

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2011 AND 2010

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
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YEARS ENDED JULY 31, 2011 AND 2010**

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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, 2011 and 2010, and the related statements of activities and cash flows for the years then ended.

We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
November 16, 2011

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
BALANCE SHEETS
JULY 31, 2011 AND 2010
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash in Bank - Checking	\$ 30,485	\$ 39,440
Interest Receivable	396	725
Certificates of Deposit	200,250	190,000
Total Assets	\$ 231,131	\$ 230,165
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 146	\$ -
NET ASSETS		
Unrestricted	230,985	230,165
Total Liabilities Net Assets	\$ 231,131	\$ 230,165

See accompanying Notes to Financial Statements.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JULY 31, 2011 AND 2010
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2011	2010
REVENUES		
Dues:		
American Legion Posts	\$ 22,431	\$ 22,149
American Legion Auxiliaries	12,755	11,517
Sons of American Legion	2,757	2,715
Donations	11,861	13,920
Interest Income	1,315	3,632
Total Revenues	51,119	53,933
EXPENSES		
Program Services:		
Medical Assistance	44,131	35,470
Support Services - Management and General:		
Salaries	-	1,303
Payroll Tax	-	119
Contractor Services	1,120	-
Travel Expenses	1,144	1,621
Professional Fees	3,148	3,122
General Office Expense	756	949
Miscellaneous Expense	-	2
Total Support Services - Management and General	6,168	7,116
Total Expenses	50,299	42,586
CHANGE IN NET ASSETS	820	11,347
Net Assets - Beginning	230,165	218,818
NET ASSETS - ENDING	\$ 230,985	\$ 230,165

See accompanying Notes to Financial Statements.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2011 AND 2010
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 820	\$ 11,347
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Decrease in Current Assets:		
Interest Receivable	329	3,333
Increase in Current Liabilities:		
Accounts Payable	146	-
Net Cash Provided by Operating Activities	1,295	14,680
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificate of Deposit	(215,250)	(175,000)
Proceeds from Sale of Certificate of Deposits	205,000	175,000
Net Cash Used by Investing Activities	(10,250)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,955)	14,680
Cash and Cash Equivalents - Beginning of Year	39,440	24,760
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 30,485	\$ 39,440

See accompanying Notes to Financial Statements.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2011 AND 2010
(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

Certificates of deposit with original maturities beyond three months, but less than twelve months are carried at amortized cost, which approximates fair value due to the short period to time to maturity.

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

Revenue and expenses are recorded on the accrual basis. Revenue received for future dues, subscriptions, and conferences is deferred until the applicable year.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2011 AND 2010
(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 2008-2010.

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 16, 2011, 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, 2011.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2011 AND 2010
(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.