

**NASHVILLE AREA CHAPTER OF
THE AMERICAN RED CROSS**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Nashville Area Chapter of the
American Red Cross

We have audited the accompanying statements of financial position of the Nashville Area Chapter of the American Red Cross (the "Chapter") as of June 30, 2006 and 2005, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Chapter's management. Our responsibility is to express an opinion on these financial statements based on our audits. The 2005 summarized comparative information has been derived from the Chapter's 2005 financial statements, and in our report dated August 5, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nashville Area Chapter of the American Red Cross as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Frasier Dean & Howard, PLLC

August 4, 2006

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
STATEMENTS OF FINANCIAL POSITION
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 458,618	\$ 297,035
Inter-Red Cross receivables	623,421	527,928
Contributions receivable, net	344,811	417,895
Accounts receivable other, net of estimated uncollectibles of \$39,772 in 2006 and \$16,772 in 2005	285,680	240,794
Inventory	64,350	29,707
Other	-	438
	<u>1,776,880</u>	<u>1,513,797</u>
Total current assets		
Noncurrent assets:		
Investments	62,116	57,663
Contributions receivable	66,945	74,505
Land, building and equipment, net	<u>1,054,947</u>	<u>1,114,014</u>
	<u>1,184,008</u>	<u>1,246,182</u>
Total noncurrent assets		
Total assets	<u><u>\$ 2,960,888</u></u>	<u><u>\$ 2,759,979</u></u>
Liabilities and Net Assets		
Current liabilities:		
Inter-Red Cross payables	\$ 228,470	\$ 264,745
Accounts payable and accrued expenses	184,271	165,475
Notes payable - current portion	9,249	5,561
Capital lease obligations - current portion	<u>2,683</u>	<u>18,250</u>
	424,673	454,031
Total current liabilities		
Notes payable, net of current portion	6,022	8,489
Capital lease obligations, net of current portion	<u>-</u>	<u>4,175</u>
	430,695	466,695
Total liabilities		
Net assets:		
Unrestricted	1,051,076	1,316,272
Temporarily restricted	1,444,117	942,012
Permanently restricted	<u>35,000</u>	<u>35,000</u>
	2,530,193	2,293,284
Total net assets		
Total liabilities and net assets	<u><u>\$ 2,960,888</u></u>	<u><u>\$ 2,759,979</u></u>

See accompanying notes.

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended June 30, 2006
(with summarized financial information for the year ended June 30, 2005)

	2006			2005 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Public support and revenue:				
Monetary contributions	\$ 820,683	\$ 421,159	\$ -	\$ 1,241,842
Course fees and program materials	681,199	622	-	681,821
Private and government grants	14,139	181,011	-	195,150
United Way and Combined				
Federal Campaign	55,463	133,772	-	189,235
Inter-Red Cross revenues	71,114	130,027	-	201,141
Legacies and bequests	111,784	-	-	111,784
Special events, net of expenses of				
\$40,312 in 2006 and \$89,713 in 2005	111,015	-	-	111,015
Contracts	58,330	-	-	58,330
Investment income	52,698	-	-	52,698
Other revenue	29,543	-	-	29,543
Other contributions (in kind)	6,485	-	-	6,485
Endowment income	2,516	-	-	2,516
Net assets released from restrictions - satisfaction of program restrictions	364,486	(364,486)	-	-
Total public support and revenue	2,379,455	502,105	-	2,881,560
Expenses:				
Program services:				
Health and safety services	813,949	-	-	813,949
Disaster services	708,222	-	-	708,222
Community services	154,417	-	-	154,417
Service to military families	107,137	-	-	107,137
Services to chapters	19,184	-	-	19,184
International services	14,968	-	-	14,968
Total program services	1,817,877	-	-	1,817,877
Supporting services:				
Fund-raising and financial development	371,169	-	-	371,169
Management and general	175,478	-	-	175,478
Total supporting services	546,647	-	-	546,647
National Chapter assessment	280,127	-	-	280,127
Total expenses	2,644,651	-	-	2,644,651
Change in net assets	(265,196)	502,105	-	236,909
Net assets, beginning of year	1,316,272	942,012	35,000	2,293,284
Net assets, end of year	\$1,051,076	\$1,444,117	\$ 35,000	\$2,293,284

See accompanying notes.

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2006
(with summarized financial information for the year ended June 30, 2005)

	2006				2005
	Program Services	Fundraising and Financial Development	Management and General	National Chapter Assessment	Total
Salaries and wages	\$ 779,273	\$ 154,862	\$ 94,935	\$ -	\$ 1,029,070
Financial and					
material assistance	339,084	20,379	2,274	-	361,737
Contractual services	137,037	115,210	7,856	-	260,103
Employee benefits	163,995	38,762	23,319	-	226,076
Supplies, materials					
and printing	208,867	11,111	4,311	-	224,289
Inter-Red Cross expenses	106,182	16,173	16,557	-	138,912
Depreciation and					
amortization	50,621	7,545	18,476	-	76,642
Travel	19,433	4,719	6,743	-	30,895
Equipment repair					
and maintenance	13,385	2,408	1,007	-	16,800
National Chapter					
assessment	-	-	-	280,127	280,127
	<u>\$ 1,817,877</u>	<u>\$ 371,169</u>	<u>\$ 175,478</u>	<u>\$ 280,127</u>	<u>\$ 2,490,098</u>

See accompanying notes.

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 236,909	\$ 37,755
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	76,642	74,595
Gain on sale of fixed asset	-	(500)
Provision for doubtful accounts	43,000	32,040
Net unrealized gains on long-term investments	(4,453)	(2,867)
Increase in accounts and contributions receivable	(101,290)	(252,526)
(Increase) decrease in inventory and other assets	(35,650)	1,105
Decrease in payables and accrued expenses	<u>(17,479)</u>	<u>(138,619)</u>
Net cash provided by (used in) operating activities	<u>197,679</u>	<u>(249,017)</u>
Cash flows from investing activities:		
Proceeds from sale of fixed asset	-	3,077
Purchases of fixed assets	(17,575)	(23,675)
Sales and maturities of investments	<u>-</u>	<u>6,434</u>
Net cash used in investing activities	<u>(17,575)</u>	<u>(14,164)</u>
Cash flows from financing activities:		
Repayment of capital lease obligation	(19,742)	(28,146)
Proceeds from issuance of notes payable	6,910	17,139
Principal payment on note payable	<u>(5,689)</u>	<u>(3,089)</u>
Net cash used in financing activities	<u>(18,521)</u>	<u>(14,096)</u>
Increase (decrease) in cash and cash equivalents	161,583	(277,277)
Cash and cash equivalents, beginning of year	<u>297,035</u>	<u>574,312</u>
Cash and cash equivalents, end of year	<u>\$ 458,618</u>	<u>\$ 297,035</u>
Supplemental Disclosure of cash flow information:		
Cash paid for interest	<u>\$ 1,776</u>	<u>\$ -</u>

See accompanying notes.

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Nashville Area Chapter of the American Red Cross (the “Chapter”) is an operating unit of the American Red Cross. The American Red Cross is a volunteer, not-for-profit emergency service organization comprised of approximately 850 operating units (including chapters, blood service regions and the national sector) located throughout the United States and its territories. The American Red Cross also operates field stations on United States military installations around the world. The American Red Cross is a single corporate legal entity and produces consolidated financial statements for all chapters, blood service regions and the national sector.

The Chapter, as part of the American Red Cross system, has a mission to help prevent and relieve human suffering. Established in 1917, the Chapter provides disaster relief and community disaster education, aid to military servicemen and their families, CPR, First Aid and other related health and safety courses in the community and in the workplace, HIV/AIDS education in the state, international services, and vision and hearing tests in public schools. The Chapter’s jurisdictions are Cheatham, Davidson, DeKalb, Dickson, Macon, Robertson, Smith, Sumner, Trousdale and Wilson Counties in Tennessee.

As stated in their Congressional Charter, the American Red Cross is committed to continue and carry on a system of national and international relief in time of peace and apply the same in mitigating the suffering caused by pestilence, famine, fire, floods and other great natural calamities and devise and carry on measures for preventing the same.

All transactions with the national sector and other operating units are appropriately disclosed in the accompanying financial statements. These transactions include disaster relief, national products and services and shared services with other chapters or regions.

The Chapter is governed by a Board of Directors consisting of fifty members of the Nashville community and an Executive Committee consisting of twelve members of the Board of Directors.

The Chapter and the Tennessee Valley Blood Services Region (“Blood Services”) share the headquarters building and certain occupancy costs, but have separate management and support staffs.

Basis of Presentation

The financial statements of the Chapter have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

Management of the Chapter has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Chapter considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair market value in accordance with Statement of Financial Accounting Standards ("SFAS") No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Fair market value is determined by using quoted market prices, where available. Where not available, the present value of estimated expected future cash flows or another reasonable method is used. Investments of the permanently restricted net assets class consist of collective funds, managed by the American Red Cross national sector. These investments are stated at market value of \$62,116 at June 30, 2006 and \$57,663 at June 30, 2005, while the cost of these investments at June 30, 2006 and 2005 is \$33,000.

Inventory

Supplies inventory purchased for use in program services is carried at the lower of cost (as determined by average price) or market.

Land, Building and Equipment

Purchases of land, building and equipment having a unit cost in excess of \$2,500 and a useful life of three or more years are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Donated assets are capitalized at the fair market value at the time of receipt. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

The cost of the headquarters building has been allocated between the Chapter and Blood Services based primarily upon the Chapter's proceeds from the sale of the former building.

Basis of Presentation

The Chapter has adopted Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Chapter is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Chapter is required to present a statement of cash flows. Net assets of the Chapter are presented as follows:

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Chapter and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Chapter. Generally, donors of these assets may permit the Chapter to use all or part of the income earned for general or specific purposes.

Contributions

All contributions are considered to be available for the general programs of the Chapter unless restricted by the donor. The Chapter reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

Amounts are reported in the financial statements for voluntary donations of services only when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation. A substantial number of volunteers donate significant amounts of their time in the Chapter's program services and its fund-raising campaigns that have not been reported in the accompanying financial statements because the services do not create or enhance non-financial assets and no objective basis is available to measure the value of such donations.

Expense Allocation

General, administrative and public relations expenses have been allocated among functional expense categories based upon estimates by management.

Income Taxes

The Chapter is an operating unit of a national organization exempt from taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes has been made in these financial statements.

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2006 and 2005

NOTE 2 – CONTRIBUTIONS RECEIVABLE

The Chapter has included unconditional promises to give as contributions receivable in accordance with the provisions of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions are scheduled to be received as follows at June 30:

	<u>2006</u>	<u>2005</u>
Amount receivable within one year	\$ 409,530	\$ 493,851
Amount receivable in 1 to 5 years	<u>66,945</u>	<u>74,505</u>
	476,475	568,356
Less allowance for uncollectible contributions	<u>(64,719)</u>	<u>(75,956)</u>
Contributions receivable, net	<u>\$ 411,756</u>	<u>\$ 492,400</u>

NOTE 3 – SPLIT INTEREST AGREEMENTS

The Chapter has been named beneficiary of certain charitable gift annuities (“annuities”). Assets contributed related to the annuities are held at national headquarters of the American Red Cross. The difference in the fair value of the assets contributed and the present value of the estimated future distributions to be paid has been recorded as contribution revenue at the time of gift. Amounts included in Inter-Red Cross receivables for annuities were \$530,941 and \$499,319 at June 30, 2006 and 2005 respectively. The annuities increased in value by \$31,622 and \$51,858 for the years ended June 30, 2006 and 2005, respectively.

NOTE 4 – LAND, BUILDING AND EQUIPMENT

A summary of land, building and equipment at June 30 is as follows:

	<u>2006</u>	<u>2005</u>
Land	\$ 203,156	\$ 203,156
Building and improvements	1,301,813	1,301,813
Equipment and automobiles	<u>397,189</u>	<u>379,614</u>
	1,902,158	1,884,583
Less accumulated depreciation	<u>(847,211)</u>	<u>(770,569)</u>
Land, buildings and equipment, net	<u>\$1,054,947</u>	<u>\$1,114,014</u>

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2006 and 2005

NOTE 5 – LINE OF CREDIT

The Chapter has a line of credit with a financial institution. Borrowings under this agreement bear interest at the bank's index rate (4.75 percent at June 30, 2006) and require monthly payments of interest only. As of June 30, 2006 and 2005, the Chapter had no borrowings on this line of credit. The amount available under the agreement is \$250,000. The note is secured by accounts receivable and matures on October 9, 2006.

NOTE 6 – NOTES PAYABLE

Notes payable consist of the following:

	<u>2006</u>	<u>2005</u>
Notes payable, equipment, payable to bank. The notes provide for interest at rates ranging from 4.25% to 8.41%. The notes require monthly principal and interest payments of \$1,024 with maturity dates from October 2007 through January 2009. The notes are collateralized by vehicles.	\$ <u>15,271</u>	\$ <u>14,050</u>

Scheduled principal payments of notes payable are as follows:

<u>Year Ended</u>	
2007	\$ 9,249
2008	5,003
2008	<u>1,019</u>
	<u>\$ 15,271</u>

NOTE 7 – NET ASSETS

Unrestricted net assets are comprised of the following at June 30:

	<u>2006</u>	<u>2005</u>
Undesignated net deficit	\$ (287,865)	\$ (84,157)
Investment in land, building and equipment	1,054,947	1,114,014
Designated for quasi-endowment	28,990	31,411
Designated for capital improvements and maintenance	<u>255,004</u>	<u>255,004</u>
	<u>\$ 1,051,076</u>	<u>\$ 1,316,272</u>

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2006 and 2005

NOTE 7 – NET ASSETS (Continued)

Temporarily restricted net assets are comprised of the following at June 30:

	<u>2006</u>	<u>2005</u>
Disaster services	\$ 436,684	\$ 63,334
Health and safety services	11,922	11,922
Community services	37,671	21,519
Buildings and equipment	66,449	66,449
Time restrictions	692,391	631,182
Other	<u>199,000</u>	<u>147,606</u>
	<u>\$ 1,444,117</u>	<u>\$ 942,012</u>

Permanently restricted net assets are comprised of the following at June 30:

	<u>2006</u>	<u>2005</u>
Investments in perpetuity, income from which is expendable to support general operations	\$ 33,000	\$ 33,000
Due from unrestricted fund	<u>2,000</u>	<u>2,000</u>
	<u>\$ 35,000</u>	<u>\$ 35,000</u>

As of June 30, 2006 and 2005, the temporarily restricted net asset class has a receivable from the unrestricted net asset class for \$1,082,004 and \$637,911, respectively.

NOTE 8 – RETIREMENT PLAN

The Chapter participates in a defined-benefit retirement plan administered by the Retirement System of the American Red Cross that covers substantially all employees. Chapter participation in the Retirement System is voluntary; however, most chapters with paid employees have elected to join the plan. For funding purposes under the plan, normal pension costs are determined by the projected unit credit method and are funded currently. The plan provides a pension funded by the employer. Voluntary contributions may be made by active members to fund an optional annuity benefit. Defined benefits are based on years of service and/or age and the employee's final average compensation, which is calculated using the highest consecutive 48 months of the last 120 months' service before retirement.

NASHVILLE AREA CHAPTER OF THE AMERICAN RED CROSS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2006 and 2005

NOTE 8 – RETIREMENT PLAN (Continued)

The Retirement System includes numerous participating chapters and blood services regions. It is not practicable for the actuary to compute accumulated and projected benefit obligations for individual chapters or blood services regions. Accumulated and projected benefit obligations and other required disclosures for the entire American Red Cross (including all participating chapters, blood services regions, and the national sector) are presented in consolidated financial statements of the American Red Cross. Payments to the Retirement System on behalf of the participants of the Chapter were \$34,162 and \$41,069 during the years ended June 30, 2006 and 2005, respectively.

NOTE 9 – POST-RETIREMENT BENEFITS

The American Red Cross provides medical and dental benefits to eligible retirees and their eligible dependents. Generally, retirees and employer units pay a portion of the premium costs. The American Red Cross has the right to modify cost-sharing provisions at any time.

In addition, life insurance benefits of \$5,000 are provided with no contributions required from the retirees. Life insurance benefits are generally provided by insurance contracts.

Post-retirement benefits are accrued over the period the employee provides services to the organization. Since the American Red Cross is a single corporate legal entity and most retirees participate in the single American Red Cross benefits plan, providing separate disclosures for retirees associated with individual chapters or blood services regions is not practicable. Annual post-retirement benefits expenses are recorded and disclosed for the entire American Red Cross in its consolidated financial statements.

NOTE 10 – EMPLOYEE BENEFIT PLANS

Beginning August 1, 2005, the Chapter elected to participate in a defined contribution retirement plan sponsored by the American Red Cross for the benefit of all permanent employees, under which they are allowed to make contributions on a pre-tax basis. Employee contributions are further matched based on certain other provisions of the plan, not to exceed a total Chapter contribution of 4% of eligible compensation. Total contributions to the plan by the Chapter amounted to \$14,352 in 2006.

NOTE 11 – NATIONAL CHAPTER ASSESSMENT

The Board of Governors of the American Red Cross established \$83.5 million as the net financial requirements for all services provided by the American Red Cross national sector ("NHQ") on behalf of all chapters for the year ended June 30, 2006. The Chapter's portion of the assessment for the fiscal year ending June 30, 2006 was established at \$280,127.

NOTE 12 – CONCENTRATIONS

The Chapter maintains cash in excess of federally insured limits. In management's opinion, risk related to such deposits is minimal based on the credit rating of its depositories.

United Way Budget Form - Agency

Agency Name: American Red Cross Nashville Area Chapter

Please specify the dates of your fiscal year (e.g. Jan-Dec or July-June): July - June

A. Revenue	FY 2005 or 05/06*	FY 2006 or 06/07	FY 2007 or 07/08
United Way of Cheatham County	\$ 3,014	\$ 1,960	\$ 12,000
Other United Ways	208,806	208,911	245,000
1c. Government Grants	10,000	10,000	10,000
All Other contributions	1,617,694	1,271,454	1,350,000
1d. Contributions (direct and indirect public support):	\$ 1,839,514	\$ 1,492,325	\$ 1,617,000
2. Program Service Revenue (including government fees and contracts)	762,481	841,860	880,000
3. Membership dues and assessments		-	
4. Interest on savings and cash investments	17,069	8,698	10,000
5. Dividends and Interest from securities	4	-	-
6c. Net Rental Income	7,250	7,250	7,250
7. Other Investment income	73,766	17,000	20,000
8d. Net gain from sales of assets	-	-	-
9c. Net income from special events	111,015	396,974	400,000
10c. Gross profit from sales of inventory	-	-	-
11. Other revenue (please describe) <u>V/C fee</u>	70,455	66,279	60,000
12. Total Revenue:	\$2,881,554	\$2,830,386	\$2,994,250
B. Functional Expenses	FY 2005 or 05/06**	FY 2006 or 06/07	FY 2007 or 07/08
22. Grants and allocations	\$ -	\$ -	\$ -
23. Specific assistance to individuals	318,737	319,018	350,000
25 & 26. Salaries	1,029,070	1,053,657	1,051,065
27 & 28. Employee Benefits	151,740	161,967	161,569
29. Payroll Taxes	74,336	80,416	80,406
30-32. Professional Fees	82,058	104,231	110,000
33. Supplies	183,563	229,911	220,000
34. Telephone	58,462	54,567	60,000
35. Postage and Shipping	15,411	17,034	19,000
36. Occupancy	119,262	110,795	115,000
37. Equipment rental and maintenance	16,799	26,139	18,000
38. Printing and Publications	40,046	49,922	50,000
39. Travel	17,180	13,978	15,000
40. Conferences/meetings	13,714	27,401	30,000
42. Depreciation	76,642	76,857	75,000
43. Other expenses not covered above (please describe): assessment fee to NHQ, insurance, etc.	447,625	463,030	475,000
44. Total Functional Expenses:	\$2,644,645	\$2,788,923	\$2,830,040
16. Payments to affiliates			
C. Surplus (Deficit)	\$236,909	\$41,463	\$164,210
E. # FTEs (Full-Time Equivalents)	23	22	22
*Figures in the revenue section should reflect the attached IRS 990			
** Figures in the functional expense section should reflect the numbers from Column A in the attached IRS 990			

Agency: American Red Cross Nashville Area Chapter

Program: American Red Cross Nashville Chapter – Wilson County

Attachment # 6 – State Charitable Solicitation – Please see attachment

This is a copy of a document filed
in the Office of the General Counsel.

State of Tennessee



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October 26, 1977

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Nashville-Davidson County Chapter
321 - 22nd Avenue, North
Nashville, Tennessee 37203

Dear Mr. Howard:

You have requested the opinion of this office concerning whether the American National Red Cross and its Tennessee Chapters are subject to the provisions of the Solicitation of Charitable Funds Act found at T.C.A. §§ 48-2201 et seq.

It is the opinion of this office that the American National Red Cross is an instrumentality of the United States and that it, and its Tennessee Chapters, are therefore not subject to the provisions of the Solicitation of Charitable Funds Act.

Congress chartered the present Red Cross in 1905, subjecting it to governmental supervision and to a regular financial audit by the Defense Department. 33 Stat. 599, as amended, 36 U.S.C. § 1 et seq. Its principal officer is appointed by the President, who also appoints seven (all government officers) of the remaining 49 Governors. 33 Stat. 601, as amended, 36 U.S.C. § 5. By statute and Executive Order, there devolved upon the Red Cross the right and the obligation to meet this Nation's commitments under various Geneva Conventions, to perform a wide variety of functions indispensable to United States' armed forces around the globe, and to assist the federal government in providing disaster assistance to the states in time of need. 33 Stat. 600, as amended, 36 U.S.C. § 3; 64 Stat. 1109, 42 U.S.C. §§ 1855 - 1855 g.