

THE MINNESOTA LEGIONNAIRE, INC.
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2008 AND 2007

**THE MINNESOTA LEGIONNAIRE, INC.
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YEARS ENDED AUGUST 31, 2008 AND 2007**

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LarsonAllen[®] LLP

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
The Minnesota Legionnaire, Inc.
St. Paul, Minnesota

We have compiled the accompanying balance sheets of The Minnesota Legionnaire, Inc. (a not-for-profit organization and a wholly-owned subsidiary of the Minnesota American Legion Publications Corporation) as of August 31, 2008 and 2007, and the related statements of activities, functional expense, 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 The Minnesota Legionnaire, Inc.

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.

Larson Allen LLP

LarsonAllen LLP

Minneapolis, Minnesota
November 13, 2008



THE MINNESOTA LEGIONNAIRE, INC.
BALANCE SHEETS
AUGUST 31, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash	\$ 150,926	\$ 172,211
Accounts Receivable	-	597
Interest Receivable	1,115	1,173
Total Current Assets	152,041	173,981
OTHER ASSETS		
Investments	101,544	76,542
Total Assets	\$ 253,585	\$ 250,523
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 972	\$ 2,240
Unearned Subscription Revenue	167,096	158,564
Total Current Liabilities	168,068	160,804
NET ASSETS		
Net Assets - Unrestricted	85,517	89,719
Total Liabilities and Net Assets	\$ 253,585	\$ 250,523

See accompanying Notes to Financial Statements.

THE MINNESOTA LEGIONNAIRE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)

	(Unrestricted)	
	2008	2007
REVENUE		
Subscriptions	\$ 258,136	\$ 241,473
Advertising	52,129	48,291
Interest Income	4,524	3,322
Unrealized Gain on Investments	16	1,120
Other	26,002	26,000
Total Revenue	340,807	320,206
EXPENSES		
Program Expenses	319,285	306,968
General and Administrative	25,724	24,383
Total Expenses	345,009	331,351
CHANGES IN UNRESTRICTED NET ASSETS	(4,202)	(11,145)
Unrestricted Net Assets - Beginning	89,719	100,864
UNRESTRICTED NET ASSETS - ENDING	\$ 85,517	\$ 89,719

See accompanying Notes to Financial Statements.

THE MINNESOTA LEGIONNAIRE, INC.
STATEMENTS OF FUNCTIONAL EXPENSE
YEARS ENDED AUGUST 31, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2008			2007		
	Program Expense	General and Administrative	Total	Program Expense	General and Administrative	Total
Postage	\$ 179,356	\$ -	\$ 179,356	\$ 173,810	\$ -	\$ 173,810
Printing	93,585	-	93,585	90,177	-	90,177
Salaries	23,773	7,924	31,697	21,989	7,330	29,319
Commissions	7,858	-	7,858	8,046	-	8,046
Office Supplies	2,835	945	3,780	1,754	585	2,338
Travel and Meetings	-	8,752	8,752	-	7,952	7,952
Employee Benefits	8,294	2,765	11,058	7,688	2,563	10,251
Professional Fees	-	4,320	4,320	-	4,976	4,976
Payroll Taxes	2,246	749	2,994	2,123	708	2,831
Insurance	450	150	600	450	150	600
Telephone	360	120	480	360	120	480
Miscellaneous	529	-	529	571	-	571
Total Expense	\$ 319,285	\$ 25,724	\$ 345,009	\$ 306,968	\$ 24,383	\$ 331,351

See accompanying Notes to Financial Statements.

THE MINNESOTA LEGIONNAIRE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (4,202)	\$ (11,145)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized Gain on Investments	(16)	(1,120)
(Increase) Decrease in Current Assets:		
Accounts Receivable	597	9
Interest Receivable	58	(825)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(1,268)	(1,053)
Unearned Subscription Revenue	8,532	(4,600)
Net Cash Provided (Used) by Operating Activities	3,701	(18,734)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	101,039	-
Purchase of Investments	(126,025)	(23)
Net Cash Used by Investing Activities	(24,986)	(23)
 NET DECREASE IN CASH	(21,285)	(18,757)
 Cash - Beginning of Year	172,211	190,968
 CASH - END OF YEAR	\$ 150,926	\$ 172,211

See accompanying Notes to Financial Statements.

THE MINNESOTA LEGIONNAIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

The Minnesota Legionnaire, Inc. is responsible for publishing The Legionnaire, a newspaper subscribed to by members of the American Legion Department of Minnesota. The Minnesota Legionnaire, Inc. is a wholly-owned subsidiary of the Minnesota American Legion Publications Corporation.

Financial Statement Presentation

The Organization follows Statement of Financing Accounting Standards (SFAS) 116, *Accounting for Contributions Received and Contributions Made*, SFAS 117, *Financial Statements for Not-for-Profit Organizations*, and SFAS 124 (Note 2), *Accounting for Certain Investments*. Under the provisions of these standards, 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 and reported as unrestricted resources over which the board of directors has discretionary control.

Revenue Recognition

Subscription income is recognized as revenue ratably over the subscription period. Unearned subscription revenue in the accompanying balance sheet represents amounts collected for subscriptions which have not yet been earned.

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.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains its cash reserves and cash balances in one financial institution. At times, the amount on deposit may exceed federally insured limits.

Investments

The Organization records its investments at fair market value. The net realized and unrealized gains and losses on investments are reflected in the statement of activities.

Tax Exempt Status

The Organization has a tax exempt status under Section 501(a) as an organization described in 501(c)(19) of the Internal Revenue Code and Minnesota Statute. The organization is a veterans' organization. Therefore, charitable contributions are tax deductible. The Organization is subject to unrelated business income tax on advertising.

THE MINNESOTA LEGIONNAIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Exempt Status (Continued)

Income taxes on unrelated business income are provided based upon the provisions of SFAS No. 109, *Accounting for Income Taxes*, which requires that deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of unrelated business income.

The differences between the financial statement reporting basis are due to net operating loss carryforwards. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized.

As of August 31, 2008 and 2007, the tax benefit of carried-over net operating losses was \$155,000 and \$153,000, respectively. A valuation allowance has been established for the full amount of the tax benefit due to the likelihood that future profits may not occur in order for the Organization to utilize the tax benefit.

NOTE 2 INVESTMENTS

Investments are comprised of the following at August 31:

	2008		2007	
	Cost	Market	Cost	Market
Money Market Fund	\$ 528	\$ 528	\$ 542	\$ 542
Fixed Income	101,000	101,016	76,000	76,000
Total	\$ 101,528	\$ 101,544	\$ 76,542	\$ 76,542

NOTE 3 CONCENTRATION OF CREDIT RISK

The American Legion, Department of Minnesota allocates as a subscription a portion of the membership dues collected from its membership and remits such subscriptions to The Minnesota Legionnaire, Inc. The total subscriptions received (earned and unearned) from the American Legion, Department of Minnesota for fiscal 2008 and 2007 were \$265,433 and \$235,743, respectively, which are included in subscription revenue of \$258,136 and \$241,473, respectively.

Personnel costs are recorded net of reimbursements of \$44,454 and \$41,061 for fiscal 2008 and 2007, respectively, from The American Legion, Department of Minnesota for a part-time staff position.

**THE MINNESOTA LEGIONNAIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2008 AND 2007
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 4 PENSION PLAN

The Organization participates with other affiliated American Legion organizations in a defined contribution profit sharing plan. The plan covers all classes of employees who have completed six months of service. Retirement expense was \$3,979 and \$3,737 for the years ended August 31, 2008 and 2007.