

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Executive and Finance Committees
The American Legion, Department of Minnesota
St. Paul, Minnesota

We have reviewed the accompanying financial statements of The American Legion, Department of Minnesota (the Organization), which comprise the balance sheets as of September 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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's Responsibility for the Financial Statements


Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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 accordance with accounting principles generally accepted in the United States of America.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 21, 2017

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
BALANCE SHEETS
SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 485,079	\$ 348,427
Accounts Receivable	20,658	37,100
Loan Receivable from Related Party	50,000	-
Accrued Interest Receivable	10,586	9,895
Inventories	4,060	6,355
Prepaid Expenses	35,524	43,774
Total Current Assets	605,907	445,551
EQUIPMENT AND FURNITURE, NET	51,877	67,045
INVESTMENTS		
Investments	2,108,076	1,998,083
Investment in Unconsolidated Subsidiaries	1,000	1,000
Total Investments	2,109,076	1,999,083
Total Assets	\$ 2,766,860	\$ 2,511,679
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 23,510	\$ 36,084
Accrued Vacation	24,176	23,740
Deferred Revenue	462,395	471,306
Amount Held for Others	9,723	9,241
Total Current Liabilities	519,804	540,371
NET ASSETS		
Unrestricted:		
Undesignated	1,853,457	1,606,469
Designated	393,599	364,839
Total Net Assets	2,247,056	1,971,308
Total Liabilities and Net Assets	\$ 2,766,860	\$ 2,511,679

See accompanying Notes to Financial Statements.

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

	2016			2015		
	Unrestricted		Total	Unrestricted		Total
	Undesignated	Designated		Undesignated	Designated	
SUPPORT - CONTRIBUTIONS	\$ 5,422	\$ -	\$ 5,422	\$ 3,892	\$ -	\$ 3,892
REVENUE						
Membership Dues	786,428	-	786,428	811,779	-	811,779
Less: MN Legionnaire Portion	(230,751)	-	(230,751)	(238,371)	-	(238,371)
Revenue Enhancement Sales	361,212	-	361,212	293,124	-	293,124
Grants	138,348	-	138,348	40,362	124,435	164,797
Registration and Fees	-	73,249	73,249	-	69,753	69,753
Investment Income	168,978	9,428	178,406	22,391	3,288	25,679
Royalties	210,732	-	210,732	140,964	-	140,964
In-Kind Rent	74,461	-	74,461	71,877	-	71,877
Other	16,458	43,613	60,071	17,145	2,737	19,882
Loss on Sale of Assets	(2,430)	-	(2,430)	(271)	-	(271)
Total Revenue	<u>1,523,436</u>	<u>126,290</u>	<u>1,649,726</u>	<u>1,159,000</u>	<u>200,213</u>	<u>1,359,213</u>
Total Support and Revenue	1,528,858	126,290	1,655,148	1,162,892	200,213	1,363,105
EXPENSES						
Program Expense	791,399	97,530	888,929	705,631	236,455	942,086
Supporting Services:						
Member Development	105,621	-	105,621	97,977	-	97,977
General and Administrative	179,754	-	179,754	143,859	-	143,859
Total Supporting Services	<u>285,375</u>	<u>-</u>	<u>285,375</u>	<u>241,836</u>	<u>-</u>	<u>241,836</u>
Fundraising	205,096	-	205,096	197,449	-	197,449
Total Expenses	<u>1,281,870</u>	<u>97,530</u>	<u>1,379,400</u>	<u>1,144,916</u>	<u>236,455</u>	<u>1,381,371</u>
CHANGE IN UNRESTRICTED NET ASSETS	246,988	28,760	275,748	17,976	(36,242)	(18,266)
Net Assets Unrestricted - Beginning of Year	<u>1,606,469</u>	<u>364,839</u>	<u>1,971,308</u>	<u>1,588,493</u>	<u>401,081</u>	<u>1,989,574</u>
NET ASSETS UNRESTRICTED - END OF YEAR	<u>\$ 1,853,457</u>	<u>\$ 393,599</u>	<u>\$ 2,247,056</u>	<u>\$ 1,606,469</u>	<u>\$ 364,839</u>	<u>\$ 1,971,308</u>

See accompanying Notes to Financial Statements.

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 275,748	\$ (18,266)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	25,132	28,667
Loss on Sale of Assets	2,430	271
Unrealized (Gain) Loss on Investments	(106,504)	48,860
Realized Gain from Sale of Investments	(17,503)	(25,856)
(Increase) Decrease in Current Assets:		
Receivables and Prepaid Expenses	24,001	(45,299)
Inventories	2,295	(4,629)
Increase (Decrease) in Current Liabilities:		
Payables and Accrued Expenses	(12,138)	15,799
Deferred Revenue	(8,911)	(107,693)
Amount Held for Others	482	(1,369)
Net Cash Provided (Used) by Operating Activities	<u>185,032</u>	<u>(109,515)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment and Furniture	(12,394)	(6,977)
Issuance of Note Receivable	(50,000)	-
Proceeds from Sale of Investments	389,770	397,470
Purchase of Investments	(375,756)	(384,946)
Net Cash Provided (Used) by Investing Activities	<u>(48,380)</u>	<u>5,547</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	136,652	(103,968)
Cash and Cash Equivalents - Beginning of Year	<u>348,427</u>	<u>452,395</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 485,079</u>	<u>\$ 348,427</u>

See accompanying Notes to Financial Statements.

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

The American Legion, Department of Minnesota (the Organization) was organized to support American Legion members and their programs in Minnesota.

Financial Statement Presentation

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 net assets which the board has set aside for a particular program.

Temporarily Restricted - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or by the 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 temporarily restricted or permanently restricted net assets at this time.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Inventory

Inventory consists of various promotional items used in the Organization's programs. Inventory is valued at the lower of cost, determined on a first-in, first-out basis, or market.

Equipment and Furniture

All major expenditures for equipment and furniture are capitalized over \$1,000 at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the equipment and furniture, which range from 3 to 10 years.

Investments

The Organization carries its investments at fair value. The net realized gains and losses and unrealized gains and losses on investments are reflected in the statement of activities. Investments in unconsolidated subsidiaries are accounted for using the equity method.

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Organization's accounts receivable consists primarily of revenues from the Minnesota Disability of Veterans Affairs and is recorded as revenue when earned. Receivables are expected to be collectable and therefore the Organization has passed on setting up an allowance for bad debt.

Amount Held for Others

The amounts held for others consist of cash held for the Minnesota State American Legion Bowling Association.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received which are designated for future periods or restricted by donor to a particular purpose are recorded as temporarily restricted revenue until the appropriate future period or the donor purpose is satisfied.

Revenue Recognition

Membership dues collected are recognized as revenue ratably over the period to which the dues relate. Dues collected in advance are recorded as deferred membership revenues until they are earned. Royalties are recognized over the period they are earned and when reasonably estimated.

Donated Rent and Services

Donated (in-kind) rent and services are valued at their fair market value. Donated services have not been recognized in these financial statements because no specialized skills as defined by accounting principles generally accepted in the United States of America have been provided. However, a substantial number of members have donated a significant amount of time to advance the Organization's programs.

Advertising Costs

Advertising costs are expensed when incurred.

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 from Cash Deposits in Excess of Insured Limits

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

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense

Expenses which apply to more than one function are allocated among the functions to which they apply. The allocation of salary expense is made by management's estimates of time expended in each program. Other expenses are allocated on the basis of percentage of time devoted to that function unless a more direct basis is apparent.

Tax Exempt Status

The Organization has a tax exempt status under 501(c)(19) of the Internal Revenue Code and Minnesota Statute, as an organization of past or present members of the armed forces. The Organization has no taxable unrelated business income at this time.

The Organization has adopted the income tax standard regarding the recognition and measurement of uncertain tax positions. The Organization has no current obligation for unrelated business income tax.

Fair Value 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 balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and 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 asset, 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 AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

The following tables present the fair value hierarchy for the balance of the assets of the Organization measured at fair value on a recurring basis as of September 30:

	2016			Total
	Level 1	Level 2	Level 3	
INVESTMENTS				
Certificates of Deposit	\$ -	\$ 916,276	\$ -	\$ 916,276
Corporate Bonds	-	614,310	-	614,310
Equity Securities	577,490	-	-	577,490
Total	<u>\$ 577,490</u>	<u>\$ 1,530,586</u>	<u>\$ -</u>	<u>\$ 2,108,076</u>

	2015			Total
	Level 1	Level 2	Level 3	
INVESTMENTS				
Certificates of Deposit	\$ -	\$ 1,097,664	\$ -	\$ 1,097,664
Corporate Bonds	-	400,533	-	400,533
Equity Securities	499,886	-	-	499,886
Total	<u>\$ 499,886</u>	<u>\$ 1,498,197</u>	<u>\$ -</u>	<u>\$ 1,998,083</u>

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 21, 2017, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments are comprised of the following at September 30:

	2016		2015	
	Cost	Market	Cost	Market
Certificates of Deposit	\$ 885,318	\$ 916,276	\$ 1,085,005	\$ 1,097,664
Corporate Bonds	597,887	614,310	400,380	400,533
Equity Securities	426,150	577,490	420,481	499,886
Total	<u>\$ 1,909,355</u>	<u>\$ 2,108,076</u>	<u>\$ 1,905,866</u>	<u>\$ 1,998,083</u>

Investment income (loss) for the years ended September 30 consists of the following:

	2016	2015
Interest from Investments	\$ 54,399	\$ 48,683
Realized Gain	17,503	25,856
Unrealized Gain (Loss)	106,504	(48,860)
Total	<u>\$ 178,406</u>	<u>\$ 25,679</u>

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

NOTE 3 EQUIPMENT AND FURNITURE

Equipment and furniture consists of the following at September 30:

	<u>2016</u>	<u>2015</u>
Computer and Software	\$ 109,299	\$ 103,375
Other Equipment and Furniture	285,485	284,599
	<u>394,784</u>	<u>387,974</u>
Accumulated Depreciation	(342,907)	(320,929)
Equipment, Net	<u>\$ 51,877</u>	<u>\$ 67,045</u>

NOTE 4 DEFERRED REVENUE

Deferred revenue for the years ended September 30, 2016 and 2015 of \$462,395 and \$471,306, respectively, consists mainly of unearned membership dues and unearned grant revenue. The deferred membership dues total \$355,646 and \$379,065 at September 30, 2016 and 2015, respectively.

NOTE 5 UNRESTRICTED NET ASSETS: DESIGNATED

The Executive Committee, by board action, has designated unrestricted net assets for the following purposes:

	<u>2016</u>	<u>2015</u>
Operating Reserve	\$ 200,000	\$ 200,000
Programs	193,599	164,839
Total	<u>\$ 393,599</u>	<u>\$ 364,839</u>

NOTE 6 RELATED PARTY TRANSACTIONS

The Organization has transactions with several organizations in which common board members exist.

The Organization made payments totaling \$230,751 and \$238,371 in fiscal 2016 and 2015, respectively, to The Minnesota Legionnaire, Inc. These payments represent an allocation of membership dues for the subscription price of The Minnesota Legionnaire, a publication produced by The Minnesota Legionnaire, Inc., for the members of the Organization. During 2016 and 2015, the Organization remitted \$2.85 on each member's behalf. These payments to The Minnesota Legionnaire, Inc. for subscriptions are recognized as a reduction of membership dues.

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

NOTE 6 RELATED PARTY TRANSACTIONS (CONTINUED)

The Organization also made payments totaling \$3,282 to The Minnesota Legionnaire, Inc. during the year ended September 30, 2016 for reimbursements of other business expenses. Payments totaling \$14,705 were made during the year ended September 30 2015, for reimbursements of other business expenses.

The Organization made payments totaling \$8,750 and \$11,100 to Legionville School Safety Patrol Training Center, Inc. (Legionville) during the years ended September 30, 2016 and 2015, respectively, for reimbursements of business insurance expense and other business expenses. The Organization also made contributions of \$-0- and \$15,000 to Legionville during the years ended September 30, 2016 and 2015 to support the storm damage repair, respectively. The Organization received \$2,372 and \$3,765 from Legionville during the years ended September 30, 2016 and 2015 for reimbursements of business expenses, respectively.

The Organization received \$60,004 and \$61,057 from The Minnesota Legionnaire, Inc. during the years ended September 30, 2016 and 2015, respectively, for reimbursements of a portion of salary and benefits relating to one employee as well as reimbursements of other business expenses.

The Organization also received \$2,000 from The Minnesota American Legion Foundation during the years ended September 30, 2016 and 2015 for administrative services.

The Organization paid \$19,318 and \$22,623 to The American Legion Family Hospital Association during the years ended September 30, 2016 and 2015, respectively, for their portion of the dues collected during the fiscal year.

The Organization approved a \$50,000 loan receivable to the National Convention Corporation with a 0% interest rate to be repaid by December 31, 2018.

NOTE 7 INVESTMENT IN UNCONSOLIDATED SUBSIDIARY

The Organization owns 100% of the outstanding stock of The American Legion Convention Corporation. The Organization accounts for this investment using the equity method based on the most recent year ended of the subsidiary.

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

NOTE 7 INVESTMENT IN UNCONSOLIDATED SUBSIDIARY (CONTINUED)

A summary of the financial position and results of operations of the unconsolidated subsidiary for their most recent fiscal year is as follows:

	<u>2016</u>	<u>2015</u>
American Legion Convention Corporation		
Financial Position:		
Assets	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Stockholder's Equity	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Results of Operations:		
Revenues	\$ 16,567	\$ 11,029
Expenses	<u>(16,567)</u>	<u>(11,029)</u>
Net Income	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 FACILITIES

The Organization utilizes facilities which are provided at no cost. The value of these facilities is recorded at the fair market value in revenue as in-kind rent and in the functional expenses as rent. The total fair market value of the rent was \$74,461 and \$71,877 for the years ended September 30, 2016 and 2015, respectively.

NOTE 9 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. The discretionary retirement expense was \$34,650 and \$37,804 for the years ended September 30, 2016 and 2015, respectively.

NOTE 10 RISKS AND UNCERTAINTIES

The Organization provides for investment in a variety of investment funds. 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.



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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON
SUPPLEMENTARY INFORMATION**

Executive and Finance Committees
The American Legion, Department of Minnesota
St. Paul, Minnesota

Our reviews of the basic financial statements of The American Legion, Department of Minnesota for the years ended September 30, 2016 and 2015 appears on page 1. Our reviews were made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The information included in the accompanying schedules of functional expense and activity in designated funds is presented only for purposes of additional analysis and has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 21, 2017

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
SCHEDULE OF FUNCTIONAL EXPENSE
YEAR ENDED SEPTEMBER 30, 2016**

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION)

	2016					
	Program Expense	Supporting Services			Fundraising Expense	Total
		Member Development	General and Administrative	Total		
Salaries	\$ 258,924	\$ 54,376	\$ 86,521	\$ 140,897	\$ -	\$ 399,821
Payroll Taxes	20,022	4,205	6,690	10,895	-	30,917
Employee Benefits	69,039	14,499	23,070	37,569	-	106,608
Professional Fees	-	-	8,387	8,387	-	8,387
Supplies	24,891	5,227	8,316	13,543	-	38,434
Telephone	5,330	1,119	1,780	2,899	-	8,229
Equipment Maintenance	14,226	2,988	4,754	7,742	-	21,968
Postage	10,667	2,240	3,565	5,805	-	16,472
Printing and Copying	1,632	343	545	888	-	2,520
Insurance	5,667	1,190	1,894	3,084	-	8,751
Rent	48,221	10,127	16,113	26,240	-	74,461
Travel	22,230	4,668	7,428	12,096	-	34,326
Committees, Conferences and Conventions	266,600	-	-	-	-	266,600
Scholarships and Grants	21,862	-	-	-	-	21,862
Investment Management Fees	-	-	3,309	3,309	-	3,309
Cost of Enhancement Sales	-	-	-	-	205,096	205,096
Designated Program Expense	97,530	-	-	-	-	97,530
Other	5,813	1,221	1,943	3,164	-	8,977
Depreciation	16,275	3,418	5,439	8,857	-	25,132
Total Expense	\$ 888,929	\$ 105,621	\$ 179,754	\$ 285,375	\$ 205,096	\$ 1,379,400

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
SCHEDULE OF FUNCTIONAL EXPENSE
YEAR ENDED SEPTEMBER 30, 2015**

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION)

	2015					
	Program Expense	Supporting Services			Fundraising Expense	Total
		Member Development	General and Administrative	Total		
Salaries	\$ 286,324	\$ 52,296	\$ 68,669	\$ 120,965	\$ -	\$ 407,289
Payroll Taxes	22,639	4,135	5,430	9,565	-	32,204
Employee Benefits	74,302	13,571	17,820	31,391	-	105,693
Professional Fees	-	-	8,300	8,300	-	8,300
Supplies	24,634	4,499	5,908	10,407	-	35,041
Telephone	5,653	1,032	1,356	2,388	-	8,041
Equipment Maintenance	18,633	3,403	4,469	7,872	-	26,505
Postage	6,146	1,123	1,474	2,597	-	8,743
Printing and Copying	2,697	493	647	1,140	-	3,837
Insurance	7,803	1,425	1,871	3,296	-	11,099
Rent	50,530	9,229	12,118	21,347	-	71,877
Travel	11,524	2,105	2,764	4,869	-	16,393
Promotion	898	164	215	379	-	1,277
Committees, Conferences and Conventions	256,393	-	-	-	-	256,393
Scholarships and Grants	18,000	-	-	-	-	18,000
Investment Management Fees	-	-	6,906	6,906	-	6,906
Cost of Enhancement Sales	-	-	-	-	197,449	197,449
Designated Program Expense	131,257	-	-	-	-	131,257
Other	4,500	821	1,079	1,900	-	6,400
Depreciation	20,153	3,681	4,833	8,514	-	28,667
Total Expense	\$ 942,086	\$ 97,977	\$ 143,859	\$ 241,836	\$ 197,449	\$ 1,381,371

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
SCHEDULE OF ACTIVITY IN DESIGNATED FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION)

	Fund Balance September 30, 2015	Grants	Dues/ Registration	Investment Gain Allocation	Other	Program Expenses	Fund Balance September 30, 2016
War Stories Vol 1	\$ 2,527	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ 2,547
Rehab Vet Emergency Fund	9,350	-	-	-	-	-	9,350
Heroes to Hometown	8,000	-	230	-	-	(1,220)	7,010
Arveson Scholarship Reserve	6,748	-	-	522	-	-	7,270
Joe Kise Books	7,900	-	-	-	-	(2,480)	5,420
Legion 1000 Book	(1,500)	-	-	-	-	(1,163)	(2,663)
Post 1982	61,283	-	20,274	3,991	-	(17,294)	68,254
S.A.L. Dept. Resources	43,483	-	50,407	2,832	-	(38,049)	58,673
War Stories Vol 3	(4,145)	-	-	-	-	-	(4,145)
King Tut Income	1,394	-	-	-	1,275	(1,421)	1,248
S.A.L. P.U.F.L. Fund	26,937	-	2,318	2,083	-	(277)	31,061
National Convention	1,000	-	-	-	-	-	1,000
MDVA Grant	-	-	-	-	-	(990)	(990)
War Stories	1,862	-	-	-	120	(1,758)	224
American Legion Rider	-	-	-	-	1,280	(660)	620
MNDVA SOT Adver Grant Exp	-	-	-	-	40,938	(32,218)	8,720
Operating Reserve	200,000	-	-	-	-	-	200,000
Net Assets, Unrestricted Designated	<u>\$ 364,839</u>	<u>\$ -</u>	<u>\$ 73,249</u>	<u>\$ 9,428</u>	<u>\$ 43,613</u>	<u>\$ (97,530)</u>	<u>\$ 393,599</u>

**THE AMERICAN LEGION,
DEPARTMENT OF MINNESOTA
SCHEDULE OF ACTIVITY IN DESIGNATED FUNDS
YEAR ENDED SEPTEMBER 30, 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION)**

	Fund Balance September 30, 2014	Grants	Dues/ Registration	Investment Income Allocation	Other	Program Expenses	Fund Balance September 30, 2015
War Stories Vol 1	\$ 2,116	\$ -	\$ -	\$ -	\$ 411	\$ -	\$ 2,527
Gopher Pin	427	-	-	-	-	(427)	-
Rehab Vet Emergency Fund	6,500	3,000	-	-	-	(150)	9,350
Heroes to Hometown	8,000	-	-	-	-	-	8,000
Arveson Scholarship Reserve	6,561	-	-	187	-	-	6,748
Joe Kise Books	8,236	-	-	-	-	(336)	7,900
Legion 1000 Book	(1,000)	-	-	-	-	(500)	(1,500)
Post 1982	48,999	-	18,728	1,777	-	(8,221)	61,283
S.A.L. Dept. Resources	32,705	-	48,975	613	-	(38,810)	43,483
War Stories Vol 3	(500)	-	-	-	-	(3,645)	(4,145)
King Tut Income	1,174	-	-	-	970	(750)	1,394
S.A.L. P.U.F.L. Fund	24,947	-	2,050	711	-	(771)	26,937
American Legion Racing	136	-	-	-	-	(136)	-
National Convention	1,000	-	-	-	-	-	1,000
MDVA Grant	60,290	121,435	-	-	-	(181,725)	-
War Stories	1,490	-	-	-	716	(344)	1,862
American Legion Rider	-	-	-	-	640	(640)	-
Operating Reserve	200,000	-	-	-	-	-	200,000
Net Assets, Unrestricted Designated	<u>\$ 401,081</u>	<u>\$ 124,435</u>	<u>\$ 69,753</u>	<u>\$ 3,288</u>	<u>\$ 2,737</u>	<u>\$ (236,455)</u>	<u>\$ 364,839</u>