

## Finance 2025-2026

Chairman: Karyl Horn, 20 Bunker Lane, Madbury, NH 03823  
(603) 988-8267; karylh@comcast.net

2nd Member: Jessica Rowell, 270A Bow Lake Road, Barnstead, NH 03218  
(603) 556-2349; jessicarowell24@gmail.com

3rd Member: Peggy Culverwell, PO Box 201, Mirror Lake, NH 03853  
(603) 569-2905; blondh25@gmail.com

### Budget

The national organization has adopted a strategic plan that includes financial goals. At times, Finance Committees and/or Units often focus only on the current year's budget and neglect looking three to five years ahead. Units need to measure where they are now and set goals to strive to reach the benchmarks for expenses and to broaden the sources of potential income. Review your annual ALA obligations, operating expenses, membership numbers, related dues income, and other sources of revenue. Plot out on a 12-month calendar when you anticipate your revenue and expenditures will occur. Compare your total estimated revenue versus your total estimated expenses. Determine what areas need further consideration to achieve your long-range goals and obtain the following IRS expense benchmarks:

- Program Service (expenditures related to the Auxiliary's primary mission and purpose) should be at 65-75 percent.
- Management and General Administration (expenditures spent on managing the operations of the organization) should be 5-10 percent.
- Fundraising (expenditures spent on raising additional funds for the organization's purpose and mission expenses) should be 10-20 percent.

Potential donors expect the majority of the funds collected by a nonprofit organization be designated to supporting the mission of the organization through its programs.

Since the American Legion Auxiliary is a membership organization, we rely on member dues to cover our expenses. Bringing in other resources such as grants, donations, special events and bequests help to lower our dependence on dues and/or reserves alone to meet our obligations.

The ability to build up financial reserves is vital for a Unit's future to ensure proper resources are available to maintain operations if necessary. The recommended amount of reserves/savings is 2.5 times the annual budget of the organization.

Remember: Budgets are just a guide. Be sure to have your Unit membership vote on the adoption of the annual budget.

Once your annual Unit budget has been approved, it is time to start supporting the mission-based programs and activities your Unit has budgeted for. Below are those programs endorsed by the National organization:

Children of Warriors National Presidents' Scholarship: Supports the children of our nation's heroes – our veterans. These scholarships are awarded to 15 students annually who excel in academics and volunteer in their communities.

Auxiliary Emergency Fund: Provides temporary emergency assistance when no other source of help is available during a sudden financial crisis befalls an eligible Auxiliary member.

National Veterans Creative Arts Festival: The American Legion Auxiliary is a national co-sponsor of the annual event showcasing the artistic achievements of veterans being treated at VA facilities across the country.

Spirit of Youth Scholarship Fund: An umbrella that supports three separate scholarship opportunities for participants in American Legion Auxiliary programs. One is for American Legion Auxiliary Junior members; another is for the Honorary National Junior President; and one is for participants in the American Legion Auxiliary Girls Nation program.

Mission Endowment Fund: This fund is permanently restricted so that the interest earned may benefit ALA programs that support our veterans, promote education, and good citizenship.

Veteran Projects Fund: Make a direct impact on veterans, military, and their families in your community by supporting one time needs through the Veteran Projects Fund.

### Transparency In Reporting

Often the finance committee believes that they must keep the financial information confidential from the membership and provide only big picture information. That is not accurate. The members are the investors of the organization and have a legal right to know how their investments are being managed and what results are being realized.

Members should receive clear, timely and accurate information regarding the financial status of the organization at each of their meetings and at additional times as deemed necessary.

### Compliance

Tax reporting must be completed within the appropriate time frames for federal, state and local jurisdictions. Since 2008, the IRS began requiring small charities such as our Units to file an annual electronic report known as a Form 990-N. This has been a mandate for every Unit. The Form 990-N, entitled the Electronic Notice for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ or e-Postcard is required of charities whose annual gross receipts are \$50,000.00 or less.

The Form 990 or Form 990-EZ or Form 990-N (e-Postcard) can be obtained from the IRS website at [www.irs.gov](http://www.irs.gov). Submit the 990 or Form 990-EZ or Form 990-N (e-Postcard) prior to the annual deadline, which is based on the Unit's fiscal year and not the calendar year. Failure to meet the annual filing requirement for three consecutive years will result in the IRS revoking the Unit's tax-exempt status.

### Audits

If an Audit Committee exists it is responsible for providing independent oversight into the Unit's accounting and financial reporting and oversees the Unit's annual audits (both external and internal).

Please remember the Department Finance Committee is here to assist. If you have any questions, please feel free to contact any member of the Finance Committee.