

**MINNESOTA AMERICAN LEGION FOUNDATION
AND SUBSIDIARY**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

**MINNESOTA AMERICAN LEGION FOUNDATION AND SUBSIDIARY
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

ACCOUNTANTS' COMPILATION REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	2
CONSOLIDATED STATEMENTS OF ACTIVITIES	3
CONSOLIDATED STATEMENTS OF CASH FLOWS	4
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	5

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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, 2008 and 2007, 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.



LarsonAllen LLP

Minneapolis, Minnesota
November 13, 2008



MINNESOTA AMERICAN LEGION FOUNDATION
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash in Bank - Checking	\$ 158,764	\$ 46,181
Money Market Account - Savings	-	34,779
Total Cash and Cash Equivalents	158,764	80,960
Interest Receivable	4,612	5,717
Total Current Assets	163,376	86,677
INVESTMENTS		
Total Assets	608,765	630,814
Total Assets	\$ 772,141	\$ 717,491
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,353	\$ -
NET ASSETS		
Unrestricted	394,617	456,962
Temporarily Restricted	372,171	260,529
Total Net Assets	766,788	717,491
Total Net Assets	\$ 772,141	\$ 717,491

See accompanying Notes to Consolidated Financial Statements.

**MINNESOTA AMERICAN LEGION FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)**

	2008		2007		
	Unrestricted	Temporarily Restricted	Unrestricted Total	Temporarily Restricted	Total
SUPPORT AND REVENUE					
Donor Contributions	\$ 1,555	-	\$ 1,555	\$ 495	\$ 1,950
Program Contributions	-	290,380	290,380	324,886	324,886
Interest Earned	31,202	-	31,202	-	18,012
Unrealized (Loss) Gain on Investments	(71,452)	-	(71,452)	-	3,434
Temporarily Restricted Net Assets Released	178,738	(178,738)	-	(85,536)	-
Total Support and Revenue	<u>140,043</u>	<u>111,642</u>	<u>251,685</u>	<u>239,845</u>	<u>348,282</u>
EXPENSE					
Program:					
Contributions	17,845	-	17,845	-	15,336
Direct Program Expenses	178,738	-	178,738	-	85,536
Total Program Expenses	<u>196,583</u>	<u>-</u>	<u>196,583</u>	<u>-</u>	<u>100,872</u>
Management and General:					
Mileage and Per Diem Expenses	1,161	-	1,161	-	706
Legal and Accounting	2,148	-	2,148	-	2,107
Administrative Expenses	2,000	-	2,000	-	2,000
Other	496	-	496	-	24
Total Management and General Expense	<u>5,805</u>	<u>-</u>	<u>5,805</u>	<u>-</u>	<u>4,837</u>
Total Expense	<u>202,388</u>	<u>-</u>	<u>202,388</u>	<u>-</u>	<u>105,709</u>
CHANGE IN NET ASSETS					
Net Assets - Beginning of Year	(62,345)	111,642	49,297	239,845	242,573
Net Assets - End of Year	<u>456,962</u>	<u>260,529</u>	<u>717,491</u>	<u>20,684</u>	<u>474,918</u>
NET ASSETS - END OF YEAR	<u>\$ 394,617</u>	<u>\$ 372,171</u>	<u>\$ 766,788</u>	<u>\$ 260,529</u>	<u>\$ 717,491</u>

See accompanying Notes to Consolidated Financial Statements.

**MINNESOTA AMERICAN LEGION FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 49,297	\$ 242,573
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized Loss (Gain) on Investments	71,452	(3,434)
Decrease (Increase) in Current Assets:		
Interest Receivable	1,105	(2,065)
Increase in Current Liabilities:		
Accounts Payable	5,353	-
Net Cash Provided by Operating Activities	127,207	237,074
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	335,000	20,000
Purchase of Investments	(384,403)	(242,178)
Net Cash Used by Investing Activities	(49,403)	(222,178)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	77,804	14,896
 Cash and Cash Equivalents - Beginning of Year	80,960	66,064
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 158,764	\$ 80,960

See accompanying Notes to Consolidated Financial Statements.

MINNESOTA AMERICAN LEGION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(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 FDIC insured limit.

Interest Receivable

Interest Receivable is stated at net realizable value.

MINNESOTA AMERICAN LEGION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(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. 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 the amounts reported in the statements of financial position.

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:

	2008		2007	
	Cost	Market	Cost	Market
Short-Term Notes and Certificates of Deposit	\$ 686,203	\$ 608,765	\$ 636,800	\$ 630,814

Subsequent to year-end the market value of the investments declined significantly.

MINNESOTA AMERICAN LEGION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 3 RELATED PARTY TRANSACTIONS

Funds were contributed to the Foundation from the American Legion Department of Minnesota for charitable purposes during the years ended September 30, 2008 and 2007. A total of \$71,777 and \$223,712 was received for various program activities during the years ended September 30, 2008 and 2007, respectively. During both years ended September 30, 2008 and 2007, respectively, \$2,000 was paid to the American Legion Department of Minnesota for administrative services performed.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2008</u>	<u>2007</u>
American Legion Baseball Fund	\$ 32,731	\$ 27,769
Fund for Hospitalized Vets	54,321	22,486
Boy Scout Scholarship	28,044	29,044
Ely Fishing Fund	-	5,492
ROTC Scholarship	29,166	31,767
Special Veterans Hospital Fund	43,648	-
Nurses Scholarship Fund	95,604	101,604
Boys State Program	68,497	101,669
Minnesota Disaster Relief Fund	20,160	-
	<u>\$ 372,171</u>	<u>\$ 319,831</u>
Total Temporarily Restricted		

Net assets were released during the years ended September 30, 2008 and 2007 as a result of meeting the following purposes:

	<u>2008</u>	<u>2007</u>
American Legion Baseball Expenses	\$ 25,866	\$ 5,050
Fund for Hospitalized Vets	17,262	500
Boy Scout Scholarship	1,000	-
Ely Fishing Fund	8,427	-
ROTC Scholarship	5,250	(1,000)
Special Veterans Hospital Fund	16,313	-
Nurses Scholarships	6,000	-
Boys State Program Expenses	96,620	80,986
Minnesota Disaster Relief Expenses	2,000	-
	<u>\$ 178,738</u>	<u>\$ 85,536</u>
Total Releases		