

**Finance Program Action Plan
American Legion Auxiliary
Department of Indiana**

Congratulations on your selection as Finance Chairman or as an appointment to the Finance Committee in your District or Unit. This is a very important responsibility that requires fiduciary responsibility, which literally means the responsibility of trust. The Finance Chairman and committee has a legal obligation to act in the best interest of the members – with the highest care to protect the assets and reputation of the organization. The committee should possess:

- Duty of Care – acting with the care that a reasonably prudent person in a similar situation would use
- Duty of Loyalty – placing the interests of the organization over their own personal interests and refrain from using their positions to further their own personal gain
- Duty of Obedience – performing duties in accordance with applicable statutes and with the organization's rules, bylaws and policies

Failure to fulfill these duties is a breach of fiduciary responsibility and could result in a financial liability.

Those responsible for the District or Unit finances should be prepared to:

- Prepare a budget
- Monitor the budget throughout the year
- Keep accurate records of income and expenses
- Follow all IRS regulations

When preparing the budget, the committee should keep in mind the benchmarks set by the IRS for organizations to follow when it comes to the organizations' expenses.

- Sixty-five to seventy-five percent of expenditures should be related to the ALA's primary mission and purpose
- Five to ten percent of expenditures should be spent on managing ALA operations
- Ten to twenty percent of expenditures should be spent on raising additional ALA funds through fundraising efforts

Since 2008, the IRS has mandated that every ALA unit and district, no matter how small, file a tax return. Units and districts with gross receipts of \$50,000.00 or less can now file an electronic report. This form (990-N) is more commonly called the "e-postcard" (Electronic Notice for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ). Filling out this form is simple, but the unit or district needs to have a Federal Tax Identification Number. Then you answer a few quick questions and you're done. This is completed online and it's free. The return needs to be filed by the 15th day of the fifth month following the close of your tax year. Due in November for most if you operate on a July 1st to June 30th fiscal year. Failing to file can result in a loss of your tax exempt status and a potential fine. Go to the IRS website to see if your Unit or District has lost its tax-exempt status. Follow the guidelines there to reinstate your status.

For further information about various items your District or Unit need to be aware of, see Publication 3386 – Tax Guide for Veterans Organizations and Publication 3079 – Gaming Publication for Tax Exempt Organizations.

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Secretary – Anna Toomey
Treasurer – Kathy Knafel
Parliamentarian – Sally Wilhelm