Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0047

2003

Open to Public Inspection

A For the 2003 calendar year, or tax year beginning and ending

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return ☐ Amended return ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: NAVY LEAGUE OF THE UNITED STATES

Number and street (or P O. box if mail is not delivered to street address): 2300 WILSON BOULEVARD — Room/suite: 1000

City or town, state or country, and ZIP + 4: ARLINGTON, VA 22201-3308

D Employer identification number: 53-0116710

E Telephone number: 703-528-1775

F Accounting method ☐ Cash ☒ Accrual ☐ Other (specify) ▶

● **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶ 2

H(c) Are all affiliates included? N/A ☐ Yes ☐ No (If "No," attach a list)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☒ Yes ☐ No

I Group Exemption Number ▶ 3276

M Check ▶ ☐ if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

G Website: ▶WWW.NAVYLEAGUE.ORG

J Organization type (check only one) ▶ ☒ 501(c) (3)◀ (insert no) ☐ 4947(a)(1) or ☐ 527

K Check here ▶ ☐ if the organization's gross receipts are normally not more than $25,000 The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data **Some states require a complete return.**

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 6,939,660.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Direct public support	1a	761,692.		
	b	Indirect public support	1b			
	c	Government contributions (grants)	1c			
	d	**Total** (add lines 1a through 1c) (cash $ 705,149. noncash $ 56,543.)			1d	761,692.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	3,150,908.
	3	Membership dues and assessments			3	2,406,526.
	4	Interest on savings and temporary cash investments			4	
	5	Dividends and interest from securities			5	273,790.
	6 a	Gross rents	6a			
	b	Less: rental expenses	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)			6c	
	7	Other investment income (describe ▶)			7	
	8 a	Gross amount from sales of assets other than inventory — (A) Securities: ; (B) Other:	8a			
	b	Less: cost or other basis and sales expenses	8b			
	c	Gain or (loss) (attach schedule)	8c			
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))			8d	
	9	Special events and activities (attach schedule). If any amount is from **gaming**, check here ▶ ☐				
	a	Gross revenue (not including $ ____ of contributions reported on line 1a)	9a			
	b	Less direct expenses other than fundraising expenses	9b			
	c	Net income or (loss) from special events (subtract line 9b from line 9a)			9c	
	10 a	Gross sales of inventory, less returns and allowances	10a			
	b	Less cost of goods sold	10b			
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)			10c	
	11	Other revenue (from Part VII, line 103)			11	346,744.
	12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	6,939,660.
Expenses	13	Program services (from line 44, column (B))			13	5,378,211.
	14	Management and general (from line 44, column (C))			14	1,968,208.
	15	Fundraising (from line 44, column (D))			15	510,674.
	16	Payments to affiliates (attach schedule)			16	
	17	**Total expenses** (add lines 16 and 44, column (A))			17	7,857,093.
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)			18	<917,433.>
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	12,427,412.
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 1			20	1,419,889.
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21	12,929,868.

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Part II **Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. Page 2

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) cash $497,500. noncash $	22	497,500.	497,500.	STATEMENT 5	
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25 Compensation of officers, directors, etc	25	155,699.	72,535.	72,393.	10,771.
26 Other salaries and wages	26	1,883,020.	877,241.	875,517.	130,262.
27 Pension plan contributions	27	86,220.	40,167.	40,088.	5,965.
28 Other employee benefits	28	52,402.	24,412.	24,365.	3,625.
29 Payroll taxes	29	151,484.	70,572.	70,433.	10,479.
30 Professional fundraising fees	30				
31 Accounting fees	31				
32 Legal fees	32				
33 Supplies	33	11,093.	5,168.	5,158.	767.
34 Telephone	34	27,909.	13,002.	12,976.	1,931.
35 Postage and shipping	35	252,846.	225,560.	23,752.	3,534.
36 Occupancy	36	502,624.	234,157.	233,697.	34,770.
37 Equipment rental and maintenance	37	49,329.	22,981.	22,936.	3,412.
38 Printing and publications	38	675,469.	671,209.	3,709.	551.
39 Travel	39	72,598.	54,814.	5,192.	12,592.
40 Conferences, conventions, and meetings	40	145,164.	6,668.	138,496.	
41 Interest	41				
42 Depreciation, depletion, etc. (attach schedule)	42	89,052.	44,909.	38,426.	5,717.
43 Other expenses not covered above (itemize):					
a	43a				
b	43b				
c	43c				
d	43d				
e SEE STATEMENT 2	43e	3,204,684.	2,517,316.	401,070.	286,298.
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	7,857,093.	5,378,211.	1,968,208.	510,674.

Joint Costs. Check ▶ [X] if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in **(B)** Program services? ▶ [ ] Yes [X] No

If "Yes," enter **(i)** the aggregate amount of these joint costs $ ______ ; **(ii)** the amount allocated to Program services $ ______ ,
(iii) the amount allocated to Management and general $ ______ ; and **(iv)** the amount allocated to Fundraising $ ______

Part III **Statement of Program Service Accomplishments**

What is the organization's primary exempt purpose? ▶ SEE STATEMENT 3

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)	**Program Service Expenses** (Required for 501(c)(3) and (4) orgs , and 4947(a)(1) trusts, but optional for others)
a SEA POWER MAGAZINE & ALMANAC ARE INTERNATIONAL PUBLICATONS RELATING TO NAVAL ACTIVITIES; THE NAVY LEAGUER IS A NEWSPAPER DOCUMENTING THE ACTIVITIES OF THE NAVY LEAGUE HEADQUARTERS & ITS COUNCILS. (Grants and allocations $)	1,891,629.
b SEE STATEMENT 4 (Grants and allocations $)	1,454,095.
c COUNCIL DEVELOPMENT MEMBERSHIP - MAINTAINS MEMBERSHIP RECORDS & ISSUES CERTIFICATES, PINS, ETC. (Grants and allocations $)	1,213,379.
d U.S. NAVAL SEA CADETS - GRANT TO FEDERALLY CHARTERED SECTION 501 (C) (3) YOUTH ORGANIZATIONS ENGAGED IN NAVAL RELATED EDUCATIONAL PROGRAMS. (Grants and allocations $ 497,500.)	527,731.
e Other program services (attach schedule) STATEMENT 6 (Grants and allocations $)	291,377.
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	5,378,211.

Part IV Balance Sheets

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.*			(A) Beginning of year		(B) End of year
Assets					
45 Cash - non-interest-bearing			150.	45	139,321.
46 Savings and temporary cash investments			319,706.	46	1,074,707.
47 a Accounts receivable	47a	60,205.			
b Less allowance for doubtful accounts	47b		156,761.	47c	60,205.
48 a Pledges receivable	48a	322,566.			
b Less: allowance for doubtful accounts	48b	32,500.	500,100.	48c	290,066.
49 Grants receivable				49	
50 Receivables from officers, directors, trustees, and key employees				50	
51 a Other notes and loans receivable	51a				
b Less: allowance for doubtful accounts	51b			51c	
52 Inventories for sale or use				52	
53 Prepaid expenses and deferred charges			615,184.	53	373,061.
54 Investments - securities STMT 7 STMT 8 ▶ ☐ Cost ☒ FMV			10,965,059.	54	11,531,947.
55 a Investments - land, buildings, and equipment: basis	55a				
b Less accumulated depreciation	55b			55c	
56 Investments - other SEE STATEMENT 9			6,408,566.	56	14,009,961.
57 a Land, buildings, and equipment basis	57a	1,009,138.			
b Less: accumulated depreciation STMT 10	57b	775,312.	497,495.	57c	233,826.
58 Other assets (describe ▶ NAVY HERITAGE VIDEO)			605,831.	58	212,500.
59 **Total assets** (add lines 45 through 58) (must equal line 74)			20,068,852.	59	27,925,594.
Liabilities					
60 Accounts payable and accrued expenses			1,175,237.	60	1,777,847.
61 Grants payable				61	
62 Deferred revenue			3,487,203.	62	3,658,217.
63 Loans from officers, directors, trustees, and key employees				63	
64 a Tax-exempt bond liabilities				64a	
b Mortgages and other notes payable STMT 11			2,979,000.	64b	9,559,662.
65 Other liabilities (describe ▶)				65	
66 **Total liabilities** (add lines 60 through 65)			7,641,440.	66	14,995,726.
Net Assets or Fund Balances					
Organizations that follow SFAS 117, check here ▶ ☒ and complete lines 67 through 69 and lines 73 and 74.					
67 Unrestricted			11,453,020.	67	12,176,774.
68 Temporarily restricted			770,663.	68	549,365.
69 Permanently restricted			203,729.	69	203,729.
Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 70 through 74					
70 Capital stock, trust principal, or current funds				70	
71 Paid-in or capital surplus, or land, building, and equipment fund				71	
72 Retained earnings, endowment, accumulated income, or other funds				72	
73 **Total net assets or fund balances** (add lines 67 through 69 **or** lines 70 through 72, column (A) **must** equal line 19, column (B) **must** equal line 21)			12,427,412.	73	12,929,868.
74 **Total liabilities and net assets / fund balances** (add lines 66 and 73)			20,068,852.	74	27,925,594.

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization How the public perceives an organization in such cases may be determined by the information presented on its return Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments

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Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

a	Total revenue, gains, and other support per audited financial statements	a	8,721,466.
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments $ 1,781,806.		
(2)	Donated services and use of facilities $		
(3)	Recoveries of prior year grants $		
(4)	Other (specify) $		
	Add amounts on lines (1) through (4)	b	1,781,806.
c	Line a minus line b	c	6,939,660.
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 $		
(2)	Other (specify): $		
	Add amounts on lines (1) and (2)	d	0.
e	Total revenue per line 12, Form 990 (line c plus line d)	e	6,939,660.

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements	a	8,219,010.
b	Amounts included on line a but not on line 17, Form 990:		
(1)	Donated services and use of facilities $		
(2)	Prior year adjustments reported on line 20, Form 990 $		
(3)	Losses reported on line 20, Form 990 $		
(4)	Other (specify) STMT 12 $ 361,917.		
	Add amounts on lines (1) through (4)	b	361,917.
c	Line a minus line b	c	7,857,093.
d	Amounts included on line 17, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 $		
(2)	Other (specify): $		
	Add amounts on lines (1) and (2)	d	0.
e	Total expenses per line 17, Form 990 (line c plus line d)	e	7,857,093.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
CHARLES L. ROBINSON ARLINGTON, VA 22201	NAT'L EXECUTIVE DIRECTOR 40	155,699.	11,042.	3,804.
SEE ATTACHED SCHEDULE		0.	0.	0.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than $100,000 from your organization and all related organizations, of which more than $10,000 was provided by the related organizations? If "Yes," attach schedule. ▶ [ ] Yes [X] No

Part VI Other Information

				Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		76		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		77	X	
78 a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?		78a	X	
b	If "Yes," has it filed a tax return on Form 990-T for this year?		78b	X	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		79		X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		80a	X	
b	If "Yes," enter the name of the organization ▶ SEE STATEMENT 13 and check whether it is ☐ exempt or ☐ nonexempt.				
81 a	Enter direct or indirect political expenditures. See line 81 instructions	81a 0.			
b	Did the organization file Form 1120-POL for this year?		81b		X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		82a		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b N/A			
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?		83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		83b	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		84a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	84b		
85	*501(c)(4), (5), or (6) organizations.* a Were substantially all dues nondeductible by members?	N/A	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	N/A	85b		
	If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year				
c	Dues, assessments, and similar amounts from members	85c N/A			
d	Section 162(e) lobbying and political expenditures	85d N/A			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e N/A			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f N/A			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	85h		
86	*501(c)(7) organizations.* Enter a Initiation fees and capital contributions included on line 12	86a N/A			
b	Gross receipts, included on line 12, for public use of club facilities	86b N/A			
87	*501(c)(12) organizations.* Enter a Gross income from members or shareholders	87a N/A			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b N/A			
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		88	X	
89 a	*501(c)(3) organizations.* Enter. Amount of tax imposed on the organization during the year under: section 4911 ▶ 0. , section 4912 ▶ 0. ; section 4955 ▶ 0.				
b	*501(c)(3) and 501(c)(4) organizations.* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		89b		X
c	Enter. Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	▶ 0.			
d	Enter. Amount of tax on line 89c, above, reimbursed by the organization	▶ 0.			

90 a List the states with which a copy of this return is filed ▶ VIRGINIA

b Number of employees employed in the pay period that includes March 12, 2003 | 90b | 39

91 The books are in care of ▶ THE LEAGUE Telephone no ▶ 703-528-1775

Located at ▶ 2300 WILSON BOULVEVARD, ARLINGTON, VA ZIP + 4 ▶ 22201

92 *Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of* **Form 1041**- Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the tax year ▶ | 92 | N/A

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Note: *Enter gross amounts unless otherwise indicated.*	Unrelated business income (A) Business code	Unrelated business income (B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	Excluded by section 512, 513, or 514 (D) Amount	(E) Related or exempt function income
93 Program service revenue:					
a SEE-AIR SPACE EXPO.			07	2,235,776.	
b PUBLICATIONS	541800	900,682.			14,450.
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					2,406,526.
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	273,790.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a ROYALTIES AND OTHER			15	346,744.	
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		900,682.		2,856,310.	2,420,976.
105 Total (add line 104, columns (B), (D), and (E)) ▶					6,177,968.

Note: *Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.*

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
	SEE STATEMENT 15

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
SEE STATEMENT 14	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: *If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).*

[redacted] accompanying schedules and statements, and to the best of my knowledge and belief, it is true, [redacted] information of which preparer has any knowledge.

5/14/04
Date ▶

Howard B. Siegel
Senior Director of Finance
NAVY LEAGUE OF THE UNITED STATES
2300 Wilson Boulevard
Arlington, Virginia 22201-3308

Type or print name and title

	Date	Check if	Preparer's SSN or PTIN

[redacted]

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

2003

Name of the organization: NAVY LEAGUE OF THE UNITED STATES

Employer identification number: 53 0116710

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
HOWARD B. SIEGEL	SR. FIN. DIR.			
ARLINGTON, VA 22201	40	92,437.	9,884.	2,030.
VERONICA BRANDON	DEVELOP. DIR.			
ARLINGTON, VA 22201	40	84,680.	9,231.	15,922.
JAMES E. HOFFMAN	SR. MEM. DIR.			
ARLINGTON, VA 22201	40	80,858.	9,220.	1,936.
JOHN KALJEE	ART DIRECTOR			
ARLINGTON, VA 22201	40	79,729.	8,954.	0.
EVA HOCHARD	DIR. OF FIN.			
ARLINGTON, VA 22201	40	79,157.	9,121.	0.
Total number of other employees paid over $50,000 ▶	2			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None")

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶ 0		

Part III Statements About Activities (See page 2 of the instructions.)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ ____ $ ____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)	1		X
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? *(If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)*			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? SEE PART V, FORM 990	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3 a	Do you make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments) SEE STATEMENT 16	3a	X	
b	Do you have a section 403(b) annuity plan for your employees?	3b		X
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box)

5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).

6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)

7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).

8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).

9 ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶ ____

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)

11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A)

11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A)

12 ☐ An organization that normally receives **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions - subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: **(1)** lines 5 through 12 above, or **(2)** section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	**(b)** Line number from above

14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions.)

Part IV-A **Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**
Note: *You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.*

Calendar year (or fiscal year beginning in) ▶	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	1,155,351.	996,073.	644,077.	594,288.	3,389,789.
16 Membership fees received	816,400.	2,531,083.	2,461,886.	3,803,702.	9,613,071.
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	3,865,873.	2,253,239.	2,326,105.	3,607,940.	12,053,157.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	356,659.	661,309.	498,380.	662,067.	2,178,415.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets	1,082,536.		SEE STATEMENT 17 1,137,038.	1,009,781.	3,229,355.
23 Total of lines 15 through 22	7,276,819.	6,441,704.	7,067,486.	9,677,778.	30,463,787.
24 Line 23 minus line 17	3,410,946.	4,188,465.	4,741,381.	6,069,838.	18,410,630.
25 Enter 1% of line 23	72,768.	64,417.	70,675.	96,778.	

26 **Organizations described on lines 10 or 11:** a Enter 2% of amount in column (e), line 24 ▶ 26a 368,213.

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1999 through 2002 exceeded the amount shown in line 26a **Do not file this list with your return.** Enter the total of all these excess amounts ▶ 26b 291,152.

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ 26c 18,410,630.

d Add: Amounts from column (e) for lines: 18 2,178,415. 19 ______ 22 3,229,355. 26b 291,152. ▶ 26d 5,698,922.

e Public support (line 26c minus line 26d total) ▶ 26e 12,711,708.

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ 26f 69.0455%

27 **Organizations described on line 12: a** For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person" **Do not file this list with your return.** Enter the sum of such amounts for each year: N/A

(2002) (2001) (2000) (1999)

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year: N/A

(2002) (2001) (2000) (1999)

c Add. Amounts from column (e) for lines 15 ______ 16 ______ 17 ______ 20 ______ 21 ______ ▶ 27c N/A

d Add Line 27a total ______ and line 27b total ______ ▶ 27d N/A

e Public support (line 27c total minus line 27d total) ▶ 27e N/A

f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) ▶ 27f N/A

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ 27g N/A %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ 27h N/A %

28 **Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant **Do not file this list with your return.** Do not include these grants in line 15.

NONE

Part V **Private School Questionnaire** (See page 7 of the instructions.) N/A
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	If "Yes," please describe, if "No," please explain. (If you need more space, attach a separate statement.)			
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.) N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check ▶ a ☐ if the organization belongs to an affiliated group. Check ▶ b ☐ if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table -	41		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		

If the amount on line 40 is -	The lobbying nontaxable amount is -
Not over $500,000	20% of the amount on line 40
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

Caution: *If there is an amount on either line 43 or line 44, you must file Form 4720.*

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions)

	Lobbying Expenditures During 4-Year Averaging Period				N/A
Calendar year (or fiscal year beginning in) ▶	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

Part VI-B **Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of.	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i Total lobbying expenditures (Add lines c through h.)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

Part VII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of:			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions:			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received: N/A

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule: N/A

(a) Name of organization	(b) Type of organization	(c) Description of relationship

2003 DEPRECIATION AND AMORTIZATION REPORT

FORM 990 PAGE 2 990

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	FURNITURE & EQUIPMENT	VARIES	SL	7.00	16	1009138.			1009138.	686,260.		89,052.
	* TOTAL 990 PAGE 2 DEPR					1009138.		0.	1009138.	686,260.	0.	89,052.

328102
05-01-03

(D) - Asset disposed

* ITC, Section 179, Salvage, HR 3090, Commercial Revitalization Deduction

November 19, 2002

[redacted]

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NATIONAL TREASURER: Richard H. Kennedy

NATIONAL JUDGE ADVOCATE: John E. Gordon

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SOUTH DAKOTA – VACANT

February 14, 2003

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UPPER MIDWEST REGION

Marvin W. Mirsch, Sr.

NLUS
Bylaws

AS AMENDED JUNE 19, 2003

BYLAWS

1 Name and Seal

The name of this organization shall be - NAVY LEAGUE OF THE UNITED STATES, hereinafter referred to as the "Navy League," and officially abbreviated as NLUS. The Seal of the Navy League shall be in circular form, containing in the center an American eagle perched upon a fouled anchor, encircled by the words, NAVY LEAGUE OF THE UNITED STATES.

2 Objective and Purpose

The objective and purpose of the Navy League shall be educational and to that end to acquire and spread before the citizens of the United States information as to the conditions of the naval and maritime forces and equipment of the United States, and to awaken interest and cooperation in all matters tending to aid, improve or develop their efficiency.

3 Membership

3.1 Regular Member

Any citizen of the United States desiring to support and advance the objective and purposes of the Navy League shall be eligible as a Regular Member provided such applicant is proposed by a Regular Member of the Navy League. Commissioned and Warrant officers or enlisted personnel of any branch of the armed services are not eligible for membership while on active duty. Reservists are eligible for membership but, while on active duty, are not eligible to vote or to hold office.

3.2 Life Member

A Life Member shall be a Regular Member who has complied with such conditions as the Board of Directors shall from time to time establish. Life Members are exempt from further payment of dues.

3.3 Honorary Member

The Board of Directors may name Honorary Members and prescribe such rights and privileges as it deems proper.

3.4 Associate Member

Non-citizens may be Associate Members provided that they are proposed by a Council and not by an individual. An Associate Member shall be entitled to vote and hold office at the Council level, with the exception of serving as Council President, but shall not hold office nor serve as a spokesperson at the national level for the Navy League.

3.8 Resignations and Terminations

3.8.1 Resignations

The resignation of Members shall be made in writing to the Corporate Secretary and shall become effective when received or as specified therein, provided however, that there shall be no refund of dues paid.

3.8.2 Termination for Delinquency

The rights and privileges of a Member will be terminated on the last day of the month following the expiration of the membership unless dues are paid prior to such termination.

3.9 Prohibitions

3.9.1 Declaration of Policy

No declaration of the policy of the Navy League shall be made without the approval of the Board of Directors.

3.9.2 Influence

The Navy League shall be strictly non-partisan, and neither its name nor its influence shall ever be used, directly or indirectly, in connection with partisan politics.

3.9.3 Communications

No Member or officer of the Navy League shall undertake in the name of the Navy League any action to prejudice the objective and purpose, or established policies of the Navy League, and no Member shall communicate with any Department of the United States Government in the name of the Navy League on general policy matters, without the approval of the President.

3.9.4 Use of Indicia

No use may be made of the Navy League name, seal, logo, or other symbol or indicia of the Navy League, including lists of Members' names and addresses, for any purpose other than direct fulfillment of the mission of the Navy League without the consent of the Board of Directors previously had and obtained.

4 Annual Meetings

4.1 Date and Place

The President, with the approval of the Board of Directors, shall designate the date and place for the Annual Meeting of Members.

5.3.1 National Directors Emeritus

The President, with the approval of the National Nominating Committee, may appoint Navy Leaguers who have formerly served as National Directors for a minimum of eight years to serve as National Directors Emeritus. Additionally, through the 2003 Annual Meeting, the President with the approval of the National Nominating Committee may appoint any National Director 70 years of age or older, at the Director's request, to serve as a National Director Emeritus. National Directors Emeritus shall not be apportioned to any region and shall not affect any quorum requirements. National Directors Emeritus shall be entitled to all rights and privileges of National Directors with the exception of voting.

5.4 Meetings

Upon call by the President, and upon fifteen (15) days' written notice, the Board of Directors will hold such meetings as the President deems necessary. One-fourth (1/4) of the Board of Directors shall constitute a quorum, except for action to amend or revise the Bylaws.

5.5 Special Meetings

Upon written request to the President by any five (5) members of the Executive Committee, the President shall call, within three (3) weeks, a meeting of the Board of Directors, and should the President fail to call such meeting within the prescribed time, the requesters may issue such call, reciting the failure, and any meeting held pursuant to such call shall be a legal meeting, and its acts and proceedings will be valid and binding as though such meeting had been called by the President.

5.6 Election of Officers

The Board of Directors shall hold a meeting immediately after the Annual Meeting and by a majority vote of those voting elect the following officers of the Navy League: President, ten (10) Vice Presidents, Region Presidents, Area Presidents, Treasurer, Corporate Secretary and Judge Advocate to hold office for the ensuing year or until their successors are elected and qualified, and to transact such other business as may come before it. The quorum for the election of National Officers shall be the number of those members of the Board of Directors present and voting.

The President, Vice Presidents, Treasurer, Judge Advocate, Corporate Secretary, and Region Presidents shall be Directors. Area Presidents, Assistant Treasurers, and Deputy Judges Advocate may be National Directors. No person shall hold more than one of the above offices and no officer set forth in this Section shall function as a Council President.

Within nine (9) months of the termination of his second term in office but more than two (2) months prior to such termination, the President shall notify the Directors of his/her request for their electing a Senior Vice President. Such election shall occur at a duly called Board of Directors' Meeting with notice of this business.

5.7 Duties of Officers

The Board of Directors may fix the duties and authority of the officers and authorize the appointment from its members of representatives to act in such capacity as may appear to the Board necessary or desirable for the promotion of the objective and purpose of the Navy League.

6.1.3 Removal of Officers and Local Officials

The President, with approval of the Board of Directors, shall have the power to remove any officer or local official for failure to properly discharge the duties of his office and to suspend or expel any Member for conduct prejudicial to the interest of the Navy League; provided, however, that any such officer, official, or Member shall have received thirty (30) days notice of the President's intention to seek such approval from the Board of Directors, and shall have been provided with an opportunity to be heard. Upon removal, the President shall have the authority to appoint an interim official to serve until the next election.

6.2 Senior Vice President

Upon the election of a Senior Vice President, he shall have all of the authorities and duties of a Vice President.

The Senior Vice President shall succeed to the Presidency in the event of death, incapacity or resignation of the President and shall perform the duties and exercise the authority of President until the election of a new President at a duly called Board of Directors Meeting with notice of this business.

6.3 Vice Presidents

The Vice Presidents will assist the President in formulating the policy guidelines for programs and other operations of the Navy League and shall serve such functions as the President shall prescribe, subject to approval by the Board of Directors. Each Vice President shall perform such function(s) as the President may from time to time assign him.

In the event of the death, incapacity, or resignation of the President, and in the absence of a Senior Vice President, the Vice President senior in term of office shall perform the duties and exercise the authority of the Presidency unless the Board of Directors shall otherwise provide for the assignment of such duties and authority.

6.4 Treasurer

6.4.1 Responsibilities

The Treasurer shall be responsible for the custody and disbursement of all funds of the Navy League and the custody and transfer of all property and securities of the Navy League. The Treasurer shall report quarterly to the President and the Executive Committee as to the financial condition of the Navy League and shall, at the Annual Meeting of the Navy League, submit a report of the condition of the Navy League accounts.

6.4.2 Assistant Treasurers

Assistant Treasurers shall be appointed by the President. The number of Assistant Treasurers shall not exceed six (6). The Assistant Treasurer senior in term of office shall perform the duties and exercise the authority of the Treasurer in his absence.

authority for the day-to-day administration of the Navy League, including the staff and financial affairs of Navy League publications, and execution of contracts, under the supervision and direction of the President. The National Executive Director shall obtain the advice, counsel, and recommendations of the Staff Compensation/Personnel Policy Committee with respect to compensation for staff billets and personnel policies. The National Executive Director shall support the National Vice Presidents and National Treasurer in the execution of their programs and financial responsibilities.

7.2 National Parliamentarian

A National Parliamentarian shall be appointed annually by the President.

8 Terms of Office

8.1 Officers

The Officers of the Navy League shall be elected for a term of one year or until their successors are elected and qualified. An officer who has served more than half of the term is considered to have served a full term in that office.

8.2 President

The President shall hold office for no more than two (2) consecutive terms.

8.3 Vice Presidents

Vice Presidents shall hold office for no more than five (5) consecutive terms.

8.4 Treasurer

The Treasurer shall hold office for no more than five (5) consecutive terms.

8.5 Region and Area Presidents

Region and Area Presidents shall hold office for no more than three (3) consecutive one-year terms.

8.6 Judge Advocate

The Judge Advocate shall hold office without restriction as to the number of terms.

8.7 Corporate Secretary

The Corporate Secretary shall hold office for no more than five (5) consecutive terms.

9 Advisory Council

There shall be an Advisory Council appointed by the President which, upon request of the President or the Board of Directors, shall give advice on matters of policy. The President shall designate the Chairman of the Advisory Council.

10.4 Investment Committee

The Investment Committee shall consist of five (5) members, each of whom shall be appointed to staggered five (5) year terms. The President shall appoint new members as terms expire or terminate for five (5) year terms or unexpired terms, and shall, in each year, appoint a Chairman from the members of the Investment Committee. The Treasurer shall be an ex-officio member of the Investment Committee.

The Investment Committee shall direct the investment of all funds of the Navy League and may instruct the Treasurer to make such investments. The Treasurer shall only invest funds in accordance with the majority vote of the Investment Committee. The Investment Committee shall keep the Directors advised as to its investment policy.

10.5 Budget Committee

The Budget Committee shall consist of at least five (5) but not more than seven (7) members and shall include the Treasurer, a member of the Investment Committee, a Vice President, and additional members of the Navy League who have budget experience. The additional members shall serve staggered terms and shall not serve for more than five years. The President shall appoint the Chairman and members of the Budget Committee. The Budget Committee shall have cognizance over the establishment of a budget each year.

10.6 Communications Board

The Communications Board shall consist of no more than ten (10) members with staggered five (5) year terms, no more than two of which shall expire in the same year. The President shall appoint members of the Communications Board and shall appoint a chairman from among the members of the Board. The National Executive Director, the Editors of SEA POWER magazine and the ALMANAC OF SEAPOWER, the Senior Director of Communications, and the Business Manager shall be ex-officio members of the Communications Board.

The Communications Board shall recommend to the President and the Board of Directors appropriate policies concerning all communications of an educational nature emanating from the Navy League. The Communications Board shall at all times be cognizant of the editorial and business policies of the SEA POWER magazine and the ALMANAC OF SEAPOWER and, to this end, the Executive Director shall keep the Communications Board informed.

The Communications Board shall advise the President and the Board of Directors of the editorial and business policies of SEA POWER magazine and the ALMANAC OF SEAPOWER, and shall advise and counsel the National Executive Director.

10.7 Staff Compensation/Personnel Policy Committee

The Staff Compensation/Personnel Policy Committee shall consist of three elected national officers who shall be appointed by the President and approved by the Board of Directors. Members of the Staff Compensation/ Personnel Policy Committee shall not serve for more than five consecutive terms.

The Staff Compensation/Personnel Policy Committee shall recommend to the President the compensation of the National Executive Director. The recommendation will be based upon an annual

10.10 Other Committees

The Board of Directors may establish other committees from time to time and fix their membership. The President shall appoint the chairmen and members of such committees. Committee Chairman, not otherwise limited, shall not serve for more than five consecutive terms.

Such committees, when established, shall determine their rules and procedures, subject to the approval of the Board of Directors.

10.11 Terms of Appointed Officers and Committee Members

For all appointed officers and committee members, a term is defined as one year or until a successor is appointed or the position is disestablished.

11 National Programs

No program of the Navy League shall be considered to be a National Program unless submitted to and approved by the Board of Directors.

12 Fiscal Year

The fiscal year of the Navy League shall begin on January 1 of each year.

13 Indemnification

The Navy League shall indemnify, to the full extent permissible under applicable New York law, any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, by reason of the fact that he, his testator or intestate, was a Director, officer, or committee member of the Navy League, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such Director, officer, or committee member acted, in good faith, for a purpose which he reasonably believed to be in the best interest of the Navy League, and, in the case of criminal actions or proceedings, in addition, he had no reasonable cause to believe that his conduct was unlawful.

14 Council Charters

14.1 Grant

A council charter may be issued on application of twenty-five or more charter members. An application to charter a new council must be forwarded to the Corporate Secretary, via the Area and Region Presidents with their respective endorsements, for final action by the National President to either grant, defer, or refuse the application. To be eligible for membership in a local council, one must be a member of the Navy League.

14.2 Council Responsibility, Duration, Revocation and Probation

The Officers and Directors of each chartered Council of the Navy League have a responsibility to the Navy League of the United States, its National President, and the National Board of Directors to carry out the purposes, goals, objectives and policies of the Navy League and a fiduciary responsibility to review shall be completed within thirty (30) days following submission to the National Judge Advocate by the National President. The National President shall then submit the proposal to the Steering Committee and the Executive Committee for their review and recommendations at the next regular meeting of these Committees. The proposal will then be submitted to the Board of Directors for consideration at their next regular meeting.

16.3 Quorum for Bylaws Amendments

The quorum for amending the Bylaws shall be two-fifths of the total number of Directors.

17 Gender

Whenever the masculine form is used herein, the feminine form is intended to be included.

18 Regulations Governing Local Councils

18.1 Council Handbook

The Executive Committee shall cause a Council Handbook to be established and maintained as a part of the Operations Manual for the governance of Local Councils.

18.2 Observance

The Local Councils shall conduct their business in accordance with the Council Handbook.

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT 1

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	1,781,806.
LOSS ON DEMOLITION OF BUILDING	<225,802.>
TERMINATION OF PENSION PLAN	<136,115.>
TOTAL TO FORM 990, PART I, LINE 20	1,419,889.

FORM 990	OTHER EXPENSES	STATEMENT 2

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
ADS. & PROMOTION	21,536.	21,536.		
BAD DEBT & RENOUNCED PLEDGES	100,991.	6,487.	6,475.	88,029.
BANK CHARGES	66,279.	30,877.	30,817.	4,585.
EMPLOYMENT FEES	13,643.	6,356.	6,343.	944.
AUTHOR FEES	33,925.	33,925.		
INSURANCE	56,632.	31,190.	22,147.	3,295.
INVESTMENT EXPENSE	103,630.	48,472.	48,014.	7,144.
NETWORK & INTERNET	59,269.	29,800.	25,652.	3,817.
PRESIDENT'S & EXECUTIVE SUPPORT	71,397.		71,397.	
PROFESSIONAL FEES	41,355.	19,266.	19,228.	2,861.
PROF. DEVELOPMENT	2,101.	979.	977.	145.
COMMUNITY AFFILIATES	10,592.	10,592.		
CONGRESSIONAL	20,915.	20,915.		
SAS HOSPITALITY	886,973.	886,973.		
SAS TRANSPORTATION	47,384.	47,384.		
SAS PRODUCER'S FEE	519,738.	519,738.		
AWARDS	34,182.	34,182.		
MEMBERSHIP	192,444.	46,936.	145,508.	
OTHER	15,247.	13,250.	1,997.	
MISC. OFFICE	20,829.	11,928.	7,748.	1,153.
FULFILLMENT	8,893.	8,893.		
COMMISSIONS	285,667.	285,667.		
PROMOTIONAL MATERIAL	10,438.		10,438.	
REFUNDS	397,633.	397,633.		
CAPITAL CAMPAIGN	47,429.			47,429.
TAXES-GENERAL	9,310.	4,337.	4,329.	644.
PROSPECT RESEARCH	5,491.			5,491.
DONOR RECOGNITION	23,823.			23,823.
DIRECT MAIL	96,938.			96,938.
TOTAL TO FM 990, LN 43	3,204,684.	2,517,316.	401,070.	286,298.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 3
PART III

EXPLANATION

THE NAVY LEAGUE OF THE UNITED STATES IS A PROFESSIONAL ORGANIZATION WHOSE PRIMARY OBJECTIVE IS TO BE A SOURCE OF INFORMATION TO THE GENERAL PUBLIC, PROVIDE DIRECT ASSISTANCE TO MEN AND WOMEN IN THE SEA SERVICES AND SPONSOR A NUMBER OF SCHOLARSHIPS, PUBLIC RECOGNITION, AND YOUTH PROGRAMS WHICH ARE GEARED TOWARDS THE SEA SERVICES. FINALLY, THE NAVY LEAGUE SERVES AS AN ADVOCATE FOR THE SEA SERVICES IN VARIOUS PUBLIC FORUMS.

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 4

DESCRIPTION OF PROGRAM SERVICE TWO

SEA-AIR-SPACE - AN ANNUAL SERIES OF SEMINARS & EXHIBITS CONCERNING THE STATUS OF THE U.S. ARMED FORCES, MILITARY TECHNOLOGY & OTHER NATIONAL SECURITY ISSUES. MILITARY & GOVERNMENT PERSONNEL ATTEND THE PROGRAM.

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE B		1,454,095.

FORM 990 CASH GRANTS AND ALLOCATIONS STATEMENT 5

CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
	NAVAL SEA CADET CORPS	2300 WILSON BLVD, ARLINGTON, VA 22201	RELATED PARTY	495,000.
	INDIVIDUAL		NONE	2,500.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				497,500.

FORM 990 OTHER PROGRAM SERVICES STATEMENT 6

DESCRIPTION	GRANTS AND ALLOCATIONS	EXPENSES
EDUCATIONAL PROGRAMS		291,377.
TOTAL TO FORM 990, PART III, LINE E		291,377.

FORM 990 NON-GOVERNMENT SECURITIES STATEMENT 7

SECURITY DESCRIPTION	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	OTHER SECURITIES	TOTAL NON-GOV'T SECURITIES
EQUITY SECURITIES			5,877,609.		5,877,609.
MUTUAL FUNDS			3,897,783.		3,897,783.
CORPORATE BONDS		247,486.			247,486.
TO 990, LN 54 COL B		247,486.	9,775,392.		10,022,878.

FORM 990 GOVERNMENT SECURITIES STATEMENT 8

DESCRIPTION	U.S. GOVERNMENT	STATE AND LOCAL GOV'T	TOTAL GOV'T SECURITIES
GOVERNMENT BONDS	1,509,069.		1,509,069.
TOTAL TO FORM 990, LINE 54, COL B	1,509,069.		1,509,069.

FORM 990 OTHER INVESTMENTS STATEMENT 9

DESCRIPTION	VALUATION METHOD	AMOUNT
PAINTING	MARKET VALUE	42,000.
INVESTMENT IN PROPERTY-CONSTRUCTION IN PROGRESS	MARKET VALUE	13,967,961.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		14,009,961.

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 10

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
FURNITURE & EQUIPMENT	1,009,138.	775,312.	233,826.
TOTAL TO FORM 990, PART IV, LN 57	1,009,138.	775,312.	233,826.

FORM 990 OTHER NOTES AND LOANS PAYABLE STATEMENT 11

LENDER'S NAME	TERMS OF REPAYMENT
WACHOVIA BANK, NATIONAL ASSOC.	MONTHLY

DATE OF NOTE	MATURITY DATE	ORIGINAL LOAN AMOUNT	INTEREST RATE
11/07/01	10/31/04	5,500,000.	1.88%

SECURITY PROVIDED BY BORROWER	PURPOSE OF LOAN

RELATIONSHIP OF LENDER

NONE

DESCRIPTION OF CONSIDERATION	FMV OF CONSIDERATION	BALANCE DUE
	0.	2,783,000.

LENDER'S NAME	TERMS OF REPAYMENT
CORUS BANK, N.A.	MONTHLY, WITH VARIOUS RATES

DATE OF NOTE	MATURITY DATE	ORIGINAL LOAN AMOUNT	INTEREST RATE
02/27/03	12/ /05	38,864,000.	.00%

SECURITY PROVIDED BY BORROWER	PURPOSE OF LOAN

RELATIONSHIP OF LENDER

NONE

DESCRIPTION OF CONSIDERATION	FMV OF CONSIDERATION	BALANCE DUE
	0.	6,776,662.

TOTAL INCLUDED ON FORM 990, PART IV, LINE 64, COLUMN B 9,559,662.

FORM 990 OTHER EXPENSES NOT INCLUDED ON FORM 990 STATEMENT 12

DESCRIPTION	AMOUNT
LOSS ON DEMOLITION OF BUILDING	225,802.
TERMINATION OF PENSION PLAN	136,115.
TOTAL TO FORM 990, PART IV-B	361,917.

FORM 990 IDENTIFICATION OF RELATED ORGANIZATIONS PART VI, LINE 80B STATEMENT 13

NAME OF ORGANIZATION	EXEMPT	NONEXEMPT
THE NAVY LEAGUE FOUNDATION	X	
NAVAL SEA CADET CORPS	X	

FORM 990 PART IX INFORMATION REGARDING TAXABLE SUBSIDIARIES STATEMENT 14

NAME, ADDRESS & ID NUMBER OF CORP OR PARTNERSHIP	PCT OWN	NATURE OF BUSINESS	TOTAL INCOME	END-OF-YEAR ASSETS
NAVY LEAGUE BUILDING, LLC, 2300 WILSON BOULEVARD, ARLINGTON, VA	100.00%	TO OWN, OPERATE, LEASE, SELL, MANAGE, COMMERICAL REAL ESTATE.	2,146.	13,967,961.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 15

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93B	THE LEAGUE PUBLISHES A MAGAZINE & ALMANAC ON NAVAL, MILITARY & FOREIGN POLICY ISSUES.
94	MEMBER DUES HELP SUPPORT THE GENERAL PURPOSE OF THE NAVY LEAGUE OT THE UNITED STATES.
103C	MISCELLANEOUS INCOEM THAT IS USED IN FURTHERANCE OF EXEMPT FUNCTIONS

SCHEDULE A EXPLANATION OF QUALIFICATIONS TO RECEIVE PAYMENTS STATEMENT 16
PART III, LINE 3

THE NAVY LEAGUE PROVIDES GENERAL SUPPORT TO THE NAVAL SEA CADETS, A 501 (C) 3 ORGANIZATION, AND ALSO CONTRIBUTES TO THE SEA CADETS SCHOLARSHIP PROGRAM. RECIPIENTS ARE SELECTED BY THE NAVAL SEA CADETS. THE NAVY LEAGUE ALSO HAS A SCHOLARSHIP COMMITTEE, WHICH IS RESPONSIBLE FOR DIRECTING & MANAGING THE NAVY LEAGUE'S NATIONAL SCHOLARSHIP PROGRAM. SCHOLARSHIPS ARE AWARDED BASED ON THE COMMITTEE'S REVIEW OF THE APPLICATIONS SUBMITTED BY POTENTIAL AWARDEES.

SCHEDULE A OTHER INCOME STATEMENT 17

DESCRIPTION	2002 AMOUNT	2001 AMOUNT	2000 AMOUNT	1999 AMOUNT
OTHER	1,082,536.	0.	1,137,038.	1,009,781.
TOTAL TO SCHEDULE A, LINE 22	1,082,536.	0.	1,137,038.	1,009,781.