

**MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

**MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION
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ACCOUNTANTS' REVIEW REPORT

Board of Directors
Minnesota American Legion and Auxiliary
Heart Research Foundation
St. Paul, Minnesota

We have reviewed the accompanying balance sheets of Minnesota American Legion and Auxiliary Heart Research Foundation (a not-for-profit organization) as of September 30, 2008 and 2007, 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 Minnesota American Legion and Auxiliary Heart Research Foundation.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

LarsonAllen LLP

Minneapolis, Minnesota
November 12, 2008



**MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION
BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' REVIEW REPORT)**

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 28,409	\$ 59,023
Interest and Dividends Receivable	11,775	11,605
Funds Held by The American Legion Department of Minnesota	6,361	7,680
Prepaid Excise Taxes	288	537
Total Current Assets	46,833	78,845
 INVESTMENTS		
	2,131,115	2,499,351
Total Assets	\$ 2,177,948	\$ 2,578,196
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses	\$ 6,066	\$ 6,674
 NET ASSETS - UNRESTRICTED		
	2,171,882	2,571,522
Total Liabilities and Net Assets	\$ 2,177,948	\$ 2,578,196

See accompanying Notes to Financial Statements.

**MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' REVIEW REPORT)**

	2008	2007
REVENUE		
Investment Income:		
Interest and Dividends	\$ 64,799	\$ 66,384
Realized Gain	10,519	70,880
Unrealized (Loss) Gain on Investments	(342,996)	126,722
Other Income	1,445	-
Total Revenue	(266,233)	263,986
 EXPENSE		
Program Expenses:		
Contributions	118,898	106,623
Support Services:		
General and Administrative:		
Investment Trust Fees	8,463	9,101
Excise Taxes	2,249	2,221
Professional Fees	3,624	3,524
Miscellaneous	173	320
Total Support Services	14,509	15,166
Total Expense	133,407	121,789
 CHANGE IN UNRESTRICTED NET ASSETS	(399,640)	142,197
Unrestricted Net Assets - Beginning of Year	2,571,522	2,429,325
 UNRESTRICTED NET ASSETS - END OF YEAR	\$ 2,171,882	\$ 2,571,522

See accompanying Notes to Financial Statements.

**MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' REVIEW REPORT)**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Unrestricted Net Assets	\$ (399,640)	\$ 142,197
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Used by Operating Activities:		
Realized Gain on Sale of Investments	(10,519)	(70,880)
Unrealized (Gain) Loss on Investments	342,996	(126,722)
(Increase) Decrease in Current Assets:		
Interest and Dividends Receivable	(170)	2,139
Other Receivables	1,319	(5,537)
Prepaid Excise Taxes	249	(537)
Increase (Decrease) in Current Liabilities:		
Accrued Expenses	(608)	175
Accrued Excise Taxes	-	(1,294)
Net Cash Used by Operating Activities	<u>(66,373)</u>	<u>(60,459)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	633,054	668,365
Proceeds from Maturity of Investments	166,768	163,086
Purchases of Investments	<u>(764,063)</u>	<u>(739,458)</u>
Net Cash Provided by Investing Activities	<u>35,759</u>	<u>91,993</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (30,614)	 31,534
Cash and Cash Equivalents - Beginning of Year	<u>59,023</u>	<u>27,489</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 28,409</u></u>	<u><u>\$ 59,023</u></u>
 EXCISE AND OTHER TAXES PAID	 <u><u>\$ 2,000</u></u>	 <u><u>\$ 4,052</u></u>

See accompanying Notes to Financial Statements.

**MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' REVIEW REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

The purpose of the Organization is to provide assistance to Heart Research. It is the Organization's policy to annually distribute all investment income (exclusive of gains) less fees and expenses.

Financial Statement Presentation

The Organization follows the Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, SFAS No. 117, *Financial Statements for Not-for-Profit Organizations*, and SFAS No. 124, *Accounting for Certain Investments*.

Under the provisions of SFAS No. 116 and SFAS No. 117, net assets and revenues, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as 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 which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to donor imposed restrictions that they be maintained permanently by the Organization.

The Organization does not have any board designated (within the unrestricted net assets category), temporarily restricted, or permanently restricted net assets at September 30, 2008 and 2007.

Cash and Cash Equivalents

The Organization considers all highly liquid temporary investments with original maturities of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are valued at fair market value. Unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific identification method.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the balance sheet. Subsequent to year-end, there has been a substantial decline in the fair value of investments due to market conditions.

**MINNESOTA AMERICAN LEGION AND
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' REVIEW REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. 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.

Tax Exempt Status

The Organization is classified as a private foundation under 501(c)(3) of the Internal Revenue Code. As such, contributions by donors are tax deductible, subject to certain limits, and investment income is subject to excise tax. As a private foundation, the Organization is required to make distributions during the next year, based on related charitable purpose income and expenses during the previous year. The Organization has a distributable contribution carryover of \$112,883 and \$118,898 at September 30, 2008 and 2007, respectively.

NOTE 2 INVESTMENTS

Investments are comprised of the following at September 30:

	2008		2007	
	Cost	Market	Cost	Market
Corporate Stocks	\$ 1,032,854	\$ 1,179,705	\$ 1,141,798	\$ 1,562,462
Fixed Income	771,268	797,212	757,564	771,951
Mutual Funds - Equity	220,000	154,198	150,000	164,938
	<u>\$ 2,024,122</u>	<u>\$ 2,131,115</u>	<u>\$ 2,049,362</u>	<u>\$ 2,499,351</u>