MINNESOTA AMERICAN LEGION AND AUXILIARY HEART RESEARCH FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2007 AND 2006

MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION
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LarsonAllen LLP

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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, 2007 and 2006, 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

LarsonAllen LLP

Minneapolis, Minnesota
February 28, 2008

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MINNESOTA AMERICAN LEGION AND AUXILIARY HEART RESEARCH FOUNDATION
BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' REVIEW REPORT)

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 59,023	$ 27,489
Interest and Dividends Receivable	11,605	13,744
Other Receivables	7,680	2,143
Prepaid Excise Taxes	537	-
Total Current Assets	78,845	43,376
INVESTMENTS	2,499,351	2,393,742
Total Assets	$ 2,578,196	$ 2,437,118
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses	$ 6,674	$ 6,499
Accrued Excise Taxes	-	1,294
Total Current Liabilities	6,674	7,793
NET ASSETS - UNRESTRICTED	2,571,522	2,429,325
Total Liabilities and Net Assets	$ 2,578,196	$ 2,437,118

See accompanying Notes to Financial Statements.

MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' REVIEW REPORT)

	2007	2006
REVENUE		
Investment Income:		
Interest and Dividends	$ 66,384	$ 66,250
Realized Gain	70,880	90,245
Unrealized Gain on Investments	126,722	31,829
Total Revenue	263,986	188,324
EXPENSE		
Program Expenses:		
Contributions	106,623	109,529
Support Services:		
General and Administrative:		
Investment Trust Fees	9,101	8,839
Excise Taxes	2,221	3,662
Professional Fees	3,524	3,294
Miscellaneous	320	563
Total Support Services	15,166	16,358
Total Expense	121,789	125,887
CHANGE IN UNRESTRICTED NET ASSETS	142,197	62,437
Net Assets Unrestricted - Beginning of Year	2,429,325	2,366,888
NET ASSETS UNRESTRICTED - END OF YEAR	$ 2,571,522	$ 2,429,325

See accompanying Notes to Financial Statements.

MINNESOTA AMERICAN LEGION AND
AUXILIARY HEART RESEARCH FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' REVIEW REPORT)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Unrestricted Net Assets	$ 142,197	$ 62,437
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Used by Operating Activities:		
Realized Gain on Sale of Investments	(70,880)	(90,245)
Unrealized Gain on Investments	(126,722)	(31,829)
(Increase) Decrease in Current Assets:		
Interest and Dividends Receivable	2,139	(2,278)
Other Receivables	(5,537)	(2,143)
Prepaid Excise Taxes	(537)	368
Increase (Decrease) in Current Liabilities:		
Accrued Expenses	175	(3,994)
Accrued Excise Taxes	(1,294)	1,294
Net Cash Used by Operating Activities	(60,459)	(66,390)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	668,365	852,239
Proceeds from Maturity of Investments	163,086	94,628
Purchases of Investments	(739,458)	(876,131)
Net Cash Provided by Investing Activities	91,993	70,736
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,534	4,346
Cash and Cash Equivalents - Beginning of Year	27,489	23,143
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 59,023	$ 27,489
EXCISE AND OTHER TAXES PAID	$ 4,052	$ 3,634

See accompanying Notes to Financial Statements.

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, 2007 and 2006.

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.

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 $118,898 and $117,802 at September 30, 2007 and 2006, respectively.

Concentrations of Credit Risk

The Organization maintains a majority of its cash reserves and cash balances at one financial institution. At times, the amounts on deposit may exceed insured limits.

NOTE 2 INVESTMENTS

Investments are comprised of the following at September 30:

	2007		2006	
	Cost	Market	Cost	Market
Corporate Stocks	$ 1,141,798	$ 1,562,462	$ 1,327,232	$ 1,651,713
Fixed Income	757,564	771,951	728,581	726,161
Partnerships/Joint Ventures	-	-	14,662	15,868
Mutual Funds - Equity	150,000	164,938	-	-
	$ 2,049,362	$ 2,499,351	$ 2,070,475	$ 2,393,742