Riders and other membership-generating programs
- Active involvement in membership marketing
- Development and distribution of recruitment materials
- Provide leadership training through American Legion College

Contact

- ia@legion.org

Connections

- www.legion.org/membership
- www.legion.org/recruiting



*National American Legion
College provides information
about the resolutions process
within a diverse curriculum.*

*Photo by Lucas Carter/
The American Legion*

Brooklawn, N.J., players Ray Taylor and Pete Farlow are all smiles after helping their team to the 2014 American Legion Baseball World Series title in Shelby, N.C.
Photo by Lucas Carter/The American Legion



“American Legion Baseball helped me take my game to the next level because I played with so many great athletes.”

– **Albert Pujols**, Los Angeles Angels first baseman who played Legion Baseball for Post 341 in Independence, Mo.

ESPN broadens coverage of Legion World Series

ESPN has expanded its live coverage of The American Legion World Series (ALWS), starting with the 2015 tournament. The network announced that beginning this year, it will air the championship game and both semifinal contests. ESPN’s webcasting service will broadcast the four days of pool play that precede the semifinals.

The American Legion and the Shelby, N.C., American Legion Baseball World Series Committee signed a five-year contract last year with ESPN to televise the championship game. ESPN’s commitment is directly tied to the surge in attendance since Shelby became the permanent home of the series in 2011.

Viewership of The American Legion Baseball World Series has expanded in recent years thanks to ESPN3.com live streaming all games. The Shelby attendance has blossomed, too: total paid attendance for the 2014 ALWS was 110,036, eclipsing the previous record of 104,726 in 2013.

Since 1925, American Legion Baseball has been woven into the fabric of the nation. More than 70,000 athletes a year participate on post-sponsored teams in all 50 states. Many of Major League Baseball’s most notable players – Greg Maddux, Ryne Sandberg and Don Mattingly among them – came of age playing Legion ball in the summer, and many say that it showed them the right way to compete and present themselves both on and off the field.

2014 American Legion World Series Champions

- Brooklawn, N.J., Post 72 (second consecutive year)

2014 George Rulon American Legion Baseball Player of the Year

- Sean Breen, Post 72, Brooklawn, N.J.

2015 American Legion Baseball Graduate of the Year

- Alex Gordon, Kansas City Royals, who played for Post 3, Lincoln, Neb.

Contact

- baseball@legion.org

Connections

- www.legion.org/baseball

“The one thing that I would like to do is to speak directly to The American Legion and say thank you ... because this program made a big difference in my life.”

– **Scott L. Scarborough**, University of Akron president, 1980 American Legion Texas Boys State governor

The cultivation of future American leaders

The American Legion's Americanism Commission continues to foster and enrich the lives of young men and women – a responsibility it has been upholding for decades. More than 170,000 young men and women participated in Americanism youth programs in 2014. Participants learned important values such as leadership and citizenship through Boys State, Boys Nation, Oratorical contests, Junior Shooting Sports, Boy Scouts and the Youth Cadet Law Enforcement Program.

The Youth Cadet Law Enforcement Program is the most recent addition to Americanism's portfolio of youth programs. Founded in 1985, the program provides a week's worth of hands-on education sessions to young men and women on the importance of law enforcement and the day-to-day life of an officer. It was transferred from the National Security Commission to Americanism in 2011, and continues to teach young people respect for law enforcement while giving them a glimpse of an average day's work for a police officer or state trooper. Currently, 17 American Legion departments operate Youth Cadet Law Enforcement programs.

American Legion youth programs will continue to enjoy robust participation as they produce the next generation of law enforcement officers, political leaders, entertainers, Major League Baseball players, astronauts and high-profile public servants. After all, molding today's youth into the leaders of tomorrow is a founding premise of both Americanism and The American Legion as an organization.

Contact

- juniorshooting@legion.org (Junior Shooting Sports)
- boysstate-nation@legion.org (Boys State and Boys Nation)
- baseball@legion.org (American Legion Baseball)
- oratorical@legion.org (Oratorical Contest)
- juniorlaw@legion.org (Youth Cadet Law Enforcement Program)
- scouting@legion.org (support for Boy Scouts of America)

Connections

- www.legion.org/programs



2014 Boys Nation participants celebrate their graduation in Arlington, Va.
Photo by Lucas Carter/The American Legion



A first-year recipient of The American Legion Samsung Scholarship, Dr. Rachel Forbes is now a kidney transplant surgeon at Vanderbilt University Medical Center in Nashville, Tenn. She also works as a kidney transplant surgeon at the Nashville VA Medical Center, where she is "very grateful to have the opportunity to take care of veterans and help them almost on a daily basis."

*Photo by Martin B. Cherry/
The American Legion*

"I was so excited when I read your email that everything felt surreal. Your message overwhelmed me, my family and my friends with happiness and gratitude. I want to thank you and The American Legion for this incredible opportunity."

– **Matthew Hanisch**, 2014 Samsung American Legion Scholarship recipient

American Legion scholarships give students a lift

The American Legion offers several national scholarships to assist young people in their pursuits of higher education. In 2014 alone, the Legion awarded no less than \$538,150 to 231 young scholars.

Some scholarships are awarded in connection with Legion youth programs; these include the Oratorical Contest, a constitutional speech competition that teaches important leadership qualities, the history of our nation's laws, the ability to think and speak clearly, and an understanding of the duties, responsibilities, rights and privileges of U.S. citizenship; the Eagle Scout of the Year Award; and the Legion Baseball All-Academic Team, which includes players nominated by departments in the eight regions.

Another major offering for students is the Legacy Scholarship, which benefits children of parents who died during active-duty military service on or after 9/11. Fundraising for this scholarship is dear to the hearts of many American Legion Family members, and major support comes from the annual Legacy Run motorcycle trek to the national convention city.

In 1996, South Korean electronics giant Samsung endowed a scholarship fund to be administered by the Legion. The scholarship is awarded to high school juniors who complete either the Boys State or Girls State program and are direct descendants or legally adopted children of wartime veterans. In June, Samsung and the Legion once again hosted the previous year's recipients in Washington, D.C., for visits to historic sites and a luncheon.

Contact

■ scholarships@legion.org

Connections

■ www.legion.org/scholarships

“Being a Legionnaire, this is who we are, and it’s what we do. We like to make an impact on a community wherever we are.”

– Legionnaire Paul Norton of Indiana, at a 2014 Rebuilding Together event at a community center in Charlotte, N.C. At the end of the project, Legion Family volunteers put up a new flagpole outside the center.

Emblem Sales: America's home for patriotic goods

More than 1 million American-made U.S. flags are bought from Emblem Sales each year and decorate towns and cities across the United States. The purchasers are posts – for both their own use and to pass along – as well as individuals, businesses, schools, the communities themselves and more, making The American Legion a major national flag provider.

Alongside those flags, Emblem Sales offers several materials on flag education, in keeping with the Legion’s long-standing involvement in honoring and protecting our nation’s colors.

The Emblem Sales Division also promotes and delivers a variety of products, from Legion caps to Legion Riders gear to automobile plates made especially for posts. Nearly everything purchased through Emblem Sales can be personalized with a member’s name or post number. American Legion Auxiliary and Sons of The American Legion items are available as well.

In 2014, Emblem Sales processed 105,538 orders and recorded almost \$12.3 million in total revenue. Orders can be taken online, over the phone, through email or in person at the John H. Geiger Operations Center in eastern Indianapolis, home of Emblem Sales. The Emblem Sales website was recently enhanced to make it easier for smartphone users to navigate.

Emblem Sales shopping

- To receive an Emblem Sales catalog free of charge, call **(888) 453-4466** between 8 a.m. and 5 p.m. Eastern time, fax an order to **(317) 630-1381**, or email **emblem@legion.org**.
- The American Legion Emblem Sales website provides safe, convenient online shopping for a variety of items and products for individuals and posts. **www.emblem.legion.org**
- Learn what to look for when purchasing an American-made U.S. flag from Emblem Sales in an online video. **www.americanlegionflags.com**

Contact

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

Connections

- **www.emblem.legion.org**
- **www.americanlegionflags.com**

*Brian Dilley of the Washington Township
Fire Department sits at the top of a
ladder after securing a garrison flag
between two firetrucks during the
Indiana Blue Star Salute at the Hendricks
County Fairgrounds in Danville, Ind.
Photo by Clay Lomneth/The American Legion*





The 5th District of Georgia puts smiles on faces at its annual "Fishing for Freedom" event at Georgia Power's Plant Wansley Park in Carrollton, Ga.

Photo by Brett Flashnick/The American Legion

“We didn’t catch anything, but we made memories.”

– **Ray Dula**, an Army veteran and single mom who took her four young children to a free day of fishing sponsored by The American Legion Department of Georgia’s 5th District

In service to our communities, states and nation

Members of The American Legion pride themselves on assisting others. In every community in our nation, Legionnaires look out for and take care of veterans and young people. Legion members place flags on grave markers for Memorial Day, raise money to purchase necessary items for wounded warriors, and provide support for children facing illnesses and difficulties. They offer guidance to younger veterans transitioning to civilian life, and part of that guidance is a message for them to keep paying it forward.

Here are some just examples of the differences American Legion members have made this year:

- Around Veterans Day for the past 32 years, the Department of Idaho American Legion Family has provided three state veterans homes with nearly \$1.5 million in food and monetary donations. The food convoy delivers potatoes, canned goods and other items to veterans living in long-term care facilities in Boise, Pocatello and Lewiston.
- Wounded warriors and Gold Star families are treated to a day of fishing and fellowship from the Department of Georgia’s 5th District. The “Fishing for Freedom” event has grown to more than 340 participants since it started five years ago.
- Indiana Post 145 hosted its first “Spirit of Christmas” event, with gifts to children of military families identified as in need during the holiday season. “This is what the Legion is supposed to do,” Post Commander Richard Culp said. “A lot of generous people made this event happen.”

Contact

- americanism@legion.org

Connections

- www.legion.org
- www.legion.org/legiontown

Visit this interactive website to see what posts are doing in their communities, and share stories from your own post.

“I’m amazed by the dedication and commitment these men and women have. To take the time out of their lives to raise money for the Legacy Fund, it’s awesome.”

– Dan Dellinger, past national commander of The American Legion, congratulating The American Legion Family for its record-breaking fundraising in 2014

American Legion Family spirit

Since its founding at Post 396 in Garden City, Mich., in 1993, the American Legion Riders program has become one of the organization’s most visible and popular activities. Whether they’re providing funeral escorts for servicemembers killed in action, participating in parades, raising funds for local charities or embarking en masse on the annual cross-country Legacy Run, the Riders’ reputation and reach continue to grow each year.

With more than 1,500 chapters as far afield as Germany, Puerto Rico, Okinawa and the Northern Mariana Islands, American Legion Riders number more than 100,000. The strength of the Riders comes from efforts at the local post level, where each chapter is managed by its members.

Chapters are active in fundraising and providing community services. For example, Department of Arizona Legion Riders from several chapters teamed up last winter to visit patients at the Prescott VA Community Living Center and residents of the Prescott VA Dorm; they also rode to the USVETS facility to pass out stockings to residents there.

Each year, hundreds of Legion Riders travel from all over the country – and sometimes beyond – to participate in The American Legion Legacy Run. Starting in Indianapolis and finishing at the site of the national convention, the annual ride has raised more than \$5 million for the Legion’s Legacy Scholarship Fund, including a record \$1 million in 2014. The scholarships help pay college tuition for children of U.S. military personnel killed on duty since 9/11.

The Legion could not accomplish these goals without the tireless and enthusiastic cooperation of the entire American Legion Family. In addition to the Legion, the family includes the American Legion Auxiliary (female relatives of Legion-eligible veterans) and Sons of The American Legion (male descendants of Legion-eligible veterans).

Contact

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

Connections

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



Legion Riders get ready to roll in the 2014 Legacy Run to Charlotte, N.C., always a total Legion Family event.

Photo by Tom Stratman/The American Legion



*American Legion 100th Anniversary
Honorary Committee Chairman
Theodore Roosevelt IV prepares for an
on-air interview with the American
Heroes Channel in February.
Photo by Lucas Carter/The American Legion*

“Our relationship with The American Legion is a great success. The results have been outstanding.”

– **R. John Cully**, vice president of Government Vacation Rewards, an American Legion member discount provider and advertiser in Legion media

Growth through marketing, media and communication

In 2014, The American Legion formally combined its Magazine and Public Relations divisions – which had long presided over the organization’s national media program and outside communications – into the Media & Communications Division, putting into motion a strategy in step with today’s plugged-in, real-time world. The Legion now manages more than 40 different media channels, from printed publications to a national website, mobile apps, e-newsletters and social networks.

The division continues to evolve to better position the organization for continued growth and success. The new Marketing, Media & Communications Division incorporates the organization’s marketing capabilities – strategic alliances and corporate relationships, revenue enhancement, membership promotions and more – with the media program, in order to engage Legionnaires, the corporate world and the public alike to help the organization continue its mission. Awareness – especially as the Legion approaches its 100th anniversary – is vital to the work of the division and its staff.

Among the accomplishments this year is the fact that from May 2014 to May 2015, the Legion’s Twitter following grew by 16,482, or 55 percent. The total number of “likes” on Facebook increased to 81,675, up 23 percent. *The American Legion Magazine* remains the nation’s largest print publication for veterans, and **www.legion.org** is the most visited website among veterans service organizations.

Contact

- magazine@legion.org
- pr@legion.org

Connections

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

“Over the next five years, approximately 1.5 million men and women will leave military service. I believe we can stand together to help them.”

– **USAA CEO Stuart Parker**, member of American Legion Post 2 in San Antonio

Corporate alliances and The American Legion

As the nation's largest and most trusted veterans service organization, The American Legion's brand has a unique and enduring place not only in the culture, but in the U.S. economy, from Main Street to Wall Street. In 2015, the Legion made strides in the development of new corporate relationships and strategic alliances while strengthening existing ties.

Since late 2010, The American Legion and USAA have been successfully collaborating to improve the financial security of veterans and their families. The Legion's preferred provider of financial services, USAA offers banking, insurance, investment and personal finance assistance to more than 11 million members. Legion programs benefit when USAA members join online through **www.usaa.com/legion** or by phone at **(877) 699-2654**. USAA credit card purchases also help American Legion programs.

Corporate alliances continued to grow over the past year, including new and expanded relationships with AbbVie, Defense Mobile, The Home Depot Foundation, Vermont Teddy Bears, Samsung Corp., Founding Fathers Brewing and a selected group of values-driven post-9/11 generation veterans organizations.

Highlights

■ **USAA:** In addition to a growing business relationship, USAA and the Legion worked together on multiple other initiatives including transition assistance services for veterans and those preparing to leave the military, sponsorship of The American Legion Legacy Run and American Legion Baseball World Series, employment events and active involvement in the Legion's 100th Anniversary program. **www.legion.org/usaa**

■ **AbbVie:** The American Legion and the pharmaceutical company AbbVie united in 2015 to raise awareness about hepatitis C, including free screenings for veterans, who are at a greater risk than the general population to contract the disease. **www.legion.org/takedownhepc**

■ **Defense Mobile:** A nationwide mobile phone service built and supported by veterans, Defense Mobile works to connect veterans, servicemembers and their families, in line with American Legion values. **www.defensemobil.com/legion**

Connections

- (317) 630-1220
- smiller@legion.org
- aharpenau@legion.org
- **www.legion.org/alliances**



The American Legion coordinated a hepatitis C testing at Argo-Summit Post 735 in Summit, Ill.

Photo by Lucas Carter/The American Legion



The Department of Illinois delegation marches in the parade at The American Legion 96th National Convention in Charlotte, N.C., in 2014. Photo by Tom Stratman/The American Legion

“Our national convention is a time for renewing friendships, taking care of important American Legion business and preparing our great organization for another year of service to our country.”

– Michael E. Walton, chairman of the Legion’s Convention Commission

The main event

With all the work The American Legion does in a given year, it’s only natural that it takes a little more than a company picnic to review it all. That’s why each August, nearly 9,000 members and their families, coming from around the world, gather for several days at the Legion’s national convention to mark the progress of the past year and lay the foundation for the next one.

Attendees conduct conferences and meetings, hear from top speakers, perform community service, and present awards to champions of the Legion’s youth programs as well as to those who support veterans, the military and young people. The national convention considers and approves resolutions that set the organization’s priorities, and elects new national officers.

The Exhibit Hall is at the center of activity, especially during the early part of the convention, with businesses and vendors from across the country attracting attendees.

The entire American Legion Family (the American Legion Auxiliary and the Sons of The American Legion have their national conventions at the same time) marches in a parade through the streets of the host city, sees the sights, works together and enjoys each other’s company. In recent years, the explosion of social media (Facebook and Twitter) has enabled the Legion to share convention activities in real time with Legion Family members wherever in the world they may be.

Future national convention cities

- Cincinnati (2016)
- Reno, Nev. (2017)* (*pending approval of the National Executive Committee*)
- Minneapolis (2018) – 100th National Convention
- Indianapolis (2019) – 100th Birthday of The American Legion
- Louisville, Ky. (2020)* (*pending approval of the National Executive Committee*)

Contact

- convention@legion.org

Connections

- www.legion.org/convention
- twitter.com/americanlegion
- On Facebook, search for “The American Legion National Convention”

*“... To preserve the memories and incidents
of our associations in the Great Wars ...”*

– from the Preamble to the Constitution of The American Legion

Dedicated to honor and remembrance

American Legion posts everywhere embrace the commitment to honor those who have served and continue to serve our nation in uniform. Posts conduct commemorative events on major holidays such as Memorial Day, Veterans Day and Flag Day. Legion Riders provide escorts during funerals for veterans and military personnel. And Legion members are regularly called upon to give presentations at community ceremonies, remembrance services and school assemblies.

Legion posts and community organizations are increasingly recognizing the post-9/11 generation in solemn remembrances. For example:

- In Marseilles, Ill., thousands gather every summer to remember those who were killed in the Persian Gulf conflicts. Names of American servicemembers are etched onto the Middle East Conflicts Wall Memorial.
- For the past 12 years, Post 4 in Pocatello, Idaho, is an active supporter of the community's Field of Heroes. Each of the 6,832 servicemembers who have died during the wars in Iraq and Afghanistan are honored with crosses placed in perfectly aligned rows like a “mini Arlington.”

Highlights

- **First-person stories:** Watch and listen to personal video stories from Medal of Honor recipients, Battle of the Bulge veterans and others who embody honor, patriotism and courage. www.legion.org/honor
- **Share your stories:** The Legion's website has a page where visitors can post stories about their time in service, their family's military history, post museums, community memorials and more. www.legiontown.org
- **Sacred Places Database:** On the Honor & Remembrance page, readers can take virtual tours of memorials, museums and monuments. www.legion.org/honor/locations

Contact

- honor@legion.org

Connections

- www.legion.org/honor
- www.legiontown.org
- On Facebook, search for “The American Legion: Honor & Remembrance”



Dave and Mary Breshears of Blackfoot, Idaho, photograph one of the 6,832 crosses in Pocatello's Field of Heroes. The Breshears took photos of 32 crosses and sent them to Gold Star families across the nation.

Photo by Bill Schaefer/The American Legion

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying consolidated financial statements of The American Legion National Headquarters ("Legion"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The American Legion National Headquarters as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

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

Crowe Horwath LLP

Crowe Horwath LLP
Indianapolis, Indiana
April 30, 2015

The American Legion National Headquarters
Consolidated Statements of Financial Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 2,271,659	\$ 1,671,772
Accounts receivable	5,388,048	2,676,580
Interest receivable	701,237	658,669
Prepaid expenses and deposits	1,580,318	1,113,149
Deferred membership expense	5,619,594	4,243,253
Inventory	2,704,357	2,528,224
Investment in affiliate (CFA)	16,590	19,185
Beneficial interest in trust	217,900	255,127
	<u>18,499,703</u>	<u>13,165,959</u>
Investments		
General	15,377,229	16,672,525
Segregated for Restricted and Reserved Funds	32,618,517	29,994,122
Paid-Up-For-Life Membership fund	23,801,938	19,375,836
Samsung scholarship fund	7,934,482	8,155,301
Building funds	5,532,253	5,041,826
Sept. 11 Memorial scholarship fund	9,583,418	7,317,762
Special account – Endowment Fund	2,267,776	2,249,177
General account – Endowment Fund	7,439,635	6,991,793
National Emergency Fund	3,738,562	2,578,343
Other	5,245,813	4,940,809
	<u>113,539,623</u>	<u>103,317,494</u>
Property, plant and equipment, net	5,662,843	5,892,107
	<u>\$ 137,702,169</u>	<u>\$ 122,375,560</u>
LIABILITIES		
Accounts payable	\$ 1,384,549	\$ 2,261,174
Scholarships payable	1,041,586	1,045,025
Deposits on emblem merchandise sales	229,037	216,386
Deferred income	624,823	671,849
Deferred dues income	21,357,070	22,118,520
Deferred income – direct membership solicitation	4,621,989	5,601,353
Accrued vacation benefits	1,037,790	1,038,409
Accrued pension expense	12,644,291	3,686,558
Other liabilities	1,183,321	718,132
Notes payable	1,211,949	1,394,749
Deferred dues income – Paid-Up-For-Life membership	21,204,292	18,571,364
Life memberships due to state and local posts	22,487,809	18,709,473
	<u>89,028,506</u>	<u>76,032,992</u>
NET ASSETS		
Unrestricted	16,295,124	17,919,546
Temporarily restricted	19,390,704	15,774,508
Permanently restricted	12,987,835	12,648,514
Total net assets	<u>48,673,663</u>	<u>46,342,568</u>
	<u>\$ 137,702,169</u>	<u>\$ 122,375,560</u>

See accompanying notes to consolidated financial statements.

The American Legion National Headquarters Consolidated Statements of Activities Year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support				
National member dues	\$ 26,208,428	\$ -	\$ -	\$ 26,208,428
Direct membership solicitations	8,126,608	-	-	8,126,608
Member service fees income	726,969	-	-	726,969
Affinity income	3,150,729	-	-	3,150,729
Sales of emblem items	12,243,214	-	-	12,243,214
Advertising	10,490,471	-	-	10,490,471
Contributions	8,029,121	2,489,835	319,639	10,838,595
Label and printing fees	1,826,994	-	-	1,826,994
Interest and dividends, net of trustee fees of \$301,974	1,812,516	819,811	-	2,632,327
Net realized gains (losses)	(20,542)	9,623	(15,733)	(26,652)
Other	2,302,340	11,500	-	2,313,840
	<u>74,896,848</u>	<u>3,330,769</u>	<u>303,906</u>	<u>78,531,523</u>
Net assets released from restriction	<u>762,976</u>	<u>(762,976)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	75,659,824	2,567,793	303,906	78,531,523
Expenses				
Salaries	15,928,906	-	-	15,928,906
Employee benefits	3,423,205	-	-	3,423,205
Cost of sales – Legion	6,683,745	-	-	6,683,745
Department and magazine costs	3,063,870	-	-	3,063,870
Direct publications	11,920,926	-	-	11,920,926
Executive and staff travel	3,374,710	-	-	3,374,710
Commission and committee	1,637,849	-	-	1,637,849
Printing and postage	10,020,891	-	-	10,020,891
Scholarships, grants and awards	1,596,073	-	-	1,596,073
Office and other operating	11,337,219	-	-	11,337,219
Occupancy and usage	2,077,524	-	-	2,077,524
Special projects and programs	1,722,985	-	-	1,722,985
	<u>72,787,903</u>	<u>-</u>	<u>-</u>	<u>72,787,903</u>
Change in net assets from operations	2,871,921	2,567,793	303,906	5,743,620
Net unrealized gains - investments	3,018,380	1,048,403	35,415	4,102,198
Net change in PUFL	2,402,816	-	-	2,402,816
Amortization of pension loss	(1,245,309)	-	-	(1,245,309)
Pension-related changes other than net periodic pension cost	(8,672,230)	-	-	(8,672,230)
Change in net assets	<u>(1,624,422)</u>	<u>3,616,196</u>	<u>339,321</u>	<u>2,331,095</u>
Net assets, beginning of year	<u>17,919,546</u>	<u>15,774,508</u>	<u>12,648,514</u>	<u>46,342,568</u>
Net assets, end of year	<u>\$ 16,295,124</u>	<u>\$ 19,390,704</u>	<u>\$ 12,987,835</u>	<u>\$ 48,673,663</u>

The American Legion National Headquarters
Consolidated Statements of Activities
Year ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support				
National member dues	\$ 26,654,751	\$ -	\$ -	\$ 26,654,751
Direct membership solicitations	9,883,114	-	-	9,883,114
Member service fees income	888,211	-	-	888,211
Affinity income	3,183,472	-	-	3,183,472
Sales of emblem items	11,705,925	-	-	11,705,925
Advertising	10,745,474	-	-	10,745,474
Contributions	4,969,619	2,489,869	156,188	7,615,676
Label and printing fees	1,562,454	-	-	1,562,454
Interest and dividends, net of trustee fees of \$276,172	1,891,381	828,237	-	2,719,618
Net realized gains (losses)	140,048	(6,850)	(206)	132,992
Other	2,437,632	-	-	2,437,632
	<u>74,062,081</u>	<u>3,311,256</u>	<u>155,982</u>	<u>77,529,319</u>
Net assets released from restriction	1,548,723	(1,548,723)	-	-
Total revenues, gains, and other support	<u>75,610,804</u>	<u>1,762,533</u>	<u>155,982</u>	<u>77,529,319</u>
Expenses				
Salaries	15,589,187	-	-	15,589,187
Employee benefits	3,487,348	-	-	3,487,348
Cost of sales – Legion	6,252,946	-	-	6,252,946
Department and magazine costs	2,581,581	-	-	2,581,581
Direct publications	12,279,710	-	-	12,279,710
Executive and staff travel	3,238,110	-	-	3,238,110
Commission and committee	1,864,766	-	-	1,864,766
Printing and postage	8,228,511	-	-	8,228,511
Scholarships, grants and awards	2,681,906	-	-	2,681,906
Office and other operating	14,742,128	-	-	14,742,128
Occupancy and usage	2,136,461	-	-	2,136,461
Special projects and programs	1,702,425	-	-	1,702,425
	<u>74,785,079</u>	<u>-</u>	<u>-</u>	<u>74,785,079</u>
Change in net assets from operations	825,725	1,762,533	155,982	2,744,240
Net unrealized losses - investments	(4,798,832)	(1,606,284)	(281,350)	(6,686,466)
Net change in PUFL	(2,846,311)	-	-	(2,846,311)
Amortization of pension loss	(1,707,475)	-	-	(1,707,475)
Pension-related changes other than net periodic pension cost	5,129,395	-	-	5,129,395
Change in net assets	<u>(3,397,498)</u>	<u>156,249</u>	<u>(125,368)</u>	<u>(3,366,617)</u>
Net assets, beginning of year	<u>21,317,044</u>	<u>15,618,259</u>	<u>12,773,882</u>	<u>49,709,185</u>
Net assets, end of year	<u>\$ 17,919,546</u>	<u>\$ 15,774,508</u>	<u>\$ 12,648,514</u>	<u>\$ 46,342,568</u>

The American Legion National Headquarters
Consolidated Statements of Cash Flows
Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 2,331,095	\$ (3,366,617)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation expense	866,783	925,255
Loss on disposal of property and equipment	-	840
Bad debt expense	-	1,166
Realized (gain) loss on sale of investments	26,652	(132,992)
Unrealized (gain) loss on investments	(4,102,198)	6,686,466
Net change in Paid-Up-For-Life annuity	(2,402,816)	2,846,311
Amortization of pension loss	1,245,309	1,707,475
Pension-related changes other than net periodic pension cost	8,672,230	(5,129,395)
Contributions restricted for long-term purposes	(319,639)	(156,188)
Accounts receivable	(2,711,468)	315,872
Interest receivable	(42,568)	(45,766)
Prepaid expenses and deposits	(467,169)	292,581
Deferred membership expense	(1,376,341)	4,557,641
Inventories	(176,133)	(178,657)
Beneficial interest in trust	37,227	30,151
Accounts and scholarships payable	(880,064)	456,134
Deferred income	7,038,891	(7,454,541)
Accrued pension expense	(959,806)	(878,370)
Other accrued liabilities	464,570	142,053
Net cash from operating activities	<u>7,244,555</u>	<u>619,419</u>
Cash flows from investing activities		
Purchase of property and equipment	(637,519)	(395,514)
Purchase of investments	(66,413,668)	(57,085,066)
Sales and maturities of investments	60,267,085	57,396,754
Investments in affiliate (CFA)	2,595	11,633
Net cash from investing activities	<u>(6,781,507)</u>	<u>(72,193)</u>
Cash flows from financing activities		
Contributions restricted for long-term purposes	319,639	156,188
Repayment on notes payable	(182,800)	(1,459,498)
Proceeds on notes payable	-	1,394,749
Net cash from financing activities	<u>136,839</u>	<u>91,439</u>
Net increase (decrease) in cash and cash equivalents	599,887	638,665
Cash and cash equivalents, beginning of year	<u>1,671,772</u>	<u>1,033,107</u>
Cash and cash equivalents, end of year	<u>\$ 2,271,659</u>	<u>\$ 1,671,772</u>
Supplemental cash flows information		
Interest paid	\$ 39,500	\$ 204,054
Donated stock	24,730	-

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

Nature of Organization: The American Legion National Headquarters (“Legion”) is a national veterans organization which was declared to be a corporate body by an Act of the United States Congress on September 16, 1919. According to the Original Act and Subsequent Amendments, the purpose of the Legion is “To uphold and defend the Constitution of the United States of America; to promote peace and goodwill among the peoples of the United States and all the nations of the earth; to preserve the memories and incidents of the two World Wars and the other great hostilities fought to uphold democracy; to cement the ties and comradeship born of service; and to consecrate the efforts of its members to mutual helpfulness and service to their country.”

Nearly 50% of the Legion’s income is derived from membership dues (including amounts allocated for magazine subscriptions). An additional 13-14% 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 Boy’s 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 is a tax-exempt trust established to solicit funds from individuals, organizations and corporations and to disburse said funds as may be directed to various Legion programs and charities.

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

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

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

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

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

The following classes of net assets are maintained:

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

Temporarily Restricted Net Assets – The temporarily restricted net asset class includes assets of the Legion related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Contributions for which the restrictions

are met in the same period in which the contribution is received are also recorded as temporarily restricted revenue and releases from restrictions.

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

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

Accounts Receivable and Allowance for Uncollectible Accounts: The Legion bills members, posts, and departments for dues and bills agencies for advertising in the Legion magazine. Interest is not normally charged on receivables.

Management establishes a reserve for losses on its accounts based on historic loss experience and current economic conditions. Losses are charged off to the reserve when management deems further collection efforts will not produce additional recoveries. Management estimated that no allowance was necessary for the years ended December 31, 2014 and 2013.

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

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

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

Impairment of Long-Lived Assets: In accordance with GAAP, the Legion reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended December 31, 2014 and 2013.

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

Support and Revenue: The Legion reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when 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 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013.

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

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

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, 2014, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2014. Management has performed their analysis through April 30, 2015, 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	2/10/2005	\$ 461,769
World War II Posters	3/11/2005	472,919
Military Unit Histories	3/18/2005	112,410
Fine Art Collection	10/14/2005	695,600
Firearms and Uniforms Collection	3/24/2006	99,950
Original GI Bill	not applicable	-
Other Collections	not applicable	-

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 \$(2,595) and \$(11,633) in 2014 and 2013, respectively. Accordingly, the Legion's investment in CFA has been changed by these amounts and corresponding adjustments have been reflected in unrestricted designated net assets for 2014 and 2013.

NOTE 4 – BENEFICIAL INTEREST IN CHARITABLE LEAD TRUST

The ALEF has been named a beneficiary of a charitable lead trust. Under the

charitable trust, the ALEF is to receive quarterly distributions in the amount of \$9,919 until December 2020, or until the funds of the trust are exhausted. Based on the terms of the trust and a 2.88% discount rate in 2014 and a 2.38% discount rate in 2013, the present value of future benefits expected to be received by the ALEF is estimated to be \$217,900 and \$255,127 at December 31, 2014 and 2013, respectively.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

The fair value of money markets and common stock are based on quoted prices in active markets. (Level 1 inputs) The fair value of U.S. Government and agency obligations, asset backed securities, corporate bonds, and state and municipal bonds are based on quoted market prices of similar securities with similar due dates using the market approach. (Level 2 inputs) Common stock and asset backed securities are not held by the Legion, but are held in the defined benefit plan assets which are disclosed in Note 16.

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, 2014 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	\$ -	\$ -	\$ 217,900
Money market accounts	12,589,094	-	-
U.S. Government obligations	-	47,838,137	-
State and municipal bonds	-	20,701,351	-
Corporate bonds	-	32,411,041	-
	\$ 12,589,094	\$ 100,950,529	\$ 217,900

Fair Value Measurements at Dec. 31, 2013, 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	\$ -	\$ -	\$255,127
Money market accounts	14,917,708	-	-
U.S. Government obligations	-	47,095,058	-
State and municipal bonds	-	14,183,223	-
Corporate bonds	-	27,121,505	-
	<u>\$ 14,917,708</u>	<u>\$88,399,786</u>	<u>\$ 255,127</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, 2014 and 2013:

	Beneficial Interest in Trust
Beginning balance, Jan. 1, 2014	\$ 255,127
Change in value of split-interest agreements	2,449
Distributions from trust	(39,676)
Ending balance, Dec. 31, 2014	<u>\$ 217,900</u>

	Beneficial Interest in Trust
Beginning balance, Jan. 1, 2013	\$ 285,278
Change in value of split-interest agreements	9,525
Distributions from trust	(39,676)
Ending balance, Dec. 31, 2013	<u>\$ 255,127</u>

NOTE 6 – PROPERTY AND EQUIPMENT

The Legion's property and equipment, and the related accumulated depreciation at December 31, 2014 and 2013 are as follows:

	2014	2013
Washington, D.C., real estate		
Land	80,000	80,000
Building	5,603,402	5,603,402
Indianapolis real estate		
Land	389,264	389,264
Building	4,052,201	3,999,495
Construction in progress	87,260	55,454
Furniture, fixtures and equipment		
National Headquarters, Indianapolis	7,077,023	6,853,277
Washington, D.C.	770,525	765,627
	18,059,675	17,746,519
Less accumulated depreciation	(12,396,832)	(11,854,412)
	<u>\$ 5,662,843</u>	<u>\$ 5,892,107</u>

Depreciation expense for the years ended, December 31, 2014 and 2013 was \$866,783 and \$925,255, respectively.

NOTE 7 – LONG-TERM DEBT

In 2013, the Legion refinanced its long-term debt. Principal and interest is payable in monthly installment, beginning January 1, 2014 with 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 \$1,211,949 and \$1,394,749 as of December 31, 2014 and 2013.

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

2015	187,200
2016	193,200
2017	199,200
2018	205,200
2019	211,200
Thereafter	215,949
Total	<u><u>\$1,211,949</u></u>

Interest expense was \$39,500 and \$204,054 for the years ended December 31, 2014 and 2013, respectively.

As a strategy to mitigate exposure to the risk of interest rate fluctuations, the Legion entered into an interest rate swap agreement on the long-term debt on December 3, 2013. This interest rate swap has been designated as a derivative and provides for the Legion to receive interest from the counterparty at the 30-day LIBOR rate plus 1.35% and to pay interest to the counterparty at fixed rate of 2.98% on a notional amount of \$1,211,949 and \$1,394,749 at December 31, 2014 and December 31, 2013 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 2018. Rent expense under these leases for the years ended December 31, 2014 and 2013 was \$457,773 and \$425,074, respectively.

Minimum lease commitments are as follows:

2015	462,088
2016	420,219
2017	192,359
2018	15,740
	<u><u>\$1,090,406</u></u>

In addition, the Legion has 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 2014 and 2013 was \$916,513 and \$943,173, respectively. Insurance coverage is included in the Legion's general insurance policy.

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

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

Under the terms of the PUFL program, participating member's national, state and local dues are paid by the Legion for the remainder of the individual's life. Management has estimated and recognized a liability for the future payments

to state and local Legion organizations. Likewise, management has deferred recognition of the national dues portion of the members' payment. Deferred PUFLL 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 PUFLL membership summaries and discount rates comparable to the Legion's recent investment performance.

NOTE 10 – RESTRICTED AND RESERVE DESIGNATED FUNDS

The restricted fund is designated for use by the National Finance Commission and National Executive Committee and reported as unrestricted, board designated net assets. Earnings of the restricted fund, along with the principal, can be expended only upon recommendation of the National Finance Commission and a two-thirds affirmative vote of the National Executive Committee at two successive meetings. It is the policy of the Legion to transfer 10% of the prior year's defined net income from operations to the restricted fund. The Legion made no transfers to the restricted fund in 2014 and 2013.

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

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are donor-restricted for specific purposes. At December 31, 2014 and 2013 the restricted purposes are as follows:

	2014	2013
Overseas Graves Decoration Fund	\$ 1,010,881	\$ 1,010,583
Samsung scholarships	2,089,832	1,630,584
American Legacy Fund	9,498,788	7,979,924
National Emergency Fund	3,996,891	3,073,134
Boy Scouts	467,899	467,899
Operation Comfort Warriors	1,657,692	1,192,864
John Devore	313,402	302,097
Others	355,319	117,423
	<u>\$19,390,704</u>	<u>\$15,774,508</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.

	2014	2013
Purpose restrictions accomplished		
Overseas graves decoration	\$ 11,090	\$ 32,945
Scholarships and grants (including relief aid)	428,932	909,462
Veterans Affairs & Rehabilitation and Children & Youth programs	322,954	606,316
	<u>\$762,976</u>	<u>\$1,548,723</u>

NOTE 13 – PERMANENTLY RESTRICTED NET ASSETS

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

At December 31, 2014 and 2013 the permanently restricted net assets are as follows:

	2014	2013
Samsung scholarships	\$ 5,000,000	\$ 5,000,000
American Legion Endowment Fund	7,987,835	7,648,514
	<u>\$12,987,835</u>	<u>\$ 12,648,514</u>

NOTE 14 – ENDOWMENT COMPOSITION

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

Interpretation of Relevant Law: The National Executive Committee has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 UPMIFA. In accordance with UPMIFA, 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, 2014:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted endowment funds	\$(64,308)	\$2,166,616	12,987,835	\$15,090,143
Total Funds	<u>\$(64,308)</u>	<u>\$2,166,616</u>	<u>12,987,835</u>	<u>\$15,090,143</u>

Endowment net asset composition by type of fund as of December 31, 2013:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted endowment funds	\$ -	\$1,630,584	\$12,648,514	\$14,279,098
Total Funds	<u>-</u>	<u>\$1,630,584</u>	<u>\$12,648,514</u>	<u>\$14,279,098</u>

Changes in endowment net assets for the year ended December 31, 2014:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets, beginning of year	\$ -	\$1,630,584	\$12,648,514	\$14,279,098
Investment loss:				
Investment income, net of fees	51,965	398,798	-	450,763
Net appreciation (realized and unrealized)	1,600	487,549	19,682	508,831

Total investment loss	\$53,565	\$886,347	\$19,682	\$959,594
New gifts	-	-	319,639	319,639
Appropriation of endowment assets for expenditure	(117,873)	(350,315)	-	(468,188)
Net assets, end of year	\$(64,308)	\$2,166,616	\$12,987,835	\$15,090,143

Changes in endowment net assets for the year December 31, 2013:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets, beginning of year	\$ -	\$ 2,402,192	\$12,773,882	\$15,176,074
Investment return				
Investment income, net of fees	-	463,117	-	463,117
Net depreciation (realized and unrealized)	-	(754,438)	(281,556)	(1,035,994)
Total investment return	-	(291,321)	(281,556)	(572,877)
New gifts	-	-	156,188	156,188
Appropriation of endowment assets for expenditure	-	(480,287)	-	(480,287)
Net assets, end of year	\$ -	\$1,630,584	\$12,648,514	\$14,279,098

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

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

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

Funds with Deficiencies: As of December 31, 2014 and 2013, the Legion did not have any funds with deficiencies.

NOTE 15 – EMPLOYEE BENEFITS

The Legion has a defined-benefit pension plan covering 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 the plan are made by the Legion and other participating groups

on the basis of annual actuarial valuations.

In May 2008, the Legion voted to freeze the plan effective June 30, 2008 and voted to adopt a 401(k) savings plan with a qualified automatic contribution arrangement effective July 1, 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 401(k) savings plan calls for a 100% match of the first 1% contributed by the employee and a 50% match of the net 5% contributed by the employee. Thus, the maximum matching percentage an employee will receive is 3.5%. The Legion made contributions of \$401,165 and \$396,495 in 2014 and 2013, respectively.

The following table sets forth the Legion's portion of the plan's funded status and amounts recognized in the Legion's consolidated statement of financial position at December 31, 2014 and 2013:

	2014	2013
Benefit obligation	\$ (62,598,869)	\$ (53,995,406)
Fair value of plan assets	49,954,578	50,308,848
Funded status	\$(12,644,291)	\$(3,686,558)
Service Cost	\$ -	\$ -
Interest cost	2,336,601	2,282,923
Actual loss (return) on assets	(2,526,794)	(4,793,264)
Amortization of prior service costs	121,085	121,085
Amortization of loss	1,245,309	1,707,475
Difference between expected and actual return on assets	(890,698)	1,510,886
Net periodic pension cost	285,503	829,105
Net loss	8,793,315	(5,008,310)
Prior service cost	(121,085)	(121,085)
Pension-related changes other than net periodic pension cost	\$ 8,672,230	\$(5,129,395)
Prepaid benefit cost	13,165,425	13,450,928
Accumulated benefit obligation	62,598,869	53,995,406
Vested benefit obligation	61,100,719	53,992,693
Net periodic pension cost	285,503	829,105
Benefits paid	2,881,064	2,883,583
Measurement date	12/31/2014	12/31/2013

Estimated future benefit payments:

2015	\$ 3,372,155
2016	3,463,442
2017	3,517,906
2018	3,557,497
2019	3,541,669
2020-2024	17,938,997

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

The fair value of the Legion's defined benefit plan assets at December 31, 2014 and 2013 are as follows. See Note 5 for descriptions of inputs for each type of asset.

	Fair Value Measurements at Dec. 31, 2014, 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	\$3,873,390	\$ -	\$ -
U.S. Government and agency obligations	-	9,486,634	-
Asset backed securities	-	2,984,046	-
Municipal bonds	-	1,611,664	-
Corporate bonds	-	11,115,397	-
Common stock:			
Materials	625,585	-	-
Industrials	2,750,812	-	-
Consumer discretionary	1,815,605	-	-
Consumer staples	1,796,463	-	-
Energy	1,349,353	-	-
Health care	2,520,460	-	-
Financials	4,581,970	-	-
Telecommunication	530,082	-	-
Technology	3,569,347	-	-
Utilities	1,026,823	-	-
Other	147,951	-	-
Accrued interest	168,996	-	-
	\$24,756,837	\$25,197,741	\$ -

	Fair Value Measurements at Dec. 31, 2013, 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	\$2,783,798	\$ -	\$ -
U.S. Government and agency obligations	-	10,702,087	-
Asset backed securities	-	4,617,555	-
Municipal bonds	-	1,433,701	-
Corporate bonds	-	10,992,195	-
Common stock:			
Materials	755,089	-	-
Industrials	2,189,744	-	-
Consumer discretionary	2,562,238	-	-
Consumer staples	765,285	-	-
Energy	2,478,504	-	-
Health care	1,724,568	-	-
Financials	5,564,075	-	-
Telecommunication	223,824	-	-
Technology	3,133,789	-	-
Utilities	120,627	-	-
Other	67,904	-	-
Accrued interest	193,865	-	-
	\$22,563,310	\$27,745,538	\$ -

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	2014	2013
Discount rate	3.67%	4.45%
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, 2015 are \$2,470,872 and \$121,085, respectively.

NOTE 16 – FUNCTIONAL EXPENSES

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

	2014	2013
Program services		
Veterans programs and services	\$ 37,312,183	\$ 35,043,406
Americanism, Children & Youth activities	1,896,947	4,804,864
	39,209,130	39,848,270
Supporting services		
Management and general	15,613,828	16,882,530
Member development	9,567,828	12,735,733
Fundraising	8,397,117	5,318,546
	33,578,773	34,936,809
	\$72,787,903	\$74,785,079

Member development includes direct response advertising expense of \$5,878,102 and \$10,246,445 for the years ended December 31, 2014 and 2013.

NOTE 17 – LITIGATION

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

SUPPLEMENTARY INFORMATION
The American Legion National Headquarters
Consolidated Statements of Financial Position
December 31, 2014

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
ASSETS						
Cash and cash equivalents	\$ 1,853,594	\$ 196,390	\$ 20,705	\$ 200,970	\$ -	\$ 2,271,659
Accounts receivable	5,360,048	405,497	987	34,241	(412,725)	5,388,048
Interest receivable	622,288	4,363	51,468	23,118	-	701,237
Prepaid expenses and deposits	1,578,478	-	1,840	-	-	1,580,318
Deferred membership expense	5,619,594	-	-	-	-	5,619,594
Due from American Legion Endowment Fund	2,000,000	-	-	-	(2,000,000)	-
Inventory	2,704,357	-	-	-	-	2,704,357
Investment in affiliate (CFA)	16,590	-	-	-	-	16,590
Beneficial interest in trust	-	-	217,900	-	-	217,900
	<u>19,754,949</u>	<u>606,250</u>	<u>292,900</u>	<u>258,329</u>	<u>(2,412,725)</u>	<u>18,499,703</u>
Investments						
General	15,377,229	-	-	-	-	15,377,229
Segregated for Restricted and Reserved funds	32,618,517	-	-	-	-	32,618,517
Paid-Up-For-Life Membership fund	23,801,938	-	-	-	-	23,801,938
Samsung scholarship fund	7,934,482	-	-	-	-	7,934,482
Building funds	5,532,253	-	-	-	-	5,532,253
Sept. 11 Memorial scholarship fund	9,583,418	-	-	-	-	9,583,418
Special account – Endowment Fund	-	-	2,267,776	-	-	2,267,776
General account – Endowment Fund	-	-	7,439,635	-	-	7,439,635
National Emergency Fund	-	-	-	3,738,562	-	3,738,562
Other	3,118,412	2,127,401	-	-	-	5,245,813
	<u>97,966,249</u>	<u>2,127,401</u>	<u>9,707,411</u>	<u>3,738,562</u>	<u>-</u>	<u>113,539,623</u>
Property, plant and equipment, net	5,662,843	-	-	-	-	5,662,843
	<u>\$ 123,384,041</u>	<u>\$ 2,733,651</u>	<u>\$ 10,000,311</u>	<u>\$ 3,996,891</u>	<u>\$ (2,412,725)</u>	<u>\$ 137,702,169</u>
LIABILITIES						
Accounts payable	\$ 1,796,667	\$ 607	\$ -	\$ -	\$ (412,725)	\$ 1,384,549
Scholarships payable	1,041,586	-	-	-	-	1,041,586
Accounts payable – Legion	-	-	2,000,000	-	(2,000,000)	-
Deposits on emblem merchandise sales	229,037	-	-	-	-	229,037
Deferred income	624,823	-	-	-	-	624,823
Deferred dues income	21,357,070	-	-	-	-	21,357,070
Deferred income – direct membership solicitation	4,621,989	-	-	-	-	4,621,989
Accrued vacation benefits	1,037,790	-	-	-	-	1,037,790
Accrued pension expense	12,644,291	-	-	-	-	12,644,291
Other liabilities	1,183,321	-	-	-	-	1,183,321
Notes payable	1,211,949	-	-	-	-	1,211,949
Deferred dues income – Paid-Up-For-Life Membership	21,204,292	-	-	-	-	21,204,292
Life memberships due to state and local posts	22,487,809	-	-	-	-	22,487,809
	<u>89,440,624</u>	<u>607</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,412,725)</u>	<u>89,028,506</u>
NET ASSETS						
Unrestricted	15,443,298	916,134	(64,308)	-	-	16,295,124
Temporarily restricted	13,500,119	1,816,910	76,784	3,996,891	-	19,390,704
Permanently restricted	5,000,000	-	7,987,835	-	-	12,987,835
	<u>33,943,417</u>	<u>2,733,044</u>	<u>8,000,311</u>	<u>3,996,891</u>	<u>-</u>	<u>48,673,663</u>
Total net assets	<u>\$ 123,384,041</u>	<u>\$ 2,733,651</u>	<u>\$ 10,000,311</u>	<u>\$ 3,996,891</u>	<u>\$ (2,412,725)</u>	<u>\$ 137,702,169</u>

SUPPLEMENTARY INFORMATION

The American Legion National Headquarters Consolidated Statements of Financial Position December 31, 2013

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
ASSETS						
Cash and cash equivalents	\$ 1,166,168	\$ 4,920	\$ 107,625	\$ 393,059	\$ -	\$ 1,671,772
Accounts receivable	2,776,054	-	1,333	80,569	(181,376)	2,676,580
Interest receivable	588,251	7,601	41,654	21,163	-	658,669
Prepaid expenses and deposits	1,111,344	-	1,805	-	-	1,113,149
Deferred membership expense	4,243,253	-	-	-	-	4,243,253
Due from American Legion Endowment Fund	2,000,000	-	-	-	(2,000,000)	-
Inventory	2,528,224	-	-	-	-	2,528,224
Investment in affiliate (CFA)	19,185	-	-	-	-	19,185
Beneficial interest in trust	-	-	255,127	-	-	255,127
	<u>14,432,479</u>	<u>12,521</u>	<u>407,544</u>	<u>494,791</u>	<u>(2,181,376)</u>	<u>13,165,959</u>
Investments						
General	16,672,525	-	-	-	-	16,672,525
Segregated for Restricted and Reserved funds	29,994,122	-	-	-	-	29,994,122
Paid-Up-For-Life Membership fund	19,375,836	-	-	-	-	19,375,836
Samsung scholarship fund	8,155,301	-	-	-	-	8,155,301
Building funds	5,041,826	-	-	-	-	5,041,826
Sept. 11 Memorial scholarship fund	7,317,762	-	-	-	-	7,317,762
Special account – Endowment Fund	-	-	2,249,177	-	-	2,249,177
General account – Endowment Fund	-	-	6,991,793	-	-	6,991,793
National Emergency Fund	-	-	-	2,578,343	-	2,578,343
Other	3,132,626	1,808,183	-	-	-	4,940,809
	<u>89,689,998</u>	<u>1,808,183</u>	<u>9,240,970</u>	<u>2,578,343</u>	<u>-</u>	<u>103,317,494</u>
Property, plant and equipment, net	5,892,107	-	-	-	-	5,892,107
	<u>\$ 110,014,584</u>	<u>\$ 1,820,704</u>	<u>\$ 9,648,514</u>	<u>\$ 3,073,134</u>	<u>\$ (2,181,376)</u>	<u>\$ 122,375,560</u>
LIABILITIES						
Accounts payable	\$ 2,298,406	\$ 144,144	\$ -	\$ -	\$ (181,376)	\$ 2,261,174
Scholarships payable	1,045,025	-	-	-	-	1,045,025
Accounts payable – Legion	-	-	2,000,000	-	(2,000,000)	-
Deposits on emblem merchandise sales	216,386	-	-	-	-	216,386
Deferred income	671,849	-	-	-	-	671,849
Deferred dues income	22,118,520	-	-	-	-	22,118,520
Deferred income – direct membership solicitation	5,601,353	-	-	-	-	5,601,353
Accrued vacation benefits	1,038,409	-	-	-	-	1,038,409
Accrued pension expense	3,686,558	-	-	-	-	3,686,558
Other liabilities	718,132	-	-	-	-	718,132
Notes payable	1,394,749	-	-	-	-	1,394,749
Deferred dues income – Paid-Up-For-Life Membership	18,571,364	-	-	-	-	18,571,364
Life memberships due to state and local posts	18,709,473	-	-	-	-	18,709,473
	<u>76,070,224</u>	<u>144,144</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,181,376)</u>	<u>76,032,992</u>
NET ASSETS						
Unrestricted	17,435,900	483,646	-	-	-	17,919,546
Temporarily restricted	11,508,460	1,192,914	-	3,073,134	-	15,774,508
Permanently restricted	5,000,000	-	7,648,514	-	-	12,648,514
Total net assets	<u>33,944,360</u>	<u>1,676,560</u>	<u>7,648,514</u>	<u>3,073,134</u>	<u>-</u>	<u>46,342,568</u>
	<u>\$ 110,014,584</u>	<u>\$ 1,820,704</u>	<u>\$ 9,648,514</u>	<u>\$ 3,073,134</u>	<u>\$ (2,181,376)</u>	<u>\$ 122,375,560</u>

SUPPLEMENTARY INFORMATION
The American Legion National Headquarters
Consolidating Statements of Activities,
Year ended December 31, 2014

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
Revenue, gains and other support						
National member dues	\$ 26,208,428	\$ -	\$ -	\$ -	\$ -	\$ 26,208,428
Direct membership solicitation	8,126,608	-	-	-	-	8,126,608
Member service fees income	726,969	-	-	-	-	726,969
Affinity income	3,144,483	6,246	-	-	-	3,150,729
Sales of emblem items	12,243,214	-	-	-	-	12,243,214
Advertising	10,490,471	-	-	-	-	10,490,471
Contributions	8,626,640	1,351,856	319,639	762,353	(221,893)	10,838,595
Label and printing fees	1,826,994	-	-	-	-	1,826,994
Interest and dividends, net of fees	2,301,363	37,119	202,227	91,618	-	2,632,327
Net realized gains (losses)	(9,331)	21	(18,154)	812	-	(26,652)
American Legion Endowment Fund income	173,259	-	-	-	(173,259)	-
Other	2,313,840	-	-	-	-	2,313,840
	<u>76,172,938</u>	<u>1,395,242</u>	<u>503,712</u>	<u>854,783</u>	<u>(395,152)</u>	<u>78,531,523</u>
Expenses						
Salaries	15,928,906	-	-	-	-	15,928,906
Employee benefits	3,423,205	-	-	-	-	3,423,205
Cost of sales – Legion	6,683,745	-	-	-	-	6,683,745
Department and magazine costs	3,063,870	-	-	-	-	3,063,870
Direct publications	11,920,926	-	-	-	-	11,920,926
Executive and staff travel	3,368,856	-	5,854	-	-	3,374,710
Commission and committee	1,637,849	-	-	-	-	1,637,849
Printing and postage	10,020,891	-	-	-	-	10,020,891
Scholarships, grants and awards	1,406,542	345,849	173,259	65,575	(395,152)	1,596,073
Office and other operating	11,313,832	9,414	12,237	1,736	-	11,337,219
Occupancy and usage	2,077,524	-	-	-	-	2,077,524
Special projects and programs	1,668,314	54,671	-	-	-	1,722,985
	<u>72,514,460</u>	<u>409,934</u>	<u>191,350</u>	<u>67,311</u>	<u>(395,152)</u>	<u>72,787,903</u>
Change in net assets from operations	3,658,478	985,308	312,362	787,472	-	5,743,620
Net unrealized losses - investments	3,855,302	71,176	39,435	136,285	-	4,102,198
Net change in PUFL	2,402,816	-	-	-	-	2,402,816
Amortization of pension loss	(1,245,309)	-	-	-	-	(1,245,309)
Pension-related changes other than net periodic pension cost	<u>(8,672,230)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,672,230)</u>
Change in net assets	(943)	1,056,484	351,797	923,757	-	2,331,095
Net assets, beginning of year	<u>33,944,360</u>	<u>\$ 1,676,560</u>	<u>\$ 7,648,514</u>	<u>\$ 3,073,134</u>	<u>\$ -</u>	<u>\$ 46,342,568</u>
Net assets, end of year	<u>\$ 33,943,417</u>	<u>\$ 2,733,044</u>	<u>\$ 8,000,311</u>	<u>\$ 3,996,891</u>	<u>\$ -</u>	<u>\$ 48,673,663</u>

SUPPLEMENTARY INFORMATION

The American Legion National Headquarters Consolidating Statements of Activities, Year ended December 31, 2013

	American Legion National Headquarters	American Legion Charities	American Legion Endowment Fund	National Emergency Fund	Eliminations	Total
Revenue, gains and other support						
National member dues	\$ 26,654,751	\$ -	\$ -	\$ -	\$ -	\$ 26,654,751
Direct membership solicitation	9,883,114	-	-	-	-	9,883,114
Member service fees income	888,211	-	-	-	-	888,211
Affinity income	3,183,472	-	-	-	-	3,183,472
Sales of emblem items	11,705,925	-	-	-	-	11,705,925
Advertising	10,745,474	-	-	-	-	10,745,474
Contributions	5,631,965	1,336,622	234,154	471,317	(58,382)	7,615,676
Label and printing fees	1,562,454	-	-	-	-	1,562,454
Interest and dividends, net of fees	2,364,052	9,114	258,587	87,865	-	2,719,618
Net realized gains	134,575	-	(1,246)	(337)	-	132,992
American Legion Endowment Fund income	137,755	-	-	-	(137,755)	-
Other	2,437,632	-	-	-	-	2,437,632
	<u>75,329,380</u>	<u>1,345,736</u>	<u>491,495</u>	<u>558,845</u>	<u>(196,137)</u>	<u>77,529,319</u>
Expenses						
Salaries	15,589,187	-	-	-	-	15,589,187
Employee benefits	3,487,348	-	-	-	-	3,487,348
Cost of sales – Legion	6,252,946	-	-	-	-	6,252,946
Department and magazine costs	2,581,581	-	-	-	-	2,581,581
Direct publications	12,279,710	-	-	-	-	12,279,710
Executive and staff travel	3,233,272	-	4,838	-	-	3,238,110
Commission and committee	1,864,766	-	-	-	-	1,864,766
Printing and postage	8,228,511	-	-	-	-	8,228,511
Scholarships, grants and awards	1,763,601	337,732	137,755	638,955	(196,137)	2,681,906
Office and other operating	14,587,432	158	153,751	787	-	14,742,128
Occupancy and usage	2,136,461	-	-	-	-	2,136,461
Special projects and programs	1,702,425	-	-	-	-	1,702,425
	<u>73,707,240</u>	<u>337,890</u>	<u>296,344</u>	<u>639,742</u>	<u>(196,137)</u>	<u>74,785,079</u>
Change in net assets from operations	1,622,140	1,007,846	195,151	(80,897)	-	2,744,240
Net unrealized gains - investments	(6,059,312)	(56,822)	(371,439)	(198,893)	-	(6,686,466)
Net change in PUFL	(2,846,311)	-	-	-	-	(2,846,311)
Amortization of pension loss	(1,707,475)	-	-	-	-	(1,707,475)
Pension-related changes other than net periodic pension cost	5,129,395	-	-	-	-	5,129,395
	<u>(593,857)</u>	<u>593,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(4,455,420)	1,544,881	(176,288)	(279,790)	-	(3,366,617)
Net assets, beginning of year	38,399,780	131,679	7,824,802	3,352,924	-	49,709,185
Net assets, end of year	<u>\$ 33,944,360</u>	<u>\$ 1,676,560</u>	<u>\$ 7,648,514</u>	<u>\$ 3,073,134</u>	<u>\$ -</u>	<u>\$ 46,342,568</u>

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