

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION

FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2010 AND 2009

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
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YEARS ENDED JULY 31, 2010 AND 2009**

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LarsonAllen[®] LLP

CPAs, Consultants & Advisors

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ACCOUNTANTS' COMPILATION REPORT

Board of Trustees
American Legion Family Hospital Association
St. Paul, Minnesota

We have compiled the accompanying balance sheets of American Legion Family Hospital Association as of July 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of American Legion Family Hospital Association.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
November 19, 2010

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
BALANCE SHEETS
JULY 31, 2010 AND 2009
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash in Bank - Checking	\$ 39,440	\$ 24,760
Interest Receivable	725	4,058
Certificates of Deposit	190,000	190,000
Total Assets	\$ 230,165	\$ 218,818
NET ASSETS		
NET ASSETS		
Unrestricted	\$ 230,165	\$ 218,818

See accompanying Notes to Financial Statements.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JULY 31, 2010 AND 2009
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2010	2009
REVENUES		
Dues:		
American Legion Posts	\$ 22,149	\$ 24,226
American Legion Auxiliaries	11,517	11,997
Sons of American Legion	2,715	2,658
Donations	13,920	12,536
Interest Income	3,632	7,700
Miscellaneous Revenue	-	776
Total Revenues	53,933	59,893
EXPENSES		
Program Services:		
Medical Assistance	35,470	69,180
Support Services - Management and General:		
Salaries	1,303	-
Payroll Tax	119	-
Travel Expenses	1,621	783
Professional Fees	3,122	3,199
General Office Expense	949	702
Miscellaneous Expense	2	-
Total Support Services - Management and General	7,116	4,684
Total Expenses	42,586	73,864
CHANGE IN NET ASSETS	11,347	(13,971)
Net Assets - Beginning	218,818	232,789
NET ASSETS - ENDING	\$ 230,165	\$ 218,818

See accompanying Notes to Financial Statements.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2010 AND 2009
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 11,347	\$ (13,971)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase in Current Assets:		
Interest Receivable	3,333	(4,058)
Net Cash Provided (Used) by Operating Activities	14,680	(18,029)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificate of Deposit	175,000	(190,000)
Proceeds from Sale of Certificate of Deposits	(175,000)	50,000
Net Cash Used by Investing Activities	-	(140,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,680	(158,029)
Cash and Cash Equivalents - Beginning of Year	24,760	182,789
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 39,440	\$ 24,760

See accompanying Notes to Financial Statements.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010 AND 2009
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 ORGANIZATIONAL PURPOSE

American Legion Family Hospital Association (the Association) was incorporated in 1922 for the primary purpose of rendering medical assistance in time of sickness and in death to its members and their dependents provided they have been a member in good standing for twelve months prior to their application for benefits. The Association is primarily supported from membership dues to American Legion Department of Minnesota, American Legion Auxiliary Department of Minnesota, and the Sons of the American Legion Department of Minnesota. The Association also receives donations from various posts and units within Minnesota.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization on passage of time.

Certificates of Deposit

The Association carries its certificates of deposit at cost.

Functional Expense

The Association's costs of providing its services have been classified on a functional basis in the statements of activities. Expenses are classified based on the direct relationship to a particular functional expense.

Cash Equivalents

For purposes of the statement of cash flows, the Association considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

Revenue Recognition

Dues revenue is recognized when received. Dues are paid monthly and are discretionary based on the approved actions of the supporting organizations.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010 AND 2009
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Medical Assistance

Medical assistance payments are recorded as an expense when the application is received from an eligible individual and the amount is approved by the board.

Tax Exempt Status

The Association is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute. The Association is a public charity and contributions to the Association qualify as charitable tax deductions by the contributor. The Association has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the IRS code.

The Association has adopted the income tax standard regarding the recognition and measurement of uncertain tax positions. The Organization has no current obligation for unrelated business income tax. The Organization's tax returns are open to examinations for the years 2006-2009.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 19, 2010, the date the financial statements were available to be issued.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Association maintains its certificates of deposit at one financial institution. Certificates of deposit at this bank are insured by the Federal Deposit Insurance Corporation for up to \$250,000. There were no amounts in excess of insured limits at July 31, 2010.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010 AND 2009
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 4 RELATED PARTY TRANSACTIONS AND CONCENTRATION IN SUPPORT RECEIVED

The Association receives the majority of its support from membership dues and donations from the American Legion Department of Minnesota, American Legion Auxiliary Department of Minnesota, and the Sons of the American Legion Department of Minnesota. All three organizations have several board members in common with the Association. In the event that this support were to be eliminated, it is likely that the Association would need to reduce its current operations.