



THE AMERICAN LEGION

Post Financial Responsibilities



Learning Objectives

- To understand the Legion Family's nonprofit tax status and filing requirements
- To describe the best practices and means to set up a bank account
- To review the financial responsibilities of Financial Officers at the Post, Unit and Squadron



THE AMERICAN LEGION

Federal Requirements for Post and Auxiliary Finances

FILING TAX FORM 990



501(c)(19)

- What is it? What does it mean?
- Applies to Veteran Organizations and related Auxiliary Units
- Contains restrictions on memberships identified in the organization's governing documents (Constitution & Bylaws)
- Receive exemptions from federal income tax if . . .
 - Paperwork is filed annually
 - Organized in the United States
 - At least 75% members are past or present members of the Armed Forces



Filing Requirements

- 990
 - 990 – Return of Organization Exempt from Income Tax
 - 990-EZ – Short Form Return of Organizational Exempt from Income Tax
 - 990-N (e-postcard) – Electronic Notice for Tax Exempt Organizations Not Required to File Form 990 or 990-EZ
- Form 1099-MISC – Miscellaneous Income
- Form 11-C – Occupational Tax and Registration Return for Legal Wagering (i.e., Keno)



Reasons to File

- It's the law
- Risk losing tax-exempt status
- No longer able to solicit or receive donations
- Unable to start an Auxiliary Unit
- No longer operating in compliance with the National Organization
- Your Charter can be suspended or revoked



THE AMERICAN LEGION

The Differences between the Legion Post and the Sons Squadron

SETTING UP A BANK ACCOUNT



Banking Best Practices

- Find a local bank within a reasonable distance of the Post
- Need IRS Determination letter to set up new accounts
- Need to ensure Post is incorporated
- There should always be at least two (2) signatories:
 - Finance Officer/Treasurer
 - Commander/President
 - Adjutant/Secretary
 - Bar Permittee/Bar Manager



Separate Accounts

- Who should have separate accounts?
 - Sons of the American Legion
 - Legion Riders
 - Baseball

 - Required to be set up as a DBA account using the Post EIN Number



Separate Accounts – Auxiliary Units

- A Post and Auxiliary DO NOT share accounts
- Separately chartered organizations and once chartered, they exist separately from the Post
- Auxiliary Members should never be on Post Financial Accounts and vice versa.



THE AMERICAN LEGION

You must inform your members of the Post's Financial Statements

FINANCIAL RESPONSIBILITIES TO THE MEMBERSHIP OF THE POST



Financial Reporting Best Practices

- System of Checks and Balances
 - Annual Budget
 - Bill Paying Process/Vouchers
- Finance Officer/Treasurer regularly review the accounts with the Finance Committee for expenditures against the budget



Financial Reporting Best Practices

- Conduct an Annual Review (or based on Post/Unit Bylaws)
 - Provides transparency
 - Gives members confidence in financial information and officers
 - Identifies mistakes and allows time for corrections prior to filing
 - Prevents Embezzlement
- Review should comprise of three committee members (uneven number)



Financial Reporting Best Practices

- Audit should be conducted by a certified accountant for Post/Unit with multiple accounts and other assets
- For Posts/Units that generate minimal income (Under 50,000) an internal Review conducted by an appointed Review committee should suffice
- Findings must be reported to membership



THE AMERICAN LEGION

Questions?