



AMERICAN HEART ASSOCIATION, INC.

Financial Statements and Supplementary Information
(Greater Southeast Affiliate)

June 30, 2010

(With Independent Auditors' Report Thereon)

AMERICAN HEART ASSOCIATION, INC.

Table of Contents

	Page
Independent Auditors' Report	1
Statement of Activities	2
Statement of Functional Expenses	4
Balance Sheet	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	25



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Board of Directors
American Heart Association, Inc.:

We have audited the accompanying balance sheet of the American Heart Association, Inc. (the Association) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2009 financial statements and, in our report dated November 2, 2009, we expressed an unqualified opinion on those 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 American Heart Association, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Exhibit 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

November 10, 2010

AMERICAN HEART ASSOCIATION, INC.

Statement of Activities

Year ended June 30, 2010

(with summarized comparative totals for the year ended June 30, 2009)

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	2010 Total	2009 Total
Revenue:					
Public support:					
Contributions	\$ 78,237	60,863	196	139,296	124,626
Contributed services and materials	52,103	—	—	52,103	44,495
Special events	190,953	64,851	—	255,804	261,583
Less direct donor benefits	(31,762)	—	—	(31,762)	(32,823)
Bequests	59,864	9,769	2,864	72,497	73,763
Split-interest agreements	560	1,958	10,233	12,751	1,830
Federated and nonfederated fund-raising organizations	3,916	5,034	—	8,950	10,411
Total public support	<u>353,871</u>	<u>142,475</u>	<u>13,293</u>	<u>509,639</u>	<u>483,885</u>
Other revenue:					
Program fees	19,337	—	—	19,337	20,260
Sales of educational materials	44,616	—	—	44,616	46,499
Membership dues	3,139	—	—	3,139	2,263
Interest and dividends, net of fees	7,999	690	(8)	8,681	12,726
Net realized and unrealized gains (losses) on investments	30,796	1,271	365	32,432	(80,394)
Perpetual trust distributions	3,749	1,217	—	4,966	5,512
Net unrealized gains (losses) on beneficial interest in perpetual trusts	—	—	2,136	2,136	(20,856)
Change in value of split-interest agreements	881	(16,815)	(114)	(16,048)	(10,472)
Gains on disposal of fixed assets	175	—	—	175	1,272
Royalty revenue	17,366	—	—	17,366	15,837
Miscellaneous revenue (losses), net	4,830	(2,935)	—	1,895	(7,157)
Total other revenue (loss)	<u>132,888</u>	<u>(16,572)</u>	<u>2,379</u>	<u>118,695</u>	<u>(14,510)</u>
Net assets released from restrictions:					
Satisfaction of purpose restrictions	78,449	(78,449)	—	—	—
Expiration of time restrictions	39,819	(39,611)	(208)	—	—
Total net assets released from restrictions	<u>118,268</u>	<u>(118,060)</u>	<u>(208)</u>	<u>—</u>	<u>—</u>
Total revenue	<u>605,027</u>	<u>7,843</u>	<u>15,464</u>	<u>628,334</u>	<u>469,375</u>

AMERICAN HEART ASSOCIATION, INC.

Statement of Activities

Year ended June 30, 2010

(with summarized comparative totals for the year ended June 30, 2009)

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	2010 Total	2009 Total
Expenses:					
Program services:					
Research – to acquire new knowledge through biomedical investigation by providing financial support to academic institutions and scientists	\$ 114,811	—	—	114,811	142,783
Public health education – to inform the public about the prevention and treatment of cardiovascular diseases and stroke	240,100	—	—	240,100	274,290
Professional education and training – to improve the knowledge, skills, and techniques of health professionals	76,080	—	—	76,080	82,375
Community services – to provide organized training in emergency aid, blood pressure screening, and other community-wide activities	18,879	—	—	18,879	25,837
Total program services	449,870	—	—	449,870	525,285
Supporting services:					
Management and general – to provide executive direction, financial management, overall planning, and coordination of the Association's activities	45,831	—	—	45,831	50,081
Fundraising – to secure vital financial support from the public	95,369	—	—	95,369	111,155
Total supporting services	141,200	—	—	141,200	161,236
Total program and supporting services expenses	591,070	—	—	591,070	686,521
Change in net assets before postretirement changes other than net periodic benefit cost	13,957	7,843	15,464	37,264	(217,146)
Postretirement changes other than net periodic benefit cost	(3,006)	—	—	(3,006)	1,934
Change in net assets	10,951	7,843	15,464	34,258	(215,212)
Net assets, beginning of year	164,733	219,027	134,145	517,905	733,117
Net assets, end of year	\$ 175,684	226,870	149,609	552,163	517,905

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Statement of Functional Expenses

Year ended June 30, 2010

(with summarized comparative totals for the year ended June 30, 2009)

(In thousands)

	Research	Public health education	Professional education/ training	Community services	Subtotal program services	Management and general	Fundraising	Subtotal supporting services	2010 Total	2009 Total
Salaries	\$ 1,660	91,173	20,796	7,698	121,327	23,125	42,142	65,267	186,594	219,148
Payroll taxes	135	8,162	1,743	679	10,719	2,830	3,755	6,585	17,304	17,178
Employee benefits	360	17,538	3,817	1,456	23,171	4,491	8,193	12,684	35,855	38,655
Occupancy	84	9,102	925	563	10,674	1,864	3,899	5,763	16,437	16,696
Telephone	41	2,915	635	224	3,815	649	1,314	1,963	5,778	6,660
Supplies	8	2,198	311	136	2,653	425	1,116	1,541	4,194	5,695
Rental and maintenance of equipment	54	3,000	583	228	3,865	661	1,301	1,962	5,827	6,896
Printing and publication	3	59,062	11,094	2,609	72,768	1,336	8,216	9,552	82,320	84,469
Postage and shipping	3	6,382	282	105	6,772	352	3,921	4,273	11,045	14,055
Conferences and meetings	57	2,616	10,913	656	14,242	481	1,047	1,528	15,770	19,538
Travel	376	6,973	3,058	827	11,234	1,554	3,779	5,333	16,567	23,293
Professional fees	4,701	25,192	15,195	1,439	46,527	3,065	13,321	16,386	62,913	76,751
Awards and grants	106,166	1,644	1,279	525	109,614	—	—	—	109,614	135,686
Other expenses	1,001	(1,064)	3,898	1,238	5,073	3,702	1,169	4,871	9,944	10,628
Depreciation and amortization	162	5,207	1,551	496	7,416	1,296	2,196	3,492	10,908	11,173
Total functional expenses before direct donor benefits	114,811	240,100	76,080	18,879	449,870	45,831	95,369	141,200	591,070	686,521
Direct donor benefits	—	—	—	—	—	—	—	—	31,762	32,823
Total functional expenses and direct donor benefits	\$ 114,811	240,100	76,080	18,879	449,870	45,831	95,369	141,200	622,832	719,344

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Balance Sheet

June 30, 2010

(with comparative amounts for June 30, 2009)

(In thousands)

Assets	2010	2009
Cash and cash equivalents	\$ 44,389	76,297
Investments	462,888	421,004
Accounts receivable:		
Federated and nonfederated	4,179	4,957
Pledges, net	114,965	109,608
Bequests	22,559	21,602
Split-interest agreements, net	73,267	92,542
Exchange transactions	6,106	5,327
Other	6,573	6,075
Inventory	4,309	6,930
Prepaid expenses and other assets	15,644	13,049
Beneficial interest in perpetual trusts	111,993	99,680
Land, buildings, and equipment, net	78,843	83,572
Total assets	\$ 945,715	940,643
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 47,817	50,275
Deferred revenue	6,862	6,863
Research awards payable	301,665	332,636
Debt payable	1,710	1,865
Other liabilities	35,498	31,099
Total liabilities	393,552	422,738
Net assets:		
Unrestricted:		
Available for research, program and supporting activities	96,841	81,161
Investment in land, buildings, and equipment	78,843	83,572
Total unrestricted	175,684	164,733
Temporarily restricted	226,870	219,027
Permanently restricted	149,609	134,145
Total net assets	552,163	517,905
Total liabilities and net assets	\$ 945,715	940,643

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Statement of Cash Flows

Year ended June 30, 2010

(with comparative amounts for the year ended June 30, 2009)

(In thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 34,258	(215,212)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	10,908	11,173
Net realized and unrealized (gains) losses on investments	(32,432)	80,394
Net unrealized (gains) losses on beneficial interest in perpetual trusts	(2,136)	20,856
Change in value of split-interest agreements	16,048	10,472
Gains on sale of fixed assets	(175)	(1,272)
Losses on uncollectible accounts and settlement of receivables	4,433	12,322
Contributions to endowment	(3,060)	(106)
Changes in operating assets and liabilities:		
Accounts receivable	(11,246)	20,180
Inventory	2,621	919
Prepaid expenses and other assets	(2,595)	815
Beneficial interest in perpetual trusts	(10,177)	(278)
Split-interest agreements	3,227	9,269
Accounts payable and accrued expenses	(2,458)	(5,295)
Research awards payable	(30,971)	2,547
Deferred revenue	1	(1,817)
Other liabilities	4,414	14
Net cash used in operating activities	<u>(19,340)</u>	<u>(55,019)</u>
Cash flows from investing activities:		
Purchases of fixed assets	(6,119)	(12,759)
Proceeds from sale of fixed assets	1,029	3,172
Purchases of investments	(348,726)	(305,959)
Proceeds from sales/maturities of investments	<u>339,258</u>	<u>341,381</u>
Net cash provided by (used in) investing activities	<u>(14,558)</u>	<u>25,835</u>
Cash flows from financing activities:		
Payments on mortgage notes payable and capital leases	(1,070)	(1,077)
Contributions to endowment	<u>3,060</u>	<u>106</u>
Net cash used in (provided by) financing activities	<u>1,990</u>	<u>(971)</u>
Net decrease in cash and cash equivalents	<u>(31,908)</u>	<u>(30,155)</u>
Cash and cash equivalents, beginning of year	<u>76,297</u>	<u>106,452</u>
Cash and cash equivalents, end of year	<u>\$ 44,389</u>	<u>76,297</u>
Supplemental cash flow information:		
Interest paid	\$ 337	167
Taxes paid	126	333
Contributed materials	47,003	38,660
Equipment purchased by capital lease	897	764
Noncash leasehold improvements	—	1,139

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(1) Organization and Summary of Significant Accounting Policies

(a) *Organization*

The American Heart Association, Inc. (the Association) has as its mission the reduction of disability and death from cardiovascular diseases and stroke.

The Association provides funding for cardiovascular and stroke research, public health education, and community services programs that inform Americans about what they can do to prevent heart disease and stroke, and for professional education programs that help healthcare professionals prevent, detect, and treat cardiovascular diseases and stroke. The Association's principal source of revenue is money contributed by the general public.

The Association follows the standards of accounting and financial reporting for not-for-profit organizations as prescribed by the Financial Accounting Standards Board (FASB). The following significant accounting policies are in accordance with U.S. generally accepted accounting principles (GAAP).

(b) *Cash Equivalents*

Cash equivalents consist of highly liquid investments with original maturities of three months or less. The Association has classified any cash or money market accounts held by external investment managers as investments as these funds are not readily available for operations.

(c) *Investments*

Interest and dividend income is presented net of investment advisory/management fees and is reflected as net interest and dividends in the statement of activities. All investment income is credited directly to unrestricted net assets unless otherwise restricted by the donor. All capital appreciation/depreciation earned on investments is reported as a change in unrestricted net assets unless otherwise restricted by the donor or applicable law. All investments are carried at fair value with the related gains and losses included in the statement of activities. The fair value of equity securities, debt securities, and investments in partnerships with readily determinable fair values approximates quoted market prices. Investments in mineral interests, which have a limited marketability, are stated at fair value, as estimated based on a multiple of annual revenues. The fair value of real estate and buildings held as investments is estimated using private valuations of the properties held. Investments with limited marketability, including investments in certain partnerships, are stated at fair value as estimated by the general partner and reviewed by management.

The Association's investments do not have a significant concentration of credit or market risk within any industry, specific institution, or group of investments.

(d) *Contributions and Bequests*

All contributions are considered available for the general programs of the Association, unless specifically restricted by the donor. The Association reports monetary gifts as temporarily restricted support if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

restriction is accomplished. Upon expiration of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association is the beneficiary under various wills and trust agreements of which the total realizable amount is not presently determinable. Such amounts are recorded when a will is declared valid by a probate court and the proceeds are measurable.

The Association records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the date of gift using risk-adjusted interest rates applicable to the years in which the promises are expected to be received, ranging from 0.32% to 5.1%. Accretion of the discounts is recognized as contribution revenue using the effective interest method.

The Association recognizes conditional promises to give when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

(e) *Research Awards and Grants*

The Association awards funds each year to support cardiovascular and related research projects. The projects generally extend over a period of one to five years, subject to renewal at the option of the board of directors. Continued funding is conditional on demonstration of adequate progress. The liability and related expenses are recorded when the recipients are notified of their awards, and the liability is reported as research awards payable in the balance sheet.

Awards that are expected to be paid in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the date of award using interest rates applicable to the years in which awards are granted, ranging from 0.61% to 3.47%. Accretion of the discounts is recognized as research – awards and grants expense, using the effective interest method, in the statement of functional expenses.

(f) *Exchange Transactions*

The Association records revenues from exchange transactions as increases in unrestricted net assets to the extent that the earnings process is complete. These transactions include conferences, subscriptions, royalty revenues, licensing fees, and advertising fees from journal publications. Receivables from exchange transactions are expected to be collected within one year and are recorded at net realizable value.

(g) *Inventory*

Inventory is stated at the lower of cost or market using the first-in, first-out method and consists of educational, promotional, and campaign materials held for use in program services and sales to unrelated parties.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(h) Land, Buildings, and Equipment

Donated property and equipment are recorded at fair value at date of receipt, and expenditures for land, buildings, and equipment are capitalized and stated at cost. Depreciation of the buildings and equipment is provided on a half-year convention basis over estimated useful lives of the assets, ranging from 3 to 40 years (land leasehold – length of the leasehold interest; building and improvements – 5 to 40 years; and furniture and equipment – 2 to 7 years).

(i) Contributed Services & Materials

The Association recognizes contributions of materials at their estimated fair value at date of donation. The Association reports gifts of land, buildings, equipment, and other nonmonetary contributions as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how and how long the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed materials reported in the statement of activities were allocated as follows in 2010 and 2009 (in thousands):

	2010	2009
Public health education	\$ 43,997	35,125
Professional education	2,874	2,042
Management and general	23	406
Fundraising	109	1,087
Total contributed materials	<u>\$ 47,003</u>	<u>38,660</u>

The Association recognizes contributions of services received if such services (a) create or enhance nonfinancial assets, or (b) require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Contributed services reported in the statement of activities were allocated as follows in 2010 and 2009 (in thousands):

	2010	2009
Research	\$ 4,694	5,336
Public health education	98	71
Professional education	173	403
Management and general	6	10
Fundraising	129	15
Total contributed services	<u>\$ 5,100</u>	<u>5,835</u>

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

Public service announcements of approximately \$41,071,000 and \$32,248,000 were included in contributed materials revenue on the statement of activities and printing and publication on the statement of functional expenses for the years ended June 30, 2010 and 2009, respectively.

In addition, the Association receives services from a large number of volunteers who give significant amounts of their time to the Association's programs, fundraising campaigns, and management. No amounts have been reflected for these types of donated services, as they do not meet the criteria for recognition.

(j) *Deferred Revenue*

Resources received in exchange transactions are recognized as deferred revenue to the extent that the earnings process has not been completed. These resources are recorded as unrestricted revenues when the related obligations have been satisfied.

(k) *Net Assets*

Public support and other revenues received during the fiscal year are used to fund research awards, programs and operations. A portion of unrestricted net assets is available for unfunded commitments, program supplementation, and operating contingencies directed by specific action of the board of directors and is reserved for the continuity of the Association's general activities and to meet emergency demands.

(l) *Functional Allocation of Expenses*

The costs of providing the various programs and supporting services are summarized on a functional basis in the statement of functional expenses. Certain costs are allocated among the program and supporting services benefited.

(m) *Income Taxes*

The Association is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in IRC Section 501(c)(3). Further, the Association has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Association qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Association's exempt purpose is subject to tax under IRC Section 511. The Association did not have any material unrelated business income tax liability for the years ended June 30, 2010 and 2009. The Association believes that it has taken no significant uncertain tax positions.

(n) *Fair Value of Financial Instruments*

The estimated fair value amounts for specific groups of financial instruments are presented within the footnotes applicable to such items. Accounts receivable, other than split-interest agreements, and accounts payable are stated at cost, which approximates fair value, due to their short term to maturity.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(o) *Split-Interest Agreements*

The Association has received as contributions various types of split-interest agreements, including charitable gift annuities, pooled income funds, charitable remainder trusts, and perpetual trusts. Under the charitable gift annuity arrangement, the Association has recorded the assets at fair value and the liabilities to the donor or his/her beneficiaries at the present value of the estimated future payments to be distributed by the Association to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as unrestricted revenue, unless otherwise restricted by the donor.

Under the pooled income fund and charitable remainder trust arrangements, the Association has recorded the contribution as temporarily restricted contribution revenue at the present value of the estimated future benefits to be received. Subsequent changes in fair value for charitable remainder trusts are recorded as changes in value of split-interest agreements in the temporarily restricted net asset class and are reported as changes in value of split-interest agreements in the statement of activities.

The discount rates used at June 30, 2010 and 2009 were 3.3% and 3.2%, respectively.

Under the perpetual trust arrangement, the Association has recorded the asset and has recognized permanently restricted contribution revenue at the fair market value of the Association's beneficial interest in the trust assets. Distributions received on the trust assets are recorded as unrestricted revenue in the statement of activities, unless otherwise restricted by the donor. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as net unrealized gains or losses on beneficial interest in perpetual trusts in the permanently restricted net asset class.

(p) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) *Summarized Comparative Totals*

The financial statements include certain prior year summarized comparative information that does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

(r) *Reclassifications*

Certain reclassifications have been made to the financial statements for summarized comparative totals to conform to the presentation of current period financial statements.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(2) Investments

Investments at June 30, 2010 and 2009, and related returns for the years ended June 30, 2010 and 2009 consisted of the following (in thousands):

June 30, 2010				
	Interest and dividends (expenses)	Net realized and unrealized gains	Fair value	Cost
Cash and cash equivalents	\$ 131	—	—	—
Money market funds, certificates of deposit, and other short-term investments	342	285	17,092	14,067
U.S. Treasury and Government agency obligations	3,609	4,831	171,232	170,188
Corporate notes and bonds	2,644	905	73,261	72,817
Equity securities	3,495	22,789	191,091	207,439
Other investments	814	3,622	10,211	10,075
Investment fee expenses	(2,354)	—	—	—
Total	\$ 8,681	32,432	462,887	474,586
June 30, 2009				
	Interest and dividends (expenses)	Net realized and unrealized gains (losses)	Fair value	Cost
Cash and cash equivalents	\$ 1,227	—	—	—
Money market funds, certificates of deposit, and other short-term investments	71	18	39,790	40,536
U.S. Treasury and Government agency obligations	5,085	1,638	107,200	106,145
Corporate notes and bonds	2,797	(892)	61,377	56,242
Equity securities	5,595	(82,053)	202,520	236,093
Other investments	19	895	10,117	10,118
Investment fee expenses	(2,068)	—	—	—
Total	\$ 12,726	(80,394)	421,004	449,134

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(3) Fair Value Measurements

The following table presents information about the Association's assets that are measured at fair value on a recurring basis (no liabilities are reported at fair value) as of June 30, 2010 and 2009, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Association's assumptions based on the best information available in the circumstances.

Fair value measurements at reporting date using				
	Balance June 30, 2010	Level 1	Level 2	Level 3
		(In thousands)		
Investments:				
Money market funds, certificates of deposit, and other short-term investments	\$ 17,092	17,092	—	—
U.S. Treasury and government agency obligations	171,232	—	171,232	—
Corporate notes and bonds	73,261	—	73,261	—
Equity securities	191,091	191,091	—	—
Other	10,211	1,069	5,107	4,035
Split-interest agreements receivable	73,267	—	—	73,267
Beneficial interest in perpetual trusts	111,993	—	—	111,993
Total	\$ 648,147	209,252	249,600	189,295

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

Fair value measurements at reporting date using				
	Balance June 30, 2009	Level 1	Level 2	Level 3
		(In thousands)		
Investments:				
Money market funds, certificates of deposit, and other short-term investments	\$ 39,790	39,790	—	—
U.S. Treasury and Government agency obligations	107,200	—	107,200	—
Corporate notes and bonds	61,377	—	61,377	—
Equity securities	202,520	202,520	—	—
Other	10,117	45	6,428	3,644
Split-interest agreements receivable	92,542	—	—	92,542
Beneficial interest in perpetual trusts	99,680	—	—	99,680
Total	\$ 613,226	242,355	175,005	195,866

Level 3 assets do not represent alternative investments. They represent interest in trusts where the Association is not the trustee or nonliquid assets. The change in the fair value of the Association's assets valued using significant unobservable inputs (level 3) is shown below (in thousands):

	Investments	Split-interest agreements	Perpetual trusts	Total
Beginning balance June 30, 2008	\$ 3,673	112,283	120,258	236,214
Total net gains (losses) (realized and unrealized)	46	(7,835)	(20,856)	(28,645)
Acquisitions and settlements	(75)	(11,906)	278	(11,703)
Ending balance June 30, 2009	\$ 3,644	92,542	99,680	195,866
Beginning balance June 30, 2009	\$ 3,644	92,542	99,680	195,866
Total net gains (losses) (realized) and unrealized)	425	(16,909)	2,136	(14,348)
Acquisitions and settlements	(34)	(2,366)	10,177	7,777
Ending balance June 30, 2010	\$ 4,035	73,267	111,993	189,295

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

The change in value of split-interest agreements valued using significant unobservable inputs is included in change in value of split-interest agreements in the accompanying statement of activities. The change in value of perpetual trusts using significant unobservable inputs is included in the net unrealized gains (losses) on beneficial interest in perpetual trusts in the accompanying statement of activities. The change in unrealized gain relating to assets still held at the reporting date is approximately \$4,080,000.

(4) Endowments

Effective September 1, 2007, the State of Texas enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to funds existing on or established after that date.

The Association's endowment consists of donor-restricted endowment funds, and do not include any funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Based on the interpretation of UPMIFA by the Board of Directors of the Association and absent explicit donor stipulations to the contrary, the Association classifies the original value of gifts donated to the permanent endowment as well as accumulations to the permanent endowment made at the direction of the donor as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Association and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Association
7. The investment policies of the Association

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

Changes in endowment net assets for the year ended June 30, 2009 and 2010 are as follows (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2008	\$ 1,830	3,964	38,240	44,034
Net asset reclassification	(1,830)	1,830	—	—
Investment return:				
Investment income	—	768	—	768
Net depreciation	(3,075)	(3,440)	(1,467)	(7,982)
Contributions	—	—	106	106
Transfer of split-interest agreement	—	—	426	426
Uncollectible pledge	—	—	(3,309)	(3,309)
Appropriation for expenditure	<u>—</u>	<u>(1,033)</u>	<u>—</u>	<u>(1,033)</u>
Endowment net assets, June 30, 2009	<u>\$ (3,075)</u>	<u>2,089</u>	<u>33,996</u>	<u>33,010</u>
Endowment net assets, June 30, 2009	\$ (3,075)	2,089	33,996	33,010
Investment return:				
Investment income	18	658	(8)	668
Net appreciation	1,737	1,271	365	3,373
Contributions	—	—	3,052	3,052
Reclassifications and others	(12)	516	(428)	76
Appropriation for expenditure	<u>—</u>	<u>(442)</u>	<u>—</u>	<u>(442)</u>
Endowment net assets, June 30, 2010	<u>\$ (1,332)</u>	<u>4,092</u>	<u>36,977</u>	<u>39,737</u>

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the fund. Deficiencies of this nature are reported in unrestricted net assets and totaled approximately \$1,332,000 and \$3,075,000 as of June 30, 2010 and 2009, respectively. These deficiencies resulted primarily from unfavorable market fluctuations.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a mix of relevant benchmarks, while assuming a moderate level of investment risk. The Association expects its endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Association has a policy of appropriating for distribution each year an amount not to exceed 4% of the endowment's average fair value over the prior five years through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Association considered the long-term expected return on its endowment, mentioned above.

(5) Unconditional Promises

As of June 30, 2010 and 2009, the Association has received unconditional promises to give, consisting primarily of federated and nonfederated funds, pledges, bequests, and split-interest agreements as follows (in thousands):

	2010	2009
Less than one year	\$ 104,119	105,398
One to five years	46,556	40,424
More than five years	131,111	161,773
Subtotal	281,786	307,595
Allowance for uncollectible accounts	(7,632)	(7,695)
Discount	(59,184)	(71,191)
Total	\$ 214,970	228,709

(6) Land, Buildings, and Equipment

At June 30, 2010 and 2009, land, buildings, and equipment, and the related accumulated depreciation and amortization were (in thousands):

	2010	2009
Land and leasehold improvements	\$ 17,665	17,956
Buildings and improvements	83,160	82,562
Equipment and furniture	90,982	86,783
Total	191,807	187,301
Less accumulated depreciation and amortization	(112,964)	(103,729)
Land, buildings, and equipment, net	\$ 78,843	83,572

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(7) Bonds Payable

On February 1, 2000, the Association completed a bond offering and issued \$2,900,000 of the Development Authority of Cobb County Georgia Tax-Exempt Adjustable Mode Revenue Bonds, Series 2000 (the Bonds). The Association used the proceeds from the Bonds to fund construction of a building. A portion of the proceeds was used to pay for costs of issuance of the Bonds. The Bonds mature on February 1, 2019. The weekly variable interest rate is 0.40% and 0.47% at June 30, 2010 and 2009, respectively. The Bonds are secured by land and improvements. The fair value of bonds payable at June 30, 2010 and 2009 approximates carrying value.

Principal payments are as follows (in thousands):

2011	\$	160
2012		170
2013		175
2014		180
2015		190
Thereafter		<u>835</u>
Total	\$	<u><u>1,710</u></u>

(8) Leases

(a) Operating Leases

The Association has operating lease agreements for office space, equipment, and automobiles. Future annual minimum lease payments due under noncancelable leases as of June 30, 2010 are as follows (in thousands):

2011	\$	9,817
2012		8,721
2013		7,777
2014		6,179
2015		3,550
Thereafter		<u>21,301</u>
Total	\$	<u><u>57,345</u></u>

Total operating lease expense for the years ended June 30, 2010 and 2009 was approximately \$10,926,000 and \$10,853,000, respectively.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(b) *Capital Leases*

The Association leases computers and office equipment under capital lease agreements expiring on various dates through 2015. As of June 30, 2010, the future minimum lease payments under capital leases were as follows (in thousands):

2011	\$	846
2012		652
2013		459
2014		215
2015		6
		<hr/>
Total		2,178
Less amount representing interest		(113)
Less amount representing support and maintenance		(159)
		<hr/>
Present value of lease obligation, included in other liabilities	\$	<u>1,906</u>

(9) **Retirement Plans**

The Association has a 401(a) defined contribution plan (the Plan). Eligible participants include full-time and part-time employees who are at least 21 years of age and have at least two years of service with an accumulation of at least 1,000 hours per year. A year of service is defined as a period of 12 consecutive months beginning on an employee's date of hire. Employees are 100% vested upon satisfaction of the eligibility period.

The Association contributes to the Plan an amount equal to the following percentages of base salary, as defined by the Plan, depending upon the participant's years of service:

<u>Participant's years of service</u>	<u>Contribution percentage</u>
2 to 5	6%
Greater than 5 but less than 10	8
10 or more	10

In addition, the Association contributes to the Plan an employer matching contribution, equal to 100% of each participant's elective contribution up to 4% of base salary to a 403(b) plan also sponsored by the Association. These elective contributions may be made by an employee beginning the first of the month following two years of service. Participants are not permitted to contribute to the Plan.

Total retirement plan costs for the years ended June 30, 2010 and 2009 were approximately \$15,647,000 and \$16,127,000, respectively.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(10) Conflict of Interest Policy and Standards

Included among the Association's officers, board, and committee members are volunteers from the business, medical, and scientific community who provide valuable assistance to the Association in the development of policies and programs and in the evaluation of research awards and grants and business relationships. The Association has adopted a conflict of interest policy and standards whereby volunteers are required to abstain from participating in or otherwise attempting to influence decisions in which they have a personal, professional, or business interest.

(11) Allocation of Joint Costs

The Association conducts joint activities (activities benefiting multiple programs and/or supporting services) that include fundraising appeals. Those activities primarily include direct mail campaigns and special events. The costs of conducting those joint activities were allocated as follows in 2010 and 2009 (in thousands):

	2010	2009
Research	\$ —	763
Public health education	90,625	106,569
Professional education and training	4,621	2,840
Community services	4,727	5,809
Management and general	14,814	17,778
Fundraising	53,236	61,177
Total joint costs	\$ 168,023	194,936

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(12) Research Awards Payable

The activity in research awards liabilities during the years ended June 30, 2010 and 2009 and the amounts payable by year are summarized below (in thousands):

	<u>2010</u>	<u>2009</u>
Beginning balance, June 30	\$ 332,636	330,089
Awards expense:		
New awards	126,102	149,394
Cancellations, declinations, and refunds	(24,367)	(22,965)
Award increases	773	277
Research awards expense before discount	102,508	126,706
Change in discount	3,600	5,206
Total research awards expense	106,108	131,912
Payments	(137,079)	(129,365)
Ending balance, June 30	\$ <u>301,665</u>	<u>332,636</u>

Payable in year ending June 30:

2011	\$ 153,752
2012	95,006
2013	40,066
2014	14,566
2015	2,725
2016	198

Total 306,313

Less unamortized discount (4,648)

Net research awards payable \$ 301,665

(13) Postretirement Benefits

The Association provides postretirement benefits to eligible past and present employees. Eligibility includes those who have retired or will retire at age 55 or thereafter, and who have been employed by the Association for at least ten years of service prior to retirement. The Association provides eligible employees who retire prior to age 65 with medical, dental and life insurance. Dental and life insurance terminate at age 65. At age 65, employees will pay 100% of the premiums for Medicare supplemental insurance.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

During fiscal year 2009, eligibility requirements for the postretirement benefit plan were amended. As of the March 1, 2009 effective date, present employees (a) who had at least ten years of continuous service with the Association, or (b) whose age and years of continuous service with the Association summed to at least 50, maintained their eligibility. As of the March 1, 2009 effective date, present employees who did not meet either of these eligibility requirements may still participate in the plan upon retirement prior to age 65, but will be responsible for 100% of the cost. New employees joining the Association after March 1, 2009 are not eligible for postretirement benefits.

At various times throughout fiscal year 2009, the Association implemented a reduction in force. This reduction in force was necessitated by the negative impact on donations resulting from the recession experienced in the U.S. economy. Approximately 11% of full-time jobs Association-wide were eliminated.

As of June 30, 2010 and 2009, the accumulated postretirement benefit obligation is calculated using a discount rate of 4.65% and 6.10%, respectively. The following table presents information with respect to the postretirement benefit plans as of and for the years ended June 30, 2010 and 2009 (in thousands):

	2010	2009
Changes in accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation, July 1	\$ 13,949	15,272
Service cost	652	712
Interest cost	820	852
Actuarial loss (gain)	3,098	(490)
Participant contributions	223	221
Benefits paid	(1,238)	(1,033)
Effect of plan amendment	—	(523)
Effect of reduction in force	—	(1,062)
Accumulated postretirement benefit obligation, June 30	<u>\$ 17,504</u>	<u>13,949</u>
Changes in plan assets:		
Fair value of plan assets, July 1	\$ —	—
Employer contributions	1,015	812
Participant contributions	223	221
Benefits paid	(1,238)	(1,033)
Fair value of plan assets, June 30	<u>\$ —</u>	<u>—</u>
Funded status:		
Unfunded benefit obligation, June 30 – included in other liabilities	\$ 17,504	13,949

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

	2010	2009
Changes in prior service cost:		
Prior service cost, July 1	\$ (234)	88
Amortization of prior service cost	45	(35)
Effect of reduction in force	—	236
Effect of plan amendment	—	(523)
Prior service (credit) cost, June 30	\$ (189)	(234)
Changes in net actuarial loss:		
Net actuarial loss, July 1	\$ 2,424	4,037
Amortization of net actuarial loss	(137)	(61)
Actuarial loss / (gain)	3,098	(490)
Effect of reduction in force	—	(1,062)
Unrecognized net actuarial loss, June 30	\$ 5,385	2,424
Components of net periodic benefit cost:		
Service cost	\$ 652	712
Interest cost	820	852
Amortization of prior service cost	(45)	35
Amortization of net actuarial loss	137	61
Net periodic benefit cost	1,564	1,660
Effect of reduction in force	—	(236)
Total benefit cost	\$ 1,564	1,424
Amounts expected to be recognized as components of net periodic benefit cost during the next fiscal year:		
Amortization of prior service cost	\$ (43)	(45)
Amortization of unrecognized net actuarial loss	513	137
Total	\$ 470	92

The assumed healthcare cost trend rates as of June 30, 2010 and 2009 are as follows:

	2010	2009
Healthcare cost trend rate assumed for next year	9.0%	9.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0	5.0
Year that the rate reaches the ultimate trend rate	2028	2027

The healthcare cost trend rate assumption has a significant impact on the postretirement benefit costs and obligations. The effect of a 1% change in the assumed healthcare cost trend rate at June 30, 2010 would have resulted in a \$1,504,000 increase or \$1,348,000 decrease in the accumulated postretirement benefit obligation, and a \$141,000 increase or \$127,000 decrease in the fiscal year 2010 benefit expense.

AMERICAN HEART ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2010

(14) Restricted Net Assets

Temporarily and permanently restricted net assets as of June 30, 2010 and 2009 have been restricted by donors as follows (in thousands):

	Temporarily restricted		Permanently restricted	
	2010	2009	2010	2009
Capital expenditures	\$ —	20	—	—
Research	14,262	14,269	—	—
Specific programs and support activities	73,575	49,422	—	—
Split-interest agreements	61,563	80,433	639	469
Beneficial interest in perpetual trusts	—	—	111,993	99,680
Time restrictions	73,378	72,794	—	—
Endowment funds	4,092	2,089	36,977	33,996
Total restricted net assets	<u>\$ 226,870</u>	<u>219,027</u>	<u>149,609</u>	<u>134,145</u>

(15) Commitments and Contingencies

During the normal course of business, the Association is involved in various claims and lawsuits. In the opinion of management, the potential loss on any claims and lawsuits, net of insurance proceeds, will not be significant to the Association's financial position or changes in net assets.

(16) Subsequent Events

The Association evaluated subsequent events after the balance sheet date of June 30, 2010 through November 10, 2010, which was the date the financial statements were issued, and concluded that no additional disclosures are required.

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Activities

Year ended June 30, 2010

(with summarized comparative totals for the year ended June 30, 2009)

	Unrestricted	Temporarily restricted	Permanently restricted	2010 Total	2009 Total
Revenue:					
Public support:					
Contributions	\$ 8,973,609	4,076,817	—	13,050,426	11,527,701
Contributed services and materials	7,178,230	—	—	7,178,230	5,739,013
Special events	31,308,650	11,384,318	—	42,692,968	44,391,769
Less direct donor benefits	(4,446,752)	—	—	(4,446,752)	(5,014,347)
Bequests	10,444,460	889,200	—	11,333,660	10,505,971
Split-interest agreements	125,158	277,552	399,917	802,627	478,764
Federated and nonfederated fund-raising organizations	343,729	1,015,384	—	1,359,113	1,830,802
Total public support	53,927,084	17,643,271	399,917	71,970,272	69,459,673
Other revenue:					
Grants from National Center	—	10,000	—	10,000	—
Program fees	9,388	—	—	9,388	12,844
Sales of educational materials	4,140,762	620	—	4,141,382	4,222,131
Membership dues	—	—	—	—	—
Fees and grants from other agencies	—	—	—	—	—
Interest and dividends, net of fees	919,011	37,405	—	956,416	1,390,637
Net realized and unrealized gains (losses) on investments	2,854,144	1,891	22,399	2,878,434	(5,866,177)
Perpetual trust distributions	453,674	249,904	—	703,578	795,323
Net unrealized gains (losses) on beneficial interest in perpetual trusts	—	—	(571,819)	(571,819)	(1,987,473)
Change in value of split-interest agreements	153,273	1,539,284	—	1,692,557	(821,372)
Gains on disposal of fixed assets	109,442	—	—	109,442	8,565
Royalty revenue	475,863	—	—	475,863	364,038
Miscellaneous revenue (losses), net	183,515	—	—	183,515	334,213
Transfers between components	—	—	—	—	—
Loss on uncollectible accounts	—	(1,149,207)	—	(1,149,207)	(5,055,044)
Total other revenue (loss)	9,299,072	689,897	(549,420)	9,439,549	(6,602,315)
Net assets released from restrictions:					
Transfer of restrictions to National Center	3,544,689	(3,544,689)	—	—	—
Satisfaction of purpose restrictions	7,929,362	(7,929,362)	—	—	—
Expiration of time restrictions	6,398,303	(6,398,303)	—	—	—
Total net assets released from restrictions	17,872,354	(17,872,354)	—	—	—
Total revenue	81,098,510	460,814	(149,503)	81,409,821	62,857,358

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Activities

Year ended June 30, 2010

(with summarized comparative totals for the year ended June 30, 2009)

	Unrestricted	Temporarily restricted	Permanently restricted	2010 Total	2009 Total
Expenses:					
Program services:					
Research – to acquire new knowledge through biomedical investigation by providing financial support to academic institutions and scientists	\$ 8,997,312	—	—	8,997,312	14,579,818
Public health education – to inform the public about the prevention and treatment of cardiovascular diseases and stroke	29,429,861	—	—	29,429,861	33,810,643
Professional education and training – to improve the knowledge, skills, and techniques of health professionals	3,947,611	—	—	3,947,611	4,136,820
Community services – to provide organized training in emergency aid, blood pressure screening, and other community-wide activities	2,505,226	—	—	2,505,226	3,624,602
Total program services	44,880,010	—	—	44,880,010	56,151,883
Supporting services:					
Management and general providing executive direction, financial management, overall planning, and coordination of the Association's activities	5,612,436	—	—	5,612,436	6,208,370
Fundraising – activities to secure vital financial support from the public	13,358,496	—	—	13,358,496	16,244,651
Total supporting services	18,970,932	—	—	18,970,932	22,453,021
Total program and supporting services expenses	63,850,942	—	—	63,850,942	78,604,904
Allocation to National Center	14,318,070	—	—	14,318,070	13,627,479
Total expenses and allocation to National Center	78,169,012	—	—	78,169,012	92,232,383
Change in net assets before postretirement changes other than net periodic benefit cost	2,929,498	460,814	(149,503)	3,240,809	(29,375,025)
Postretirement changes other than net periodic benefit cost	(236,628)	—	—	(236,628)	73,296
Change in net assets	2,692,870	460,814	(149,503)	3,004,181	(29,301,729)
Net assets, beginning of year	5,864,315	21,248,603	17,696,779	44,809,697	74,111,426
Net assets, end of year	\$ 8,557,185	21,709,417	17,547,276	47,813,878	44,809,697

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Functional Expenses

Year ended June 30, 2010

(with summarized comparative totals for the year ended June 30, 2009)

	Research	Public health education	Professional education/training	Community service	Subtotal program services	Management and general	Fundraising	Subtotal supporting services	2010 Total	2009 Total
Salaries	\$ 31,835	10,731,388	746,911	591,085	12,101,219	2,117,682	5,637,277	7,754,959	19,856,178	24,855,327
Payroll taxes	1,710	875,946	54,368	46,637	978,661	448,626	448,931	897,557	1,876,218	1,997,458
Employee benefits	6,628	2,116,942	144,455	115,947	2,383,972	425,501	1,122,263	1,547,764	3,931,736	4,505,251
Occupancy	—	610,425	32,760	30,576	673,761	117,935	300,298	418,233	1,091,994	1,288,903
Telephone	87	449,901	24,615	22,428	497,031	86,657	220,814	307,471	804,502	985,026
Supplies	3	142,582	7,349	18,545	168,479	46,023	113,886	159,909	328,388	759,464
Rental and maintenance of equipment	—	260,043	13,922	13,213	287,178	50,458	128,127	178,585	465,763	558,461
Printing and publication	16	8,108,536	76,153	41,891	8,226,596	100,028	910,045	1,010,073	9,236,669	8,691,769
Postage and shipping	17	694,885	6,051	8,376	709,329	28,370	367,765	396,135	1,105,464	1,551,195
Conferences and meetings	3,936	230,571	39,188	342,532	616,227	43,012	154,640	197,652	813,879	1,263,534
Travel	5,239	695,005	88,180	101,233	889,657	206,710	441,398	648,108	1,537,765	2,537,890
Professional fees	606,471	2,961,365	2,615,345	1,133,887	7,317,068	783,228	3,002,717	3,785,945	11,103,013	12,209,807
Awards and grants	8,341,370	713,271	57,182	3,483	9,115,306	484	7	491	9,115,797	14,842,819
Other expenses	—	321,564	9,999	8,826	340,389	1,059,457	261,466	1,320,923	1,661,312	1,308,454
Depreciation and amortization	—	517,437	31,133	26,567	575,137	98,265	248,862	347,127	922,264	1,249,546
Total functional expenses before allocation to National Center	8,997,312	29,429,861	3,947,611	2,505,226	44,880,010	5,612,436	13,358,496	18,970,932	63,850,942	78,604,904
Allocation to National Center	7,159,035	3,006,795	1,145,446	429,542	11,740,818	1,718,168	859,084	2,577,252	14,318,070	13,627,479
Total functional expenses and allocation before direct donor benefits	16,156,347	32,436,656	5,093,057	2,934,768	56,620,828	7,330,604	14,217,580	21,548,184	78,169,012	92,232,383
Direct donor benefits	—	—	—	—	—	—	—	—	4,446,752	5,014,347
Total functional expenses, allocation and direct donor benefits	\$ 16,156,347	32,436,656	5,093,057	2,934,768	56,620,828	7,330,604	14,217,580	21,548,184	82,615,764	97,246,730

See accompanying notes to financial statements.

Exhibit I**AMERICAN HEART ASSOCIATION**

Greater Southeast Affiliate

Balance Sheet

June 30, 2010

(with comparative amounts for June 30, 2009)

Assets	2010	2009
Assets:		
Cash and cash equivalents	\$ 4,146,612	4,750,858
Investments	34,212,140	34,513,184
Accounts receivable:		
Federated and nonfederated	731,239	948,300
Pledges, net	9,303,781	7,693,272
Bequests	2,224,915	2,460,580
Split-interest agreements, net	14,581,948	13,105,656
Exchange transactions	—	—
Other	223,562	193,812
Intercompany accounts receivable	3,736,889	3,883,355
Inventory	—	—
Intercompany settlement	—	—
Prepaid expense and other assets	170,979	158,645
Beneficial Interest in Perpetual Trusts	15,923,132	16,095,035
Land, buildings, and equipment, net	12,525,722	13,509,512
Total assets	<u>\$ 97,780,919</u>	<u>97,312,209</u>
Liabilities and Net Assets		
Liabilities:		
Intercompany payables	\$ 22,309,967	22,307,645
Intercompany settlement	—	—
Accounts payable and accrued expense	3,574,678	3,736,745
Research awards payable	18,019,240	20,384,634
Debt payable	1,710,000	1,865,000
Deferred revenue and support	—	—
Other liabilities	4,353,156	4,208,488
Total liabilities	<u>49,967,041</u>	<u>52,502,512</u>
Net assets (accumulated deficit):		
Unrestricted:		
Available for research, program and supporting activities	(3,968,537)	(7,645,197)
Investment in land, buildings, and equipment	12,525,722	13,509,512
Total unrestricted	<u>8,557,185</u>	<u>5,864,315</u>
Temporarily restricted	21,709,417	21,248,603
Permanently restricted	17,547,276	17,696,779
Total net assets	<u>47,813,878</u>	<u>44,809,697</u>
Total liabilities and net assets	<u>\$ 97,780,919</u>	<u>97,312,209</u>

See accompanying notes to financial statements.