POST FINANCE
&
OFFICE OF CHARITABLE AND REGULATORY PROGRAMS

A BRIEF OVERVIEW

Presented by

Bill Feasenmyer

Department of Virginia Commander, 2020-2021

Past Post 284 Finance Officer, 2009 to 2022

Past and Present Department Treasurer

Charitable Gaming Board Member, 2018 to 2021

Department of Virginia Leadership College August 3, 2024

- ***SOME BASICS OF POST FINANCE***
- ***Keep in mind that posts vary widely in size and scope of financial needs. Below are just some of the simplest basics.***
  - ***THE FINANCE OFFICER IS THE KEEPER OF THE POST'S FUNDS***
  - ***REMEMBER THAT YOUR POST CONSTITUTION AND BY LAWS IS THE GUIDE THAT EVERY OFFICER OF THE POST MUST ABIDE BY, INCLUDING THE FO. KEEP IT CLOSE***
  - ***BE SURE YOU HAVE CHECKS AND BALANCES IN PLACE THAT PROTECT YOU, AS WELL AS THE POST FUNDS.***
    - ***TWO SIGNEES IS A GREAT PROTECTOR. DEPENDING ON THE SIZE OF YOUR POST, IT MAY OR MAY NOT BE PERFECT FOR YOUR POST***
    - ***APPROPRIATE BONDING AGAINST THEFT OR MALFEASANCE***
    - ***ANNUAL AUDITS.***
      - ***NOT NECESSARILY EXPENSIVE CPA AUDITS***
      - ***AUDITS BY A RESPECTED TEAM OF THREE POST MEMBERS IS ACCEPTABLE***

- STATE CORPORATION ANNUAL FILING. Adjutant or Finance Officer normally
- IRS 990 FILING and/or 990T (Unrelated Business Income)
  - This needs to be done every year to retain your “IRS Tax Exempt Status”
- AMERICAN LEGION POSTS ARE 501 C 19’s
  - Exempt from Federal Income Tax relating to your charitable purpose
  - You may still owe taxes on UBI, revenue not related to your charitable purposes
    - Include unrelated business expenses to offset UBI
    - Check with your CPA or a Tax Consultant
- Does not automatically mean exempt from Virginia State Sales and Use Tax
  - You must apply to Virginia Department of Taxation to receive that certificate
  - https://www.npo.tax.virginia.gov/VTOL_External_Entity/NPOLogin.xhtml

If you have questions about your IRS status, DO NOT CALL THE NATIONAL JUDGE ADVOCATE. Always call the Department.

- EVERY DEPARTMENT AND EVERY POST OBTAINS THEIR IRS TAX EXEMPT STATUS BY BEING A PART OF THE NATIONAL ORGANIZATION.
- THE IRS REPORTS ANNUALLY TO THE NATIONAL ORGANIZATION, EVERY DEPARTMENT AND POST THAT IS IN COMPLIANCE WITH THE IRS, MEANING, HAS FILED THEIR ANNUAL 990 OR 990T.
- AFTER A PERIOD OF NON-COMPLIANCE, USUALLY THREE YEARS, THE IRS MAY REVOKE THE TAX EXEMPT STATUS OF THOSE DEPARTMENTS OR POSTS NOT IN COMPLIANCE.
    - It is not impossible to get reinstated, however, it is a long and arduous process. File annually
- THE DOCUMENTS ON THE FOLLOWING PAGES ARE THE SUPPORTING DOCUMENTS FROM THE IRS THAT ESTABLISH THE NATIONAL ORGANIZATION AS A 501 C 19.
    - As you can see, the change from a 501 c 3 to a 501 c 19 is documented
    - As a foot note, the Virginia General Assembly just recently changed its state code to reflect that a 501 c 19 is equivalent to a 501 c3 or c4.
- You may use these documents to provide the necessary proof of a posts eligibility as a IRS Tax Exempt 501 c 19. I repeat, DO NOT CALL THE NATIONAL JUDGE ADVOCATE.

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TREASURY DEPARTMENT
WASHINGTON 25

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

IT:P:T:1
MAP

The American Legion
c/o Donald G. Glascoff,
National Adjutant
National Headquarters
Indianapolis 6, Indiana

Gentlemen:

Reference is made to the information submitted for use in determining the status of the departments and posts under your jurisdiction for Federal income tax purposes.

In Bureau ruling dated February 26, 1934 it was held that you are entitled to exemption from Federal income tax under the provisions of section 103(8) of the Revenue Act of 1932 and corresponding provisions of prior revenue acts. Such ruling was affirmed July 8, 1936 under the Revenue Act of 1936 and is applicable under the provisions of section 101(8) of the Revenue Act of 1938 and the Internal Revenue Code.

Based upon the evidence presented, it is held that your departments and posts appearing on the lists submitted with an affidavit dated February 27, 1946 of your National Adjutant are entitled to exemption from Federal income tax under the provisions of section 101(8) of the Internal Revenue Code and corresponding provisions of prior revenue acts.

Accordingly, your departments and posts appearing on the lists submitted will not be required to file income tax returns unless there is a change in their character, purposes or method of operation. Any such changes should be reported immediately to this Bureau in order that their effect upon the exempt status of the departments and posts under your jurisdiction may be determined.

You should furnish the Bureau annually, on the calendar year basis, lists in quadruplicate showing only the names, numbers and addresses of any new departments and posts which were chartered by you during the calendar year and the names, numbers and addresses of any departments and posts which for any reason have ceased to exist. Such annual lists should be accompanied by a statement sworn to by one of your principal officers as to whether the information heretofore submitted by you and on which this ruling is based

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is applicable in all respects to the departments and posts appearing on the lists and should be forwarded so as to reach this office not later than February 15 of the following year.

Contributions made to you and your departments and posts are deductible by the donors in arriving at their taxable net income in the manner and to the extent provided by section 23(o) and (q) of the Internal Revenue Code, as amended.

However, under section 54(f), as added to the Internal Revenue Code by section 117 of the Revenue Act of 1943, you and your departments and posts are required to file annually information returns on Form 990 (Revised May 1944) with the collector of internal revenue for the respective districts in which located so long as the exemption remains in effect. This form may be obtained from the collector and is required to be filed on or before the fifteenth day of the fifth month following the close of the respective annual accounting periods. Your departments may file annually in addition to a separate annual return, a group return on Form 990 for two or more of the local posts which are affiliated with such department. Group returns on Form 990 shall be filed in accordance with the regulations promulgated under the income tax chapter of the Internal Revenue Code and the instructions on Form 990 and shall be considered the return of each of the local posts included therein.

The collectors of internal revenue for the districts in which you and your departments and posts are located are being advised of this action.

By direction of the Commissioner.

Very truly yours,

E. J. McLarney

Deputy Commissioner

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Department of the Treasury

Internal Revenue Service
[illegible]

Date: MAR 26 1973 | In reply refer to: T:MS:EO:R:1

The American Legion
National Headquarters
Indianapolis, Indiana 46206

EIN 35-0144250
DO 52

Gentlemen:

This refers to your letter dated January 2, 1973, in which you ask that your ruling letter of March 14, 1946, be modified to show that you are recognized to be exempt from Federal income tax under section 501(c)(19) of the Internal Revenue Code. You state, and the information furnished shows, that membership in your organization is limited to persons who served in the Armed Services of the United States during a period of war.

Our records show that on March 14, 1946, you and your subordinate departments and posts were recognized to be exempt from Federal income tax under section 101(8) of the 1939 Code (this now corresponds to section 501(c)(4) of the 1954 Code).

Based on the information furnished, we rule that you and your subordinate departments and posts are recognized as being exempt under section 501(c)(19) of the Code.

You are required to file the annual return, Form 990, on or before the 15th day of the 5th month after the end of your annual accounting period if your annual gross receipts are normally more than $5,000. Failure to file the Form 990 by this date may subject you to a penalty of $10 for each day during which such failure continues, up to a maximum of $5,000. Your subordinates will have to file an annual information return, Form 990, if their gross receipts in each taxable year are normally more than $5,000.

If you do not include the subordinates in a group return, each must file an annual return by the 15th day of the 5th month after its annual accounting period closes.

You and your subordinates are not required to file Federal income tax returns unless you or your subordinates are subject to the tax on unrelated business income under section 511 of the Code, if so, you and your subordinates must file an income tax return on Form 990-T. In this letter we are not determining whether any of your, or your subordinates', present or proposed activities is unrelated trade or business as defined in section 513 of the Code.

Unless specifically excepted, you and your subordinates are liable for taxes under the Federal Insurance Contributions Act (social security taxes). Also, unless excepted, you and your subordinates are liable for tax under the Federal Unemployment Tax Act if, during the current or preceding calendar year, you have one or more employees at any time in each of 20 weeks, or you pay wages of $1,500 or more in any calendar quarter. Any questions concerning excise, employment, or other Federal taxes should be submitted to your key District Director in Baltimore, Maryland.

Contributions made to your exempt subordinate units are deductible as provided by section 170 of the Code.

You should advise each of the subordinates of the provisions of this ruling, including the requirement for filing information or other returns.

Each year within 45 days after the close of your annual accounting period, please send the following to the Philadelphia Service Center, 11601 Roosevelt Boulevard, Philadelphia, Pennsylvania 19155, Attention: EOR Branch:

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The American Legion

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates.

2. A list of the names, mailing addresses including ZIP Codes, and employer identification numbers (if required for group exemption letter purposes) of subordinates on your group exemption roster that during the year:

   a. changed names or addresses;

   b. were deleted from the roster;

   c. were added to the roster. ✓

   An annotated directory of subordinates will not be accepted for this purpose.

3. For subordinates added to the roster, a letter signed by one of your principal officers containing or attaching:

   a. a statement that the information which your present group exemption letter is based applies to the new subordinates;

   b. a statement that each has given you written authorization to add its name to the roster;

   c. a list of those to which the Service previously issued rulings or determination letters relating to exemption.

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4. If applicable, a statement that your group exemption roster did not change during the year.

To the extent that this ruling is inconsistent with it this ruling modifies our ruling issued to you on March 14, 1946.

Your key District Director is being advised of this action.

Sincerely yours,

Director,
Miscellaneous and Special
Provisions Tax Division

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Internal Revenue Service
Washington, D.C. 20224

Department of the Treasury

Date:

35-0144250 0925 05 00 19
AMERICAN LEGION NATIONAL HEADQUARTERS
700 NORTH PENNSYLVANIA STREET
INDIANAPOLIS IN 46206

Person to Contact:
Mr. Charles E. McLaughlin
Telephone Number:
(202)964-6197
Refer Reply to:
E:EO:O:R
Date:
February 17, 1976
Group Exemption Number:
0925

Dear Officer or Trustee:

We are contacting all group central organizations because the 1975 Form 990 and instructions require each central organization and its subordinates to show their group exemption number (GEN) in Part I, item 18(b), of Form 990.

Your group exemption number is shown above. Please advise any of your subordinates that are required to file an annual information return, Form 990, to place your group exemption number on their return.

Church central organizations are not required to file an annual information return. However, any of their subordinates that do not qualify as "integrated auxiliaries" of a church are required to file an information return, Form 990, and should include on that return the appropriate group exemption number. We are preparing a proposed amendment to the Income Tax Regulations which will define an integrated auxiliary of a church. When that amendment is published, we will send an information copy to holders of group exemption rulings under section 501(c)(3) of the Internal Revenue Code. (Organizations exempt under other provisions will not receive a copy.)

If you have any questions, please contact the person whose name and telephone number are shown above.

Thank you for your help in this matter.

Sincerely yours,

D. A. Tedesco, Director
Exempt Organizations Division

THE AMERICAN LEGION
National Headquarters

OFFICE OF THE
NATIONAL JUDGE ADVOCATE
P.O. BOX 1055
INDIANAPOLIS, IN 46206

January 17, 2020

American Legion
[redacted]

Dear Mr.

In reply to your recent request, the National Organization of The American Legion was granted its exempt status by the Internal Revenue Service in 1934. In February of 1946, we submitted to the central office of the Internal Revenue Service a complete listing of all Departments and Posts extant in the Legion up to and including December 31, 1945. With our submission we requested a group ruling which would extend exemption from the payment of federal income tax for those Departments and Posts designated in our listing.

Each year since 1946 supplemental listings have been transmitted to the Internal Revenue Service for an over-all group ruling covering those Departments and Posts chartered during the previous year. Group rulings have been issued yearly by the Internal Revenue Service covering those Departments and Posts. *Hylton-Taylor-Williams Memorial Post No. 311 was chartered on June 2, 1981.* Enclosed is a copy of the original ruling.

Section 101(8) referred to in the exemption letter corresponds to Section 501 (c) (4) of the 1954 Code. The American Legion, its component Departments and Posts, were exempt from the payment of federal income tax under this Section up to and including the year 1972. By virtue of the passage of Public Law 92-418 on August 29, 1972, veterans' organizations were given a separate classification under the Code, Section 501(c)(19). A copy of that ruling is also enclosed.

Also enclosed please find a copy of a letter we received from the Internal Revenue Service dated February 17, 1976, wherein the National Organization, Departments and Posts were instructed to use the number 0925 as their Group Exemption Number (GEN) when filing their Form 990.

In addition, the status of The American Legion and its Departments and Posts may allow acceptance of charitable gifts and bequests. The following might be of assistance to you.

Deductibility of Contributions to The American Legion is governed by 26 U.S.C. 170 (c) (3) Internal Revenue Code of 1954, as amended.

Deductibility for bequests is established by 26 U.S.C. Section 2055 (a) (4).

Section 170(c)(3) reads as follows:

"Section 170. Charitable, etc., contributions and gifts

(a) Allowance of deduction

(1) General Rule. - There shall be allowed as a deduction any charitable contribution (as defined in sub-section (c) payment of which is made within the taxable year. A charitable contribution shall be allowable as a deduction only if verified under regulations prescribed by the Secretary or his delegate.

*** * ***

(c) Charitable contribution defined. For purposes of this section the term 'charitable contribution' means a contribution or gift to or for the use of -

(3) A post or organization of war veterans, or an auxiliary unit or society of, or trust or foundation for, any such post or organization -

(A) organized in the United States or any of its possessions, and

(B) no part of the net earnings of which insures to the benefit of any private shareholder or individual."

According to the records at The American Legion National Headquarters, the Post EIN is .

I trust the foregoing information is what you needed. Scanned copies of this letter with the parties' signature shall be deemed an original signature and shall be treated as an original.

If there are any questions, please do not hesitate to call me.

Sincerely,

Kevin J. Bartlett, J.D.
National Judge Advocate

cc: Department of Virginia: Commander, Adjutant, NEC and Judge Advocate

- **Office of Charitable & Regulatory Programs**
- **It is important to keep up with the changing Virginia Code and Regulations** **https://www.vdacs.virginia.gov/food-charitable-gaming.shtml**

  - Bingo
  - Social Quarters pull tabs or electronic games
  - Your bingo chairman, your finance officer should know the rules and regulations
  - The commander, should at least have an idea
  - Severe financial penalties can be enforced if the rules are not followed
  - Stand alone raffles with or without a Bingo license

- SB 403 IS IDENTICAL TO HB 763. LEGISLATION WAS EVENTUALLY PASSED BY THE GA AND SIGNED BY THE GOVERNOR AND BECAME EFFECTIVE JULY 1, 2022.
- THERE WERE ENORMOUS CHANGES AS A RESULT OF THIS NEW LEGISLATION, MAINLY BECAUSE OF SOME BAD ACTORS.
- NEW LEGISLATION WAS ENACTED THAT TOOK EFFECT ON MAY 9, 2024 PERTAINING TO TEXAS HOLD EM AS WELL AS NEW LEGISLATION THAT WAS EFFECTIVE JULY 1, 2024. USE THE LINK ON THE PRIOR PAGE TO REVIEW THOSE NEW STATUTES. USE THE STATE CODE INFORMATION RATHER THAN THE OCG REGULATIONS AS THE REGULATION HAVE NOT AND MAY NOT BE UPDATED.
- DEPENDING ON WHAT CHARITABLE GAMES YOU OPERATE IN YOUR POST, THE RULES ARE SIGNIFICANTLY DIFFERENT. WAY TOO MANY VARIABLES TO DISCUSS IN THIS FORUM SO REVIEW THE VIRGINIA ADMINISTRATIVE CODE FIRST AND THEN POSE ANY QUESTIONS DIRECTLY TO THE OCG PROGRAM MANAGER, MICHAEL MENEFEE OR YOUR AREA INSPECTOR.
- THE AMERICAN LEGION AND THE VFW CONTINUE TO LEAD THE WAY VIA THE JLC TO CONTINUE TO HAVE THE GA MAKE CHANGES TO STATE CODE THAT WILL BENEFIT OUR POSTS AND OUR PROGRAMS TO AFFIRM OUR LONGEVITY. BE PATIENT, TALK TO YOUR STATE LEGISLATORS WHEN ASKED TO DO SO AND CHANGES FOR THE GOOD WILL CONTINUE TO HAPPEN.

- DO THE EASY THINGS TO KEEP YOUR INSPECTORS SATISFIED WITH YOUR OPERATION.
  - KEEP YOUR PERMIT CURRENT AND UP TO DATE
    - SUBMIT NEW PERSONNEL FORMS TIMELY
  - POST YOUR PERMIT AND POSTERS PROMINENTLY AS REQUIRED
  - YOU HAVE THE OPTION TO HAVE YOUR GAMING PROVIDER TURN MACHINES OFF DURING TIMES NOT PERMITED ON YOUR PERMIT. NOT A REQUIREMENT, BUT A GOOD TOOL. YOU ARE THE ONES WHO SETS THE HOURS SO DO SO WISELY
  - BE SURE YOU HAVE A GAME MANAGER PRESENT DURING OPERATIONS
  - BE SURE THE COMMANDER, THE FINANCE OFFICER, THE SOCIAL ROOM MANAGER AND EVERYONE YOU SUBMITTED ON YOUR PERMIT APPLICATION UNDERSTAND THE RULES AND REQUIREMENTS. THERE ARE CIVIL PENALTIES THAT CAN BE ASSESSED AND THEY WILL REVOKE PERMITS
  - MOST IMPORTANT, OCG IS THERE TO HELP US OPERATE OUR CHARITABLE GAMING CORRECTLY. USE THEM AS A POSITIVE RESOURCE AND NOT AS THE ENEMY.