

**THE AMERICAN LEGION DEPARTMENT OF
MISSOURI, INC.**

990 COMPLIANCE POLICY



AS STATED

JULY 2009

MISSION

The American Legion Department of Missouri, Inc., EIN 44-0356165, is exempt from Federal income tax under section 501(C)(19) of the Internal Revenue Code through an IRS Group Ruling issued to The American Legion. Under this IRS classification, the organization is required to file the annual return, Form 990.

The American Legion Department of Missouri, Inc. is a Missouri corporation.

Purposes: The purposes of the corporation are –

- 1) To uphold and defend the Constitution of the United States;
- 2) To promote peace and good will among the peoples of the United States and all the nations of the Earth;
- 3) To preserve the memories and incidents of the 2 World Wars and the other great hostilities fought to uphold democracy;
- 4) To cement the ties and comradeship born of service; and
- 5) To consecrate the efforts of its members to mutual helpfulness and service to their country.

990 SCHEDULE A PUBLIC CHARITY STATUS AND PUBLIC SUPPORT

The American Legion Department of Missouri, Inc. continues to exhibit its commitment to public charitable support. Through Veterans Affairs & Rehabilitation, veterans are assisted by Department Service Officers to inquire and file claims with the VA, as well as assisting the homeless veterans and those veterans that are in need. Through Americanism and Children & Youth, the commitment to the states youth is evidenced via the America Legion Baseball program, the Oratorical scholarship program, scholarships for youth, and our commitment to youth programs like the Boys Scouts, State Youth in Government Day, ROTC, Junior Sports Shooting, Cadet Patrol, and Boys State.

**990 SCHEDULE C
POLITICAL CAMPAIGN AND LOBBYING**

The American Legion Department of Missouri, Inc. is a non-partisan, veteran-service organization, and as such, takes no part in political campaigns.

Our distinct status as a 501(C)(19) allows The American Legion Department of Missouri, Inc. to lobby on behalf of veterans' rights. The following excerpt from The American Legion "Our Pillars, Your Platform" white paper states it best:

The American Legion still believes in the vision of our founders, a vision for a strong American – freedom and opportunity. And The American Legion firmly believes that veterans and their families have earned every benefit awarded to them by a grateful nation because of their selfless service. Indeed, this basic principle was succinctly written into law when the Supreme Court stated in the 1983:

“It is...not irrational for Congress to decide that, even though it will not subsidize substantial lobbying by charities generally, it will subsidize lobbying by veterans’ organizations. Veterans have ‘been obliged to drop their own affairs and take up the burdens of the nation, subjecting themselves to the mental and physical hazards as well as the economic and family detriments which are peculiar to military service and which do not exist in normal civil life.’ Our country has a long-standing policy of compensating veterans for their past contributions by providing them numerous advantages. This policy has ‘always been deemed to be legitimate.’”

DEFINITIONS KEY TO 990 COMPLIANCE

Officers: Defined as being the following appointed Department Officers (paid staff -- non-Independent):

- Department Adjutant
- Department Assistant Adjutant
- Department Service Officer
- Department Assistant Service Officers

And the following elective Department Officers (non-paid officers -- independent):

- Department Commander
- Department Senior Vice Commander
- Department Judge Advocate
- Department Finance Officer
- Department Chaplain
- Department Historian
- Department Sgt.-at-Arms
- Four Department Vice-Commanders

Directors/trustees: Department Executive Committee consisting of the following:
All Department elected Officers, District Commanders, Immediate Past Department Commander, Past National Commander, National Executive Committeeman, Alternate national Executive Committeeman, and current elected National Officers from the Department of Missouri.
(Total of 32 current voting members: 32 independent, 0 dependent)

Key Employee: Any employee other than an officer, director or trustee, who:

- 1) Had reportable compensation exceeding \$150,000 for the year;
- 2) Had or shared organization-wide control or influence similar to an officer, director or trustee, or managed or had authority over at least 10% of the organization's activities; and
- 3) Were within that group of organization's top highest paid persons for the year who satisfied both the \$150,000 test and the responsibility test.

Highest Compensated employee (HCE): One of the five highest compensated employees of the organization other than officers or listed key employees who earn \$100,000 or greater as listed in box 5 of Forms W-2.

990 COMPLIANCE GOVERNANCE STRUCTURE
(Reportable on Schedule O of 990)

- 1) Establish a Financial Governance Committee to be charged with the following:
 - a. The annual distribution (including educational and instructional comments) and collection of the Conflict of Interest Statements to the Department Executive Committee.
 - b. The Committee will review the annual Form 990 report prior to signature and filing.
 - c. This committee will consist of the Department Adjutant, Department Finance Officer and the Chairman of the Finance Commission.

- 2) Establish Compliance Officer(s)
 - a. Compliance Officer: Department Judge Advocate
 - 1) Responsibilities will be to maintain records of the signed Conflict of Interest forms for independent voting members of the board.
 - b. Department employees' Compliance Officer (including paid officers):
Department Adjutant
 - 1) Responsibilities will be to maintain in the personnel files the signed Conflict of Interest forms for all employees including non-independent officers.

- 3) The Department Finance Commission will be charged with the following:
 - a. Recommending to the Department Executive Committee, the level of salaries of paid Department Officers and employees.

CONFLICT OF INTEREST POLICY

The American Legion Department of Missouri, Inc., established on August 1, 1920, was founded on ideals to uphold the Constitution of the United States of America, and has always set a very high standard for our code of ethics. This Conflict of Interest Policy is established to assure the continuation of these ethical standards.

Employees (paid -- non-independent staff):

It is the Policy of The American Legion Department of Missouri, Inc. that no employee shall have financial or management interests or an indirect business relationship through ownership of more than 35% (individually or collectively with other person(s) in any company or business concession that furnishes goods or services to The American Legion Department of Missouri, Inc., or is under a contractual arrangement with The American Legion Department of Missouri, Inc. If an employee or an immediate family member has a financial or employment relationship with a competitor, vendor, or other firms with which The American Legion Department of Missouri, Inc. has a business relationship; the employee must disclose this fact in writing to the Department Adjutant.

Every new employee will be required to sign a "Conflict of Interest" statement, which will remain in effect throughout the employee's employment. It is the employee's responsibility to let the Department Adjutant know if he or she has a change in circumstance that would require an update.

The organization will determine what course of action must be taken to resolve any conflict it believes may exist. If the conflict is severe enough, The American Legion Department of Missouri, Inc. may be forced to ask the employee to tender his/her resignation. The American Legion Department of Missouri, Inc. has sole discretion to determine whether such a conflict of interest exists.

Any violation of this policy may result in disciplinary action, up to and including termination from employment.

Department Executive Committee and other "independents" (non-paid staff):

It is the Policy of The American Legion Department of Missouri, Inc. that members of the Department Executive Committee and officers (non-paid -- independent) shall be restricted from having financial or management interests in any company or business concession that furnishes goods or services to The American Legion Department of Missouri, Inc., or is under a contractual arrangement with The American Legion Department of Missouri, Inc. If a member or officer or an immediate family member has a financial or employment relationship with a competitor, vendor, or other firms with which The American

Legion Department of Missouri, Inc. has a business relationship, the individual must disclose this fact in writing to the Financial Governance Committee.

Every member of the Department Executive Committee as well as the independent officers will be required to sign a "Conflict of Interest" statement each calendar year during the Fall Department Executive Committee meeting. This will be handled by the Financial Governance Committee and all statements will be reviewed by the Compliance Officer and the files maintained at the Department Office by the Department Adjutant.

The Financial Governance Committee will determine what course of action must be taken to resolve any conflict it believes may exist. The American Legion Department of Missouri, Inc. has sole discretion to determine whether such a conflict of interest exists.

Contractor Code of Conduct and Standards

The following Contractor Code of Conduct and Standards establishes the highest ethical standards for all contractors and employees, officers or agents of contractors doing business with The American Legion Department of Missouri, Inc.

CONTRACTOR CODE OF CONDUCT AND STANDARDS

Each contractor who does business with The American Legion Department of Missouri, Inc. shall conduct and comport itself in a manner that is above reproach.

Each contractor shall abide by and follow the highest ethical standards in complying not only with the terms but also with the intent and spirit of any contract and deal in good faith at all times.

No contractor shall combine or act collusively with another; solicit, offer or accept any bribe or kickback; or attempt to influence a decision of The American Legion Department of Missouri, Inc. or its Officers, or Department Executive Committee, in any way or fashion, including, but not limited to, the giving of gifts, offer of entertainment or lobby for or against any decision or position of The American Legion Department of Missouri, Inc.

When in doubt about a course of action, the contractor has the duty to inquire in writing to the Department Adjutant revealing all relevant information, facts and details.

Failure to abide by this code of conduct and standards can result in a refusal by The American Legion Department of Missouri, Inc. to continue any relationship.

COMPENSATION PRACTICES
(Schedule J)

Employees (paid -- non-independent staff):

The American Legion Department of Missouri, Inc. Employee Performance is defined in the Personnel Policy Manual. All employee compensation and bonuses are recommended each year by the Department Finance Commission to the Department Executive Committee for their approval.

The Department Adjutant and the Department Service Officer will provide a report form on which the increase for the year and bonus, if any, for each of their respective employees is recommended.

SARBANES-OXLEY (SOX) CONSIDERATIONS

DOCUMENT RETENTION/DESTRUCTION POLICY

The American Legion Department of Missouri, Inc. complies with all general regulations, including 29 CFR part 516, in relationship to recordkeeping and reporting requirements.

RECORDS RETENTION GUIDELINES

The following schedule outlines various financial records and, generally, the minimum period of time that we recommend they be retained:

Item	Retention Period
Accident reports and claims (settled cases)	7 years
Accounts payable ledgers and schedules	7 years
Accounts receivable ledgers and schedules	7 years
Audit reports of accountants	Permanently
Bank reconciliation	7 years
Bank statements	7 years
Capital stock and bond records; ledgers, transfer registers, stubs showing issues, record of interest coupons, options, etc.	Permanently
Cash books	Permanently
Charts of accounts	Permanently
Checks (cancelled but see exception below)	7 years
Checks (cancelled for important payments, i.e., taxes, purchases of property, special contracts, etc.)(checks should be filed with papers pertaining to the underlying transactions)	Permanently
Contracts and leases (expired)	7 years
Contracts and leases still in effect	Permanently
Correspondence (routine) with customers or vendors	2 years
Correspondence (general)	3 years
Correspondence (legal and important matters only)	Permanently
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Deposit Slips	7 years
Duplicate deposit slips	2 years
Employee personnel records (after termination)	3 years
Employee withholding records	7 years
Employment applications	3 year
Expense analyses and expense distribution schedules	7 years
Financial statements (end-of-year, other months optional)	Permanently
General and private ledgers (and end-of-year trial balances)	Permanently
Gifts, records of gifts	Permanently
Group disability reports	8 years
Incorporation records made or received	Permanently
Insurance policies (expired)	4 years
Insurance policies, reports and claims (current)	Permanently

Item	Retention Period
Internal audit reports (in some situations, longer retention periods may be desirable)	3 years
Inventories of products, materials, and supplies	7 years
Invoices to customers	7 years
Invoices from vendors	7 years
Journals	Permanently
Minute books of directors and stockholders, Including by-laws and charter	Permanently
Notes receivable ledger and schedules	7 years
Option records (expired)	7 years
Payroll register	Permanently
Petty cash vouchers	3 years
Physical inventory tags	3 years
Plant cost ledgers	7 years
Property appraisals by outside appraisers	Permanently
Property records-including costs, depreciation reserves, end-of-year trial balances, depreciation schedules, blueprints and plans	Permanently
Purchase orders (except purchased department copy)	2 years
Purchase orders (purchasing department copy)	7 years
Receiving sheets	2 years
Requisitions	2 years
Retirement and pension records	Permanently
Sales records	7 years
Stenographer's notebooks	2 years
Stock and bond certificates (cancelled)	Permanently
Subsidiary ledgers	7 years
Tax and legal correspondence	Permanently
Tax returns and worksheets, revenue agent's reports and other documents relating to determination of income tax liability	Permanently
Time books	7 years
Trade mark registrations	Permanently
Voucher register and schedules	7 years
Vouchers for payments to vendors, employees, etc. (including allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses)	7 years

“WHISTLE BLOWER” PROTECTION POLICY

Any individual, whether paid staff or independent (non-paid) board member, who wishes to voice a concern regarding an alleged impropriety of any type in connection with the policies contained herein, may do so without fear of reprisals. Employees may notify the Department Adjutant or Department Commander. Non-paid board members may contact the Department Commander, the Department Adjutant, the Department Judge Advocate or the Chairman of the Finance Commission if they have a concern they wish to report.

All reported concerns will be handled in the most confidential manner possible as the allegation is investigated. If the allegation is found to have merit, appropriate action will be taken as determined by the Financial Governance Committee if the allegation concerns an independent (non-paid) board member and by the Department Adjutant if it concerns a paid employee. If the allegation concerns a paid Officer, the Financial Governance Committee will determine the appropriate handling of the matter.

Those who file complaints, report suspected violations of this policy, or participate in an investigation may do so without fear of retaliation or adverse employment action and with confidence that their concerns will be thoroughly investigated and dealt with.



**THE AMERICAN LEGION DEPARTMENT OF MISSOURI, INC.
DEPARTMENT EXECUTIVE COMMITTEE,
OFFICERS AND/OR KEY EMPLOYEES
QUESTIONNAIRE ON POTENTIAL CONFLICTS OF INTEREST**

1.	<p>Do you currently have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s))?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>If yes, name of company/organization: _____ Company address: _____ Nature of business: _____ Your affiliation with this company: _____ If this company/organization conducts business with The American Legion Department Headquarters, what is the volume: _____</p>
2.	<p>Do you have a family member who has a direct or indirect business relationship with the organization?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>If yes, what is that family member's name and relationship to you?</p> <p>_____</p> <p>Nature of the business relationship: _____</p> <p>_____</p> <p>_____</p>
3.	<p>Do you serve as an officer, director, trustee, key employee, partner, or member of an Entity (or a shareholder of a professional corporation) doing business with the organization?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>If yes, name of company/organization: _____ Company address: _____ Nature of business: _____ Your affiliation with this company: _____ If this company/organization conducts business with The American Legion Department of Missouri Inc., what is the volume: _____</p>
4.	<p>Do you have a direct business relationship with any other officer, director, trustee or employee of the organization?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>If yes, please indicate the name and relationship _____</p>
5.	<p>Is any other officer, director, trustee or employee of the organization an immediate family member of yours?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>If yes, please indicate the name and relationship: _____</p>
	<ul style="list-style-type: none">• TITLE: _____• PRINTED NAME: _____• SIGNATURE: _____• DATE: _____



**THE AMERICAN LEGION DEPARTMENT OF MISSOURI, INC.
EMPLOYEES'
QUESTIONNAIRE ON POTENTIAL CONFLICTS OF INTEREST**

<p>1. Are you presently employed or are you accepting payment for contracted, salaried or commissioned services outside The American Legion Department of Missouri, Inc., or do you have an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s)) doing business with The American Legion Department of Missouri, Inc.?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p>
<p>2. If you answered "NO" to the above question, merely sign your name where indicated, state your job title, and date. <i>If you answered "YES" to this question, please complete questions 3 through 9 below.</i></p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p>
<p>• TITLE:</p>
<p>• PRINTED NAME:</p>
<p>• SIGNATURE:</p>
<p>• DATE:</p>
<p>3. Name of company/organization with which you are involved:</p>
<p>4. Company Address:</p>
<p>5. Nature of business:</p>
<p>6. Type(s) of product(s) or service(s):</p>
<p>7. Your job title or affiliation with this other company:</p>
<p>8. If this company/organization conducts business with The American Legion Department of Missouri Inc., what is the volume:</p>
<p>9. Approximate number of hours per week that you work for this other company:</p>

