



**American Legion Auxiliary Department of Texas**  
**2021 – 2022 Finance Committee**  
**Honoring Their Service and Spreading Seeds of Goodwill**

“Governance on all levels of our organization are the stewards of the American Legion Auxiliary and are responsible for guiding, supporting and sustaining our mission, values and assets. Their fiduciary duty and responsibility as our “shepherds” are a legal, ethical and moral obligation in ensuring that the resources of our organization are well protected and used efficiently in fulfilling our Mission.”  
(Quote from National)

The Department Finance Committee is charged by the Department Constitution & Bylaws and Standing Rules with the oversight of the general financial policy of the department organization, subject to the ratification of the Department Executive Committee and preparation of the annual budget along with supervision of the expenditures under the budget.

### **Objective**

The Finance Committee is responsible for the oversight of assets:

By monitoring financial reports prepared by the staff.

Recommending financial policies that protect the organizations assets.

Clearly communicates the organizations financial condition to the DEC.

Recommends policies that govern the management of investments.

Ensures financial health of the organization through proper resource expenditures.

### **Financial Reporting**

The Finance Committee makes recommendations to the governing body (DEC), and that body is responsible for the actual policy decisions. The Department Executive Committee (DEC) should receive clear, timely and accurate information regarding the financial status of the organization at each meeting and any additional times as needed. Additionally, the Finance Committee ensures that all tax reporting is completed within the appropriate time frames for federal, state and local jurisdictions. Helps units with information regarding their tax reporting requirements. Also, ensures reporting is transparent and open to the members and the public as required by law and sound business practices.

### **Revenue**

The American Legion Auxiliary is a membership organization, meaning we rely on member dues to cover our expenses. By bringing in other resources such as holding special events, corporate sponsorships, direct mailing, or bequest, we lower the dependence on dues and/or reserves alone to meet our obligations.

Providing support for the mission-based programs and activities your unit can submit donations directly to Department Headquarters.

Key Financial indicators should include the benchmarks expected by the Internal Revenue Service (IRS) and nonprofit watchdog's organizations. There are as follows;

**Program Donation** related to the primary mission and purpose. (target should be 65-75%)

**General Administrative-** expenditures spent on managing the operation of the organization. (target should be 5-10%)

**Fundraising-** expenditures spent on raising additional funds for the organization's purpose and mission expenses should be 10-20 percent)

### **Annual ALA Obligations**

The unit must plan on remitting the VA&R Christmas assessment, bond fees and one third of funds from distributions of poppies after expenses to the Department office. These obligations are mandatory and do not require a vote of the body.

### **Reserves**

The ability to build up financial reserves is vital for the future to ensure proper resources are available to maintain operations of the organization if necessary. The recommended amount of reserves/savings is 2.5 times the annual budget of the organization. So, for example, an organization with a \$100,000 budget would try to maintain \$250,000 in reserves for emergencies and have a plan to replenish when withdrawals are made.

There is no annual report. However, any unit wishing to provide a report is welcome to do so. The Department Finance Committee is available to assist Units, Districts and Divisions as we strive to carry out our Mission!

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