

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 2008

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
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YEAR ENDED JULY 31, 2008**

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ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying balance sheet of American Legion Family Hospital Association as of July 31, 2008, and the related statement of activities and cash flows for the year 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.

A handwritten signature in cursive script that reads "LarsonAllen LLP".

LarsonAllen LLP

Minneapolis, Minnesota
December 5, 2008

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
BALANCE SHEET
JULY 31, 2008
(SEE ACCOUNTANTS' COMPILATION REPORT)

ASSETS

CURRENT ASSETS

Cash in Bank - Checking	\$ 182,789
Certificates of Deposit	<u>50,000</u>
Total Assets	<u>\$ 232,789</u>

NET ASSETS

NET ASSETS

Unrestricted	<u>\$ 232,789</u>
Total Net Assets	<u>\$ 232,789</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2008
(SEE ACCOUNTANTS' COMPILATION REPORT)**

REVENUES

Dues:

American Legion Posts	\$ 32,456
American Legion Auxiliaries	12,313
Sons of American Legion	2,024
Donations	9,888
Interest Income	7,783
Total Revenues	64,464

EXPENSES

Program Services:

Medical Assistance	47,970
Total Program Services	47,970

Support Services - Management and General:

Salaries	4,217
Payroll Tax	1,243
Travel Expenses	1,748
Professional Fees	8,494
General Office Expense	2,261
Miscellaneous Expense	1,500
Total Support Services - Management and General	19,463

Total Expenses	67,433
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CHANGE IN NET ASSETS

(2,969)

Net Assets - Beginning

235,758

NET ASSETS - ENDING

\$ 232,789

See accompanying Notes to Financial Statements.

**AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 2008
(SEE ACCOUNTANTS' COMPILATION REPORT)**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (2,969)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Decrease in Current Liabilities:	
Accrued Expenses	(401)
Net Cash Used by Operating Activities	<u>(3,370)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Certificate of Deposit	(50,000)
Proceeds from Sale of Certificate of Deposits	<u>225,000</u>
Net Cash Provided by Investing Activities	<u>175,000</u>

NET INCREASE IN CASH

171,630

Cash and Cash Equivalents - Beginning of Year

11,159

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 182,789

See accompanying Notes to Financial Statements.

AMERICAN LEGION FAMILY HOSPITAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 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 which approximates fair value.

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, 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.

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.

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, 2008.

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.