

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL
SAFETY PATROL TRAINING CENTER, INC.

FINANCIAL STATEMENTS

YEARS ENDED OCTOBER 31, 2013 AND 2012

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL
SAFETY PATROL TRAINING CENTER, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
The American Legion (Legionville) School Safety Patrol Training Center, Inc.
St. Paul, Minnesota 55155

We have reviewed the accompanying statements of financial position of The American Legion (Legionville) School Safety Patrol Training Center, Inc. (a nonprofit corporation) as of October 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, 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 accounting principles generally accepted in the United States of America.

B. Johnson & Assoc., Ltd
January 24, 2014

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL SAFETY PATROL TRAINING CENTER, INC.
 STATEMENTS OF FINANCIAL POSITION
 FOR THE YEARS ENDED OCTOBER 31, 2013 AND 2012

	2013	2012
Current Assets		
Cash	\$ 29,096	\$ 74,200
Merchandise Inventory	27,335	24,858
Accrued Interest Receivable	731	871
Total Current Assets	57,162	99,929
Other Assets		
Certificate of Deposits	155,663	160,539
Total Other Assets	155,663	160,539
Property And Equipment		
Buildings & Improvements	1,018,774	660,782
Land & Improvements	11,456	12,750
Automobiles	36,525	36,525
Furniture & Equipment	239,089	225,999
Total	1,305,844	936,056
Less: Accumulated Depreciation	(747,210)	(735,843)
Net Property & Equipment	558,634	200,213
Total Assets	\$ 771,459	\$ 460,681
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 4,881	\$ 316
Total Current Liabilities	4,881	316
Total Liabilities	4,881	316
Net Assets		
Temporarily Restricted	49,704	29,495
Unrestricted	716,874	430,870
Total Net Assets	766,578	460,365
Total Liabilities & Net Assets	\$ 771,459	\$ 460,681

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REPORT

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL SAFETY PATROL TRAINING CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2013

	2013		
	Temporarily Restricted	Unrestricted	Total
Revenues			
Registration	\$ 0	\$ 196,754	\$196,754
Canteen Income	0	26,677	26,677
Interest Income	0	2,548	2,548
Donations	160,098	60,850	220,948
State Milk Fund	0	1,716	1,716
Unrealized Gain/(Loss) on Investment	0	(4,881)	(4,881)
Other Revenue	0	3,784	3,784
Net Assets Released from Restriction	(139,889)	139,889	0
Total Revenues	<u>20,209</u>	<u>427,337</u>	<u>447,546</u>
Expenses			
Program Services			
Wages	0	72,598	72,598
Payroll Taxes	0	5,554	5,554
Rent Expense	0	8,096	8,096
Operating Supplies	0	21,259	21,259
Repairs & Maintenance	0	24,736	24,736
Utilities Expense	0	16,050	16,050
Other Program Service Expense	0	18,664	18,664
Special Project Expense	0	22,730	22,730
Depreciation Expense	0	11,368	11,368
Food Expense	0	24,171	24,171
Canteen Cost of Goods Sold	<u>0</u>	<u>23,889</u>	<u>23,889</u>
Total Program Expenses	<u>0</u>	<u>249,115</u>	<u>249,115</u>
Supporting Services			
Professional Services	0	7,307	7,307
Insurance Expense	0	26,972	26,972
(Gain)/Loss Disposal of Asset	0	(146,661)	(146,661)
Travel & Meetings Expense	<u>0</u>	<u>4,600</u>	<u>4,600</u>
Total Supporting Services	<u>0</u>	<u>(107,782)</u>	<u>(107,782)</u>
Total Expenses	<u>0</u>	<u>141,333</u>	<u>141,333</u>
Change in Net Assets	20,209	286,004	306,213
Net Assets- Beginning of Year	<u>29,495</u>	<u>430,870</u>	<u>460,365</u>
Net Assets- End of Year	<u>\$ 49,704</u>	<u>\$ 716,874</u>	<u>\$766,578</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REPORT

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL SAFETY PATROL TRAINING CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2012

	2012		
	Temporarily Restricted	Unrestricted	Total
Revenues			
Registration	\$ 0	\$ 184,700	\$184,700
Canteen Income	0	27,363	27,363
Interest Income	0	2,436	2,436
Donations	11,592	42,213	53,805
State Milk Fund	0	3,231	3,231
Tower-Land Lease	0	3,897	3,897
Unrealized Gain/(Loss) on Investments	0	(536)	(536)
Other Program Service Revenue	0	142	142
Net Assets Released from Restriction	(4,650)	4,650	0
Total Revenues	<u>6,942</u>	<u>268,096</u>	<u>275,038</u>
Expenses			
Program Services			
Wages	0	54,768	54,768
Payroll Taxes	0	14,564	14,564
Rent Expense	0	11,801	11,801
Operating Supplies	0	19,715	19,715
Repairs & Maintenance	0	33,026	33,026
Utilities Expense	0	18,086	18,086
Other Program Service Expense	0	4,568	4,568
Depreciation Expense	0	11,770	11,770
Food Expense	0	24,251	24,251
Canteen Cost of Goods Sold	<u>0</u>	<u>24,717</u>	<u>24,717</u>
Total Program Expenses	<u>0</u>	<u>217,266</u>	<u>217,266</u>
Supporting Services			
Professional Services	0	8,612	8,612
Insurance Expense	0	24,432	24,432
Loss Disposal of Asset	0	1,000	1,000
Travel & Meetings Expense	<u>0</u>	<u>5,545</u>	<u>5,545</u>
Total Supporting Services	<u>0</u>	<u>39,589</u>	<u>39,589</u>
Total Expenses	<u>0</u>	<u>256,855</u>	<u>256,855</u>
Change in Net Assets	6,942	11,241	18,183
Net Assets- Beginning of Year	<u>22,553</u>	<u>419,629</u>	<u>442,182</u>
Net Assets- End of Year	<u>\$ 29,495</u>	<u>\$ 430,870</u>	<u>\$460,365</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REPORT

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL SAFETY PATROL TRAINING CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activites		
Change in Net Assets	\$ 306,213	\$ 18,183
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	11,368	11,770
(Gain)/Loss on Sale of Assets	(146,661)	1,000
(Increase)/Decrease in:		
Accountants Receivable	0	3,430
Inventory	(2,477)	10,590
Unrealized Gain on Investments	5,016	(335)
Increase/(Decrease) in:		
Accounts Payable	<u>4,565</u>	<u>(8,368)</u>
Net Cash Provided/(Used) by Operating Activities	<u>178,024</u>	<u>36,270</u>
Cash Flows from Investing Activities:		
Purchases of Certificate of Deposit	(130,000)	0
Proceeds from Sale of Certificate of Deposit	130,000	0
Purchases of Property and Equipment	(371,083)	0
Proceeds from Sale of Property and Equipment	<u>147,955</u>	<u>0</u>
Net Cash Used by Investing Activities	<u>(223,128)</u>	<u>0</u>
Net Increase/(Decrease) in Cash	(45,104)	36,270
Cash - Beginning of Year	<u>74,200</u>	<u>37,930</u>
Cash - End of Year	<u>\$ 29,096</u>	<u>\$ 74,200</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REPORT

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL SAFETY PATROL TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The American Legion (Legionville) School Safety Patrol Training Center, Inc. (The American Legion (Legionville) or the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The American Legion (Legionville) School Safety Patrol Training Center, Inc. (The American Legion (Legionville) or the Organization) offers summer camps for youngsters between the ages of ten and thirteen. The American Legion (Legionville) provides instruction for school bus patrol officers, nature study, conservation training, and boat and water safety lessons to children from Minnesota which are conducted in a summer camp environment.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of The American Legion (Legionville) School Safety Patrol Training Center, Inc. and changes therein are classified and reported as follows:

Unrestricted – Resourced 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 restrictions which will be satisfied by actions of the Organization on passage time.

Permanently Restricted – Those resources subject to a donor imposed restriction that such funds be maintained permanently by the Organization. The donor of these types of resources usually permits the Organization to use all or part of the income earned, including capital appreciation or related investments, for unrestricted or temporarily restricted purposes.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of 3 months or less and certain certificates of deposit to be cash equivalents.

Accounts Receivable

It is management's judgment that all receivables at October 31, 2013 and 2012 are collectible; therefore, no allowance for doubtful accounts has been reflected in the financial statements.

Inventory

Inventories consist of souvenirs and promotional items used for various The American Legion (Legionville) programs. Inventory is valued at the lower of cost, determined on a first-in, first-out (FIFO) basis, or market.

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL SAFETY PATROL TRAINING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment and totaled \$11,368 and \$11,770 for the years ended October 31, 2013 and 2012, respectively.

Construction costs for building a new building are capitalized when expenses are incurred for the building. Building costs are not depreciated until the building is complete and placed in service. Expenditures incurred and capitalized but placed in service totaled \$350,028 and \$0 for the years ended October 31, 2013 and 2012, respectively and are included in building and improvements.

Investments

Investments are recorded at fair market value. Accordingly, unrealized gains and losses are recognized in the statements of activity as unrealized gains and losses. Realized gains and losses are determined using the specific identification method.

Contributions

Contributions received and current and deferred revenues from grants are recorded as either unrestricted or temporarily restricted depending on the existence and/or nature of and donor restrictions.

In-Kind Services

Many individuals volunteer their time to The American Legion (Legionville) each year. Although their contributions are valuable to the program, no donated services have been recognized in these financial statements because no specialized skills as defined by the generally accepted accounting principles have been provided.

Functional Expenses

The Organization's costs of providing its services have been classified on a functional basis in the statements of activities. Expenses are not allocated since they have direct relationships to a particular functional expense.

Tax Exempt Status

The American Legion (Legionville) has a tax exempt status under Section 501 (a) as an organization described in 501 (c)(3) of the Internal Revenue Code and Minnesota Statute. It has been classified as an organization that is not a private foundation under Section 509 (a)(2) of the Internal Revenue Code and charitable contributions by donors are tax deductible.

The Organization has adopted the income standard regarding the recognition and measurement of uncertain tax positions. The Organization has no current obligation for unrelated business income tax. The Organization's tax returns are open to examinations for the past three and one-half years.

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL SAFETY PATROL TRAINING CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Market Measurement

The Organization accounts for its investments at fair value and has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the Statements of Financial Position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets & liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active-over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the assets, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes long/short funds, private equity, venture capital, hedge fund, and real assets.

The following table present the fair value hierarchy for the balance of the assets of the Organization measured at fair value on a recurring basis as of October 31:

		2013			
		Level 1	Level 2	Level 3	Total
INVESTMENTS					
	Certificate of Deposits	\$-0-	\$155,663	\$-0-	\$155,663
		2012			
		Level 1	Level 2	Level 3	Total
INVESTMENTS					
	Certificate of Deposits	\$-0-	\$160,539	\$-0-	\$160,539

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE AMERICAN LEGION (LEGIONVILLE) SCHOOL SAFETY PATROL TRAINING CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 21, 2014, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments are comprised of the following values at October 31:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificate of Deposits	<u>\$ 160,005</u>	<u>\$ 155,663</u>	<u>\$ 160,000</u>	<u>\$ 160,539</u>

NOTE 3 NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources restricted for scholarships for individual registrations or agreed upon capital expenditures. Net assets released from restrictions were \$ 139,889 and \$4,650 for scholarships and capital expenditures for the years ended October 31, 2013 and 2012, respectively.

Temporarily restricted assets consist of the following at October 31:

	<u>2013</u>	<u>2012</u>
Equipment Purchases	\$ 6,263	\$ 6,263
Scholarships	9,240	12,540
Capital Grant	4,011	-
Paver	30,190	-
Buildings	-	10,692
Temporarily Restricted Net Assets	<u>\$ 49,704</u>	<u>\$ 29,495</u>

NOTE 4 LEASE REVENUE

The Organization entered into an agreement with another organization to lease the rights to use property for a fixed fee annually. The agreement is in effect until November 2012 with extensions available for an additional 18 years. The agreement may be terminated with notice. Future minimum amounts are adjusted based on the CPI rate; lease revenue was \$0 and \$3,897 for the years ending October 31, 2013 and 2012, respectively.