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Post Financial Responsibilities

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Department Adjutant

Post # Goes Here



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



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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 Organizations
- Your Charter can be suspended or revoked



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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
- 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

 - Should be set up as a DBA 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 only be on Financial Accounts



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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 Audit (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
- Audit 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
- Findings must be reported to membership



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Questions?