

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED JULY 31, 2009 AND 2008**

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION  
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# LarsonAllen<sup>®</sup> 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, 2009 and 2008, 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 12, 2009



**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION**  
**BALANCE SHEETS**  
**JULY 31, 2009 AND 2008**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2009	2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash in Bank - Checking	\$ 24,760	\$ 182,789
Interest Receivable	4,058	-
Certificates of Deposit	190,000	50,000
Total Assets	\$ 218,818	\$ 232,789
<b>NET ASSETS</b>		
<b>NET ASSETS</b>		
Unrestricted	\$ 218,818	\$ 232,789

*See accompanying Notes to Financial Statements.*

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JULY 31, 2009 AND 2008**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2009	2008
<b>REVENUES</b>		
Dues:		
American Legion Posts	\$ 24,226	\$ 32,456
American Legion Auxiliaries	11,997	12,313
Sons of American Legion	2,658	2,024
Donations	12,536	9,888
Interest Income	7,700	7,783
Miscellaneous Revenue	776	-
Total Revenues	59,893	64,464
<b>EXPENSES</b>		
Program Services:		
Medical Assistance	69,180	47,970
Support Services - Management and General:		
Salaries	-	4,217
Payroll Tax	-	1,243
Travel Expenses	783	1,748
Professional Fees	3,199	8,494
General Office Expense	702	2,261
Miscellaneous Expense	-	1,500
Total Support Services - Management and General	4,684	19,463
Total Expenses	73,864	67,433
<b>CHANGE IN NET ASSETS</b>	(13,971)	(2,969)
Net Assets - Beginning	232,789	235,758
<b>NET ASSETS - ENDING</b>	\$ 218,818	\$ 232,789

See accompanying Notes to Financial Statements.

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JULY 31, 2009 AND 2008**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (13,971)	\$ (2,969)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Increase in Current Assets:		
Interest Receivable	(4,058)	-
Decrease in Current Liabilities:		
Accrued Expenses	-	(401)
Net Cash Used by Operating Activities	(18,029)	(3,370)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Certificate of Deposit	(190,000)	(50,000)
Proceeds from Sale of Certificate of Deposits	50,000	225,000
Net Cash Provided (Used) by Investing Activities	(140,000)	175,000
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(158,029)	171,630
Cash and Cash Equivalents - Beginning of Year	182,789	11,159
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 24,760	\$ 182,789

See accompanying Notes to Financial Statements.

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2009 AND 2008**  
**(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**

The Association follows the Statement of Financial Accounting Standards (SFAS) 116, *Accounting for Contributions Received and Contributions Made*, SFAS 117, *Financial Statements for Not-for-Profit Organizations*. Under the provisions of SFAS 116 and SFAS 117, 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 unrestricted resources over which the board of directors has discretionary control. The Association did not have any temporarily or permanently restricted net assets.

**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.

**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.

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2009 AND 2008**  
**(SEE ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 Organization has elected to defer application of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. The Organization follows Financial Accounting Standard No. 5, *Accounting for Contingencies*, for evaluating uncertain tax positions.

**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 12, 2009, 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, 2009.

**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.