

**MINNESOTA AMERICAN LEGION FOUNDATION
AND SUBSIDIARY**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2007 AND 2006

**MINNESOTA AMERICAN LEGION FOUNDATION AND SUBSIDIARY
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LarsonAllen[®] LLP

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Minnesota American Legion Foundation and Subsidiary
St. Paul, Minnesota

We have compiled the accompanying consolidated balance sheets of Minnesota American Legion Foundation and Subsidiary (Minnesota American Legion Boys State Program, LLC) as of September 30, 2007 and 2006, and the related consolidated statements of activities and cash flows for the years then ended, in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of consolidated financial statements information that is the representation of management. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Larson Allen LLP

LarsonAllen LLP

Minneapolis, Minnesota
November 3, 2007

MINNESOTA AMERICAN LEGION FOUNDATION
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash in Bank - Checking	\$ 46,181	\$ 31,434
Money Market Account - Savings	34,779	34,630
Total Cash and Cash Equivalents	<u>80,960</u>	<u>66,064</u>
Interest Receivable	5,717	3,652
Total Current Assets	<u>86,677</u>	<u>69,716</u>
INVESTMENTS	<u>630,814</u>	<u>405,202</u>
Total Assets	<u><u>\$ 717,491</u></u>	<u><u>\$ 474,918</u></u>
NET ASSETS		
Unrestricted	\$ 456,962	\$ 454,234
Temporarily Restricted	<u>260,529</u>	<u>20,684</u>
Total Net Assets	<u><u>\$ 717,491</u></u>	<u><u>\$ 474,918</u></u>

See accompanying Notes to Consolidated Financial Statements.

**MINNESOTA AMERICAN LEGION FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' COMPILATION REPORT)**

	2007		2006	
	Unrestricted	Temporarily Restricted	Unrestricted Total	Temporarily Restricted Total
SUPPORT AND REVENUE				
Donor Contributions	\$ 1,455	\$ 495	\$ 1,950	\$ -
Program Contributions	-	324,886	324,886	20,684
Interest Earned	18,012	-	18,012	-
Unrealized Gain (Loss) on Investments	3,434	-	3,434	-
Temporarily Restricted Net Assets Released	85,536	(85,536)	-	-
Total Support and Revenue	<u>108,437</u>	<u>239,845</u>	<u>348,282</u>	<u>20,684</u>
			<u>28,706</u>	<u>49,390</u>
EXPENSE				
Program:				
Contributions	15,336	-	15,336	-
Direct Program Expenses	85,536	-	85,536	-
Total Program Expenses	<u>100,872</u>	<u>-</u>	<u>100,872</u>	<u>-</u>
			<u>13,970</u>	<u>13,970</u>
Management and General:				
Mileage and Per Diem Expenses	706	-	706	-
Legal and Accounting	2,107	-	2,107	-
Administrative Expenses	2,000	-	2,000	-
Other	24	-	24	-
Total Management and General Expense	<u>4,837</u>	<u>-</u>	<u>4,837</u>	<u>-</u>
Total Expense	<u>105,709</u>	<u>-</u>	<u>105,709</u>	<u>-</u>
			<u>18,743</u>	<u>18,743</u>
CHANGE IN NET ASSETS				
	2,728	239,845	242,573	20,684
Net Assets - Beginning of Year	<u>454,234</u>	<u>20,684</u>	<u>474,918</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 456,962</u>	<u>\$ 260,529</u>	<u>\$ 717,491</u>	<u>\$ 20,684</u>
			<u>\$ 454,234</u>	<u>\$ 474,918</u>
			<u>\$ 454,234</u>	<u>\$ 474,918</u>

See accompanying Notes to Consolidated Financial Statements.

**MINNESOTA AMERICAN LEGION FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' COMPILATION REPORT)**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 242,573	\$ 30,647
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gain) Loss on Investments	(3,434)	(1,332)
(Increase) Decrease in Current Assets:		
Interest Receivable	<u>(2,065)</u>	<u>392</u>
Net Cash Provided by Operating Activities	<u>237,074</u>	<u>29,707</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	20,000	15,000
Purchase of Investments	<u>(242,178)</u>	<u>(19,622)</u>
Net Cash Used by Investing Activities	<u>(222,178)</u>	<u>(4,622)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	14,896	25,085
 Cash and Cash Equivalents - Beginning of Year	<u>66,064</u>	<u>40,979</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 80,960</u>	<u>\$ 66,064</u>

See accompanying Notes to Consolidated Financial Statements.

MINNESOTA AMERICAN LEGION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Minnesota American Legion Foundation (Foundation) was formed in 1990 for the purpose of accumulating a trust to fund programs not already funded from traditional revenue sources, for Minnesota veterans and their families. In September 2006, the Minnesota American Legion Boys State Program, LLC was established as a single member LLC to hold the assets of Boys State. The Minnesota American Legion Foundation is the sole member of the LLC. The activities of this LLC are consolidated in these financial statements.

The summary of significant accounting policies of Minnesota American Legion Foundation and subsidiary are presented to assist in understanding the financial statements. The financial statements and notes are a representation of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation

The Organization follows the Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 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 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 – Resources subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

The Organization has no permanently restricted net assets at this time.

Cash and Cash Equivalents

Cash and cash equivalents includes cash accounts and money market funds. The Organization maintains its accounts at one financial institution, which at times exceed the insured limit of \$100,000.

Interest Receivable

Interest Receivable is stated at net realizable value.

MINNESOTA AMERICAN LEGION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization carries its investments at fair market value. Investments consist of fixed income securities including governmental and corporate securities and certificates of deposit. The net realized and unrealized gains and losses on investments are reflected in the statement of activities.

Tax Exempt Status

The Minnesota American Legion Foundation 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 Organization is a public charity and contributions to the Organization qualify as charitable tax deductions by the contributor. The Organization 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 Minnesota American Legion Boys State Program, LLC is a single member LLC and retains the same tax attributes as the Minnesota American Legion Foundation.

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 used.

NOTE 2 INVESTMENTS

Investments are comprised of the following at September 30:

	2007		2006	
	Cost	Market	Cost	Market
Short-Term Notes and Certificates of Deposit	\$ 636,800	\$ 630,814	\$ 414,622	\$ 405,202

NOTE 3 AMOUNTS RECEIVED FROM THE AMERICAN LEGION DEPARTMENT OF MINNESOTA

Funds were contributed to the Foundation from the American Legion Department of Minnesota for charitable purposes during the years ended September 30, 2007 and 2006. A total of \$223,712 was received during the year ended September 30, 2007 for various program activities and \$20,684 was received for the Boys State program for the year ending September 30, 2006. The American Legion Department of Minnesota has several common board members with the Foundation.

MINNESOTA AMERICAN LEGION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007 AND 2006
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at September 30;

	<u>2007</u>	<u>2006</u>
Baseball Fund	\$ 27,769	\$ -
Fund for Hosp Vets	22,486	-
Boy Scout Scholarship I	29,044	-
Ely Fishing Fund	5,492	-
ROTC Scholarship	32,767	-
Nurse Scholarship	101,604	-
Boys State	<u>41,367</u>	<u>20,684</u>
 Total Temporarily Restricted	 <u>\$ 260,529</u>	 <u>\$ 20,684</u>

Net assets were released during the year ended August 31, 2007 as a result of meeting the following purposes

Baseball fund Expense	\$ 5,050
Fund for Hosp Vets Expense	500
ROTC Scholarship Expense	(1,000)
Boys State Expense	<u>80,986</u>
Total Net Assets Released	<u>\$ 85,536</u>