AMERICAN HEART ASSOCIATION, INC.

Financial Statements and Supplementary Information
(Greater Southeast Affiliate)

June 30, 2013

(With Independent Auditors' Report Thereon)

AMERICAN HEART ASSOCIATION, INC.

Table of Contents

	Page(s)
Independent Auditors’ Report	1 – 2
Statement of Activities	3 – 4
Statement of Functional Expenses	5
Balance Sheet	6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 29
Supplementary Information	30 – 33

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

Independent Auditors' Report

The Board of Directors
American Heart Association, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the American Heart Association, Inc. (the Association), which comprise the balance sheet as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Report on Summarized Comparative Information

We have previously audited the American Heart Association, Inc.'s 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Dallas, Texas
November 1, 2013

AMERICAN HEART ASSOCIATION, INC.

Statement of Activities

Year ended June 30, 2013
(with summarized comparative totals for the year ended June 30, 2012)

(In thousands)

		Unrestricted	Temporarily restricted	Permanently restricted	2013 Total	2012 Total
Revenue:						
Public support:						
Contributions	$	73,136	58,601	598	132,335	124,639
Contributed services and materials		41,072	11	—	41,083	54,291
Special events		213,074	82,343	—	295,417	288,480
Less direct donor benefits		(33,857)	—	—	(33,857)	(33,134)
Bequests		58,407	8,425	1,196	68,028	74,319
Split-interest agreements		562	271	536	1,369	1,715
Federated and nonfederated fund-raising organizations		2,570	3,249	—	5,819	7,528
Total public support		354,964	152,900	2,330	510,194	517,838
Other revenue:						
Program fees		21,419	—	—	21,419	21,416
Sales of educational materials		70,202	—	—	70,202	68,237
Membership dues		3,338	—	—	3,338	3,345
Fees and grants from government agencies		230	19	—	249	639
Interest and dividends, net of fees		9,899	110	743	10,752	8,970
Net realized and unrealized gains (losses) on investments		27,699	3,674	—	31,373	(8,835)
Perpetual trust distributions		4,908	1,304	—	6,212	6,491
Net unrealized gains (losses) on beneficial interest in perpetual trusts		—	—	5,465	5,465	(2,341)
Change in value of split-interest agreements		(816)	7,041	11	6,236	(1,759)
Gains on disposal of fixed assets		840	—	—	840	1,008
Royalty revenue		23,573	—	—	23,573	23,737
Miscellaneous (losses) revenue, net		3,605	(6,920)	—	(3,315)	779
Total other revenue		164,897	5,228	6,219	176,344	121,687
Net assets released from restrictions:						
Satisfaction of purpose restrictions		87,588	(87,588)	—	—	—
Expiration of time restrictions		56,642	(56,642)	—	—	—
Total net assets released from restrictions		144,230	(144,230)	—	—	—
Total revenue		664,091	13,898	8,549	686,538	639,525

(Continued)

AMERICAN HEART ASSOCIATION, INC.

Statement of Activities

Year ended June 30, 2013
(with summarized comparative totals for the year ended June 30, 2012)

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	2013 Total	2012 Total
Expenses:					
Program services:					
Research – to acquire new knowledge through biomedical investigation by providing financial support to academic institutions and scientists	$ 133,628	—	—	133,628	128,525
Public health education – to inform the public about the prevention and treatment of cardiovascular diseases and stroke	226,251	—	—	226,251	241,376
Professional education and training – to improve the knowledge, skills, and techniques of health professionals	90,446	—	—	90,446	86,537
Community services – to provide organized training in emergency aid, blood pressure screening, and other community-wide activities	36,595	—	—	36,595	31,091
Total program services	486,920	—	—	486,920	487,529
Supporting services:					
Management and general – to provide executive direction, financial management, overall planning, and coordination of the Association's activities	52,452	—	—	52,452	48,933
Fundraising – to secure financial support from the public	75,233	—	—	75,233	80,927
Total supporting services	127,685	—	—	127,685	129,860
Total program and supporting services expenses	614,605	—	—	614,605	617,389
Change in net assets before postretirement changes other than net periodic benefit cost	49,486	13,898	8,549	71,933	22,136
Postretirement changes other than net periodic benefit cost	351	—	—	351	(1,070)
Change in net assets	49,837	13,898	8,549	72,284	21,066
Net assets, beginning of year	284,300	224,544	165,210	674,054	652,988
Net assets, end of year	$ 334,137	238,442	173,759	746,338	674,054

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Statement of Functional Expenses

Year ended June 30, 2013
(with summarized comparative totals for the year ended June 30, 2012)

(In thousands)

	Research	Public health education	Professional education/ training	Community services	Subtotal program services	Management and general	Fundraising	Subtotal supporting services	2013 Total	2012 Total
Salaries	$ 2,201	95,403	23,467	14,910	135,981	27,863	34,638	62,501	198,482	191,826
Payroll taxes	169	7,427	1,672	1,093	10,361	2,020	2,606	4,626	14,987	14,633
Employee benefits	290	18,456	2,966	2,106	23,818	5,028	6,170	11,198	35,016	34,369
Occupancy	75	8,752	833	1,381	11,041	1,910	2,721	4,631	15,672	15,891
Telephone	48	2,282	408	279	3,017	470	764	1,234	4,251	4,816
Supplies	9	2,648	443	389	3,489	583	1,204	1,787	5,276	4,813
Rental and maintenance of equipment	54	3,424	602	436	4,516	881	1,066	1,947	6,463	6,003
Printing and publication	22	45,513	18,566	5,756	69,857	2,193	8,035	10,228	80,085	92,966
Postage and shipping	—	7,332	180	97	7,609	375	3,711	4,086	11,695	11,395
Conferences and meetings	44	2,613	12,136	1,018	15,811	914	1,377	2,291	18,102	15,817
Travel	185	6,976	3,553	1,645	12,359	2,343	4,541	6,884	19,243	18,473
Professional fees	8,668	14,953	19,243	5,110	47,974	2,846	4,824	7,670	55,644	59,222
Awards and grants	121,647	3,382	3,459	1,206	129,694	—	—	—	129,694	128,362
Other expenses	34	3,045	1,332	384	4,795	3,778	2,138	5,916	10,711	9,178
Depreciation and amortization	182	4,045	1,586	785	6,598	1,248	1,438	2,686	9,284	9,625
Total functional expenses before direct donor benefits	133,628	226,251	90,446	36,595	486,920	52,452	75,233	127,685	614,605	617,389
Direct donor benefits	—	—	—	—	—	—	—	—	33,857	33,134
Total functional expenses and direct donor benefits	$ 133,628	226,251	90,446	36,595	486,920	52,452	75,233	127,685	648,462	650,523

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Balance Sheet

June 30, 2013
(with comparative amounts for June 30, 2012)

(In thousands)

Assets		**2013**	**2012**
Cash and cash equivalents	$	50,875	66,407
Investments		595,254	503,679
Receivables:			
Pledges, net		123,024	130,347
Exchange transactions		6,988	8,149
Federated and nonfederated		2,371	3,085
Other		14,701	9,389
Bequests		14,812	16,183
Split-interest agreements, net		69,272	65,795
Inventory		7,481	8,106
Prepaid expenses and other assets		14,807	14,137
Beneficial interest in perpetual trusts		131,674	125,674
Land, buildings, and equipment, net		70,471	71,766
Total assets	$	1,101,730	1,022,717
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	48,371	46,532
Deferred revenue		8,766	9,010
Research awards payable		264,501	260,794
Bonds payable		1,205	1,380
Other liabilities		32,549	30,947
Total liabilities		355,392	348,663
Net assets:			
Unrestricted:			
Available for research, program, and supporting activities		263,693	212,534
Investment in land, buildings, and equipment		70,444	71,766
Total unrestricted		334,137	284,300
Temporarily restricted		238,442	224,544
Permanently restricted		173,759	165,210
Total net assets		746,338	674,054
Total liabilities and net assets	$	1,101,730	1,022,717

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Statement of Cash Flows

Year ended June 30, 2013
(with comparative amounts for the year ended June 30, 2012)

(In thousands)

		2013	2012
Cash flows from operating activities:			
Change in net assets	$	72,284	21,066
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		9,284	9,625
Net realized and unrealized (gains) losses on investments		(31,373)	8,835
Net unrealized (gains) losses on beneficial interest in perpetual trusts		(5,465)	2,341
Change in value of split-interest agreements		(6,236)	1,759
Gains on sale of fixed assets		(840)	(1,008)
Losses on uncollectible accounts and settlement of receivables		7,973	3,267
Contributions to endowment		(1,794)	(101)
Changes in operating assets and liabilities:			
Accounts receivable		(2,716)	(23,531)
Inventory		625	(42)
Prepaid expenses and other assets		(670)	3,279
Beneficial interest in perpetual trusts		(535)	11
Split-interest agreements		2,759	6,794
Accounts payable and accrued expenses		1,839	(2,636)
Deferred revenue		(244)	2,310
Research awards payable		3,707	(9,705)
Other liabilities		1,940	2,348
Net cash provided by operating activities		50,538	24,612
Cash flows from investing activities:			
Purchases of fixed assets		(8,833)	(7,992)
Proceeds from sale of fixed assets		2,082	2,962
Purchases of investments		(255,300)	(136,054)
Proceeds from sales/maturities of investments		195,098	140,071
Net cash used in investing activities		(66,953)	(1,013)
Cash flows from financing activities:			
Payments on mortgage notes payable and capital leases		(911)	(944)
Contributions to endowment		1,794	101
Net cash provided by (used in) financing activities		883	(843)
Net (decrease) increase in cash and cash equivalents		(15,532)	22,756
Cash and cash equivalents, beginning of year		66,407	43,651
Cash and cash equivalents, end of year	$	50,875	66,407
Supplemental cash flow information:			
Interest paid	$	80	103
Taxes paid		315	410
Contributed services and materials		41,083	54,291
Equipment purchased by capital lease		398	436

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The American Heart Association, Inc. (the Association or AHA) 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.

(b) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

The financial statement presentation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Association 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. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Unrestricted net assets* – net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.
>
> *Temporarily restricted net assets* – net assets that are subject to donor-imposed stipulations that may or will be met by the occurrence of a specific event or the passage of time.
>
> *Permanently restricted net assets* – net assets required to be maintained in perpetuity, due to donor-imposed restrictions. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specified purposes.

(c) 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 intended for current operations.

(Continued)

(1) Organization and Summary of Significant Accounting Policies (cont.)

(d) Investments and Related Income

Investments primarily include assets invested for long-term capital appreciation, but also include short-term investments available for operations, totaling $110 million and $93 million as of June 30, 2013 and 2012, respectively. 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, derivatives, and investments in partnerships with readily determinable fair values approximates quoted market prices. 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. 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 reported as unrestricted net assets unless otherwise restricted by the donor or required by accounting convention. All capital appreciation/depreciation earned on investments is reported as a change in unrestricted net assets unless otherwise restricted by the donor, applicable law, or accounting convention.

(e) 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 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 0.2% to 3.6%. 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.

(Continued)

(1) Organization and Summary of Significant Accounting Policies (cont.)

(f) 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. 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 0.4% to 2.1%. Accretion of the discounts is recognized as research – awards and grants expense, using the effective interest method, in the statement of functional expenses.

(g) Exchange Transactions and Deferred Revenue

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.

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.

(h) 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.

(i) 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 buildings and equipment is provided on a half-year convention basis over estimated useful lives of the assets, ranging from 2 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).

(1) Organization and Summary of Significant Accounting Policies (cont.)

(j) Contributed Services and 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 2013 and 2012 (in thousands):

		2013	2012
Public health education	$	29,693	44,229
Professional education		3,149	3,128
Management and general		4	19
Fundraising		49	29
Total contributed materials	$	32,895	47,405

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 2013 and 2012 (in thousands):

		2013	2012
Research	$	6,770	6,085
Public health education		774	393
Professional education		502	345
Community Services		7	—
Management and general		51	27
Fundraising		84	36
Total contributed services	$	8,188	6,886

Public service announcements of approximately $29,599,000 and $44,169,000 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, 2013 and 2012, respectively.

(1) Organization and Summary of Significant Accounting Policies (cont.)

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.

(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, 2013 and 2012. 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 notes 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.

(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.

(1) Organization and Summary of Significant Accounting Policies (cont.)

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, 2013 and 2012 were 3.6% and 4.0%, respectively.

Under the perpetual trust arrangement, the Association has recorded the asset and has recognized permanently restricted contribution revenue at the fair value of the Association's beneficial interest in the trust assets. Investments in mineral interests, which have a limited marketability, are stated at fair value, as estimated based on a multiple of annual revenues. 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. GAAP 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. Significant items subject to such estimates and assumptions include the useful lives of fixed assets; the valuation of split interest agreements, investments and perpetual trusts; allocation of joint costs; and the functionalization of expenses.

(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, 2012, from which the summarized information was derived.

(Continued)

(2) Investments

Investments at June 30, 2013 and 2012, and related returns for the years then ended consisted of the following (in thousands):

	June 30, 2013		
	Interest and dividends (expenses)	Realized and unrealized gains (losses)	Fair value
Equity securities	$ 5,170	36,821	241,154
U.S. Treasury and government agency obligations	744	(1,553)	95,970
Corporate notes and bonds	5,235	(2,913)	99,447
Foreign debt	1,304	(1,027)	43,787
Mortgage-backed securities	325	(9)	1,812
Derivatives	(535)	7	1,282
Real estate and other	124	15	4,870
Short-term investments	143	(11)	110,060
Unsettled trades and other receivables, net	(183)	43	(3,128)
Investment expenses	(1,575)	—	—
Total	$ 10,752	31,373	595,254

	June 30, 2012		
	Interest and dividends (expenses)	Realized and unrealized gains (losses)	Fair value
Equity securities	$ 4,332	(8,598)	221,185
U.S. Treasury and government agency obligations	747	2,020	89,852
Corporate notes and bonds	2,850	45	61,281
Foreign debt	997	(841)	18,445
Mortgage-backed securities	1,472	(1,046)	16,239
Derivatives	(268)	(577)	(127)
Real estate and other	105	67	4,168
Short-term investments	123	15	92,876
Unsettled trades and other receivables, net	199	80	(240)
Investment expenses	(1,587)	—	—
Total	$ 8,970	(8,835)	503,679

(Continued)

(2) Investments (cont.)

(a) Derivative Financial Instruments

The Association's assets include publicly traded equity and fixed income investments whose purpose is to attempt to allow for appreciation and growth of the assets to offset erosion in asset values as a result of inflation. These investments are exposed to various risks, including:

1. *Volatility risk,* the risk that stock prices will decrease, reducing the fair value of AHA's equity investments

2. *Interest rate risk,* the risk that interest rates will increase, reducing the fair value of AHA's fixed income investments

3. *Credit (default) risk*, the risk that a company may default on its bonds, reducing the value of AHA's fixed income investments

4. *Exchange rate risk*, the risk that foreign exchange rates will change relative to the U.S. Dollar, reducing the value of AHA's foreign equity investments

Management believes it is prudent to mitigate the effect of these risks to the extent practicable, and to maintain exposure to various segments of the securities markets in order to meet the short-term and long-term needs of the Association. In connection with the Association's fixed income investments, AHA investment policies allow for limited use of derivatives, provided the derivatives are used to control, manage, or hedge investment risk at the portfolio level. The policy indicates that any derivatives must be used with adequate diversification and as part of a total portfolio strategy that is nonspeculative. Derivative use must be consistent with the Association's derivative requirements and the investment manager's stated investment approach. By nature, a liquid market for these instruments exists and can reasonably be expected to continue to exist even under adverse conditions.

Derivatives typically used by AHA's investment managers include futures, forward contracts, options, and swaps. The managers employ various control measures to attempt to prevent losses caused by derivatives. For example, net long futures, forwards, or swaps positions are backed with high-grade, liquid debt securities. The fair values of the derivatives are included in the fair value of the overall portfolio.

(3) Fair Value Measurements

The following tables present information about the Association's assets that are measured at fair value on a recurring basis as of June 30, 2013 and 2012, 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. Inputs and valuation techniques used to measure investment fair value include prices quoted by various pricing organizations used by AHA's investment custodian. These prices are reconciled by AHA's investment managers. Where AHA's custodian and managers are not independent, management verifies a sample of Level 2 prices, usually by consultation with AHA's investment consultant.

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. Inputs and valuation techniques used to measure fair value of Level 3 assets include reported fair value at the time of a gift, independent appraisals, published multiples of similar securities, or face value. At June 30, 2013, less than 1% of investment values are based upon Level 3 inputs. Split-interest agreements and perpetual trusts are revalued annually based on investment statements provided by a third party trustee.

(Continued)

(3) Fair Value Measurements (cont.)

	Balance June 30, 2013	Fair value measurements at reporting date using Level 1	Level 2	Level 3
	(In thousands)			
1. Equity securities:				
a. Domestic stocks	$ 188,477	188,477	—	—
b. International stocks	51,778	51,778	—	—
c. Nonpublic corporations	899	—	—	899
2. Debt securities:				
a. U.S. Treasuries	49,568	—	49,568	—
b. Government agencies	46,402	—	46,302	100
c. Investment grade credit	79,629	—	79,629	—
d. High yield credit	19,818	—	19,818	—
e. Non-U.S. developed	23,764	—	23,764	—
f. Emerging market debt	20,023	—	20,023	—
3. Mortgage-backed securities	1,812	—	1,812	—
4. Derivatives:				
a. Money market futures	27,651	—	27,651	—
b. Less money market futures due to counterparties	(27,651)	—	(27,651)	—
c. U.S. Treasury and other futures	(6,480)	—	(6,480)	—
d. Net treasury futures due (to)/ from counterparties	6,480	—	6,480	
e. Currency forward positions	(5,103)	—	(5,103)	—
f. Currency forwards due from counterparties	5,188	—	5,188	—
g. Credit default swaps	36	—	36	—
h. Interest rate swaps	1,164	—	1,164	
i. Option premiums and others	(3)	—	(3)	—
5. Real estate and other	4,870	—	2,249	2,621
6. Short-term investments	128,736	35,195	93,541	—
7. Unsettled trades and other receivables, net	(21,804)	(21,804)	—	—
Investment subtotals	595,254	253,646	337,988	3,620
Split-interest agreements receivable, net	69,272	—	—	69,272
Beneficial interest in perpetual trusts	131,674	—	—	131,674
	$ 796,200	253,646	337,988	204,566

(3) Fair Value Measurements (cont.)

	Balance June 30, 2012	Fair value measurements at reporting date using Level 1	Level 2	Level 3
		(In thousands)		
1. Equity securities:				
a. Domestic stocks	$ 155,775	155,775	—	—
b. International stocks	64,511	64,511	—	—
c. Nonpublic corporations	899	—	—	899
2. Debt securities:				
a. U.S. Treasuries	51,123	—	51,123	—
b. Government agencies	38,729	—	38,629	100
c. Investment grade credit	42,835	—	42,835	—
d. High yield credit	18,446	—	18,446	—
e. Non-U.S. developed	15,149	—	15,149	—
f. Emerging market debt	3,296	—	3,296	—
3. Mortgage-backed securities	16,239	—	16,239	—
4. Derivatives:				
a. U.S. Treasury futures	3,068	—	3,068	—
b. Net treasury futures due to counterparties	(3,068)	—	(3,068)	—
c. Currency forward positions	(5,241)	—	(5,241)	—
d. Currency forwards due from counterparties	5,274	—	5,274	—
e. Credit default swaps	711	—	711	—
f. Interest rate swaps	(538)	—	(538)	—
g. Option premiums and others	(333)	—	(333)	—
5. Real estate and other	4,168	—	1,478	2,690
6. Short-term investments	92,876	4,735	88,141	—
7. Unsettled trades and other receivables, net	(240)	(240)	—	—
Investment subtotals	503,679	224,781	275,209	3,689
Split-interest agreements receivable, net	65,795	—	—	65,795
Beneficial interest in perpetual trusts	125,674	—	—	125,674
	$ 695,148	224,781	275,209	195,158

There were no transfers between Level 1 and Level 2 during fiscal years ended June 30, 2013 or 2012.

(3) Fair Value Measurements (cont.)

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
Balance June 30, 2011	$	4,195	74,348	128,026	206,569
Total net losses		(265)	(1,759)	(2,341)	(4,365)
Acquisitions		—	1,715	—	1,715
Settlements		(41)	(8,509)	(11)	(8,561)
Sales		(200)	—	—	(200)
Balance June 30, 2012		3,689	65,795	125,674	195,158
Total net (losses) gains		(64)	6,236	5,465	11,637
Acquisitions		—	833	535	1,368
Settlements		(5)	(3,592)	—	(3,597)
Balance June 30, 2013	$	3,620	69,272	131,674	204,566

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 gains relating to assets still held at the reporting date is approximately $11,519,000.

The Association independently assesses the valuation for assets classified as Level 3. Unobservable inputs are internally developed for certain asset categories which include oil and gas interests and split-interest agreements. Oil and gas interests are valued annually using revenue multiples of comparable companies and an appropriate marketability discount. Split interest agreements are valued on a discounted cash flow basis utilizing asset values reported by third party trustees and appropriate growth and discount factors.

Level 3 assets for which the Association does not develop unobservable inputs include perpetual trusts, certain real estate parcels previously gifted to the AHA and an equity interest in a privately held company. Fair value is determined by asset values reported by third party trustees, tax assessments, and periodic third party valuations.

(3) Fair Value Measurements (cont.)

Quantitative information regarding unobservable inputs developed by the Association and assumptions used to measure the fair value of the related assets as of June 30, 2013 follows:

Type	Fair value (in thousands)	Valuation technique	Significant unobservable inputs	Range (weighted average)
Oil and Gas Interests	$ 445	Market Comparable Companies	Business Enterprise Value to Revenue Multiple	12.7x – 31.3x (20.2x)
			Marketability Discount	20% – 30% (25%)
Split-Interest Agreements	$ 69,272	Discounted cash flow	Growth Rate/ Discount Rate	3.22% – 4.07% (3.59%)

Significant increases (decreases) in the revenue multiples, in isolation, applied would increase (decrease) the estimated fair value of oil and gas interests. A significant increase (decrease) in the marketability discount, in isolation, would (decrease) increase the estimated fair value.

Increases in the discount rate applied to the future anticipated cash flows from split interest agreements would result in a lower estimated fair value. Conversely, decreases in the discount rate applied would result in a higher estimated fair value. However, the projected growth rate assumptions utilized by management are the same as the discount rate assumptions and, accordingly, the impact on the estimated fair value would be insignificant.

(4) Endowments

The Association’s endowment program consists of donor-restricted endowment funds, and does not include any funds designated by the Board of Directors to function as endowments. The endowment program is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA).

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 NYPMIFA.

(4) Endowments (cont.)

In accordance with NYPMIFA, 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 endowment fund
2. The purposes of the Association and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Association
7. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Association
8. The investment policy of the Association

(4) Endowments (cont.)

Changes in endowment net assets for the years ended June 30, 2012 and 2013 are as follows (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2011	$ —	9,954	38,903	48,857
Investment return:				
Investment income	—	955	41	996
Net (depreciation)	(22)	(1,307)	—	(1,329)
Contributions	—	—	101	101
Reclassifications and others	—	—	73	73
Appropriation for expenditure	—	(1,699)	—	(1,699)
Endowment net assets, June 30, 2012	(22)	7,903	39,118	46,999
Investment return:				
Investment income	—	1,223	—	1,223
Net appreciation	287	3,205	—	3,492
Contributions	—	—	1,794	1,794
Reclassifications and others	(470)	(174)	805	161
Appropriation for expenditure	—	(1,743)	—	(1,743)
Endowment net assets, June 30, 2013	$ (205)	10,414	41,717	51,926

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. If applicable, deficiencies of this nature are reported in unrestricted net assets. Total deficiencies as of June 30, 2012 were approximately $22,000 and resulted primarily from unfavorable market fluctuations. Total deficiencies as of June 30, 2013 were approximately $205,000 and resulted primarily from an adjustment to an individual endowment. 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 endowments while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that seeks to produce results that exceed the price and yield results of a mix of relevant benchmarks, while assuming a moderate level of investment risk.

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 to achieve its long-term return objectives within prudent risk constraints.

(4) Endowments (cont.)

The Association has a policy of appropriating for distribution each year an amount not to exceed 4% of each endowment's average fair market 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 endowments, mentioned above.

(5) Unconditional Promises

As of June 30, 2013 and 2012, the Association has received unconditional promises to give, consisting primarily of pledges, split-interest agreements, and bequests which are scheduled to be received as follows (in thousands):

		2013	2012
Less than one year	$	110,252	102,375
One to five years		36,438	54,579
More than five years		105,718	105,701
Subtotal		252,408	262,655
Allowance for uncollectible accounts		(5,983)	(6,623)
Discount		(36,946)	(40,622)
Total	$	209,479	215,410

The Association maintains an allowance for doubtful accounts for estimated credit losses resulting from collection risks, including the inability of donors to make required payments under contractual agreements. The allowance for doubtful accounts is reported as a reduction of receivables in the consolidated balance sheets. The adequacy of this allowance is determined by evaluating historical delinquency and write-off trends, specific known collection risks, historical payment trends, as well as current economic conditions.

(6) Land, Buildings, and Equipment

At June 30, 2013 and 2012, land, buildings, and equipment, and the related accumulated depreciation and amortization were as follows (in thousands):

		2013	2012
Land and leasehold improvements	$	16,700	16,760
Buildings and improvements		82,475	83,087
Equipment and furniture		104,011	94,576
Total		203,186	194,423
Less accumulated depreciation and amortization		(132,715)	(122,657)
Land, buildings, and equipment, net	$	70,471	71,766

(Continued)

(7) Leases

(a) Operating Leases

The Association has operating lease agreements for office space and equipment. Future annual minimum lease payments due under noncancelable leases as of June 30, 2013 are as follows (in thousands):

2014	$	9,028
2015		8,920
2016		8,825
2017		6,313
2018		6,726
Thereafter		1,241
Total	$	41,053

Total operating lease expense for the years ended June 30, 2013 and 2012 was approximately $9,064,000 and $9,195,000, respectively.

(b) Capital Leases

The Association leases office equipment under capital lease agreements expiring on various dates through 2018. As of June 30, 2013, the future minimum lease payments under capital leases were as follows (in thousands):

2014	$	600
2015		291
2016		206
2017		73
2018		7
Total		1,177
Less amount representing interest		(47)
Less amount representing support and maintenance		(28)
Present value of lease obligation, included in other liabilities	$	1,102

(8) Retirement Plans

The Association has a 401(a) defined-contribution plan (the Plan). Eligible participants include 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. Participants are not permitted to contribute to the Plan.

(Continued)

(8) Retirement Plans (cont.)

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:

Participant's years of service	Contribution percentage
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.

Total retirement plan costs for the years ended June 30, 2013 and 2012 were approximately $16,779,000 and $16,380,000, respectively.

(9) 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.

(10) 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 2013 and 2012 (in thousands):

		2013	2012
Public health education	$	109,427	108,599
Professional education and training		1,573	1,457
Community services		610	423
Management and general		20,338	17,925
Fundraising		41,044	41,924
Total joint costs	$	172,992	170,328

(11) Research Awards Payable

The activity in research awards liabilities during the years ended June 30, 2013 and 2012 and the amounts payable by year are summarized below (in thousands):

		2013	2012
Beginning balance, July 1	$	260,794	270,499
Awards expense:			
New awards		137,955	133,351
Cancellations, declinations, and refunds		(16,190)	(17,497)
Research awards expense before discount		121,765	115,854
Change in discount		(118)	1,018
Total research awards expense		121,647	116,872
Payments		(117,940)	(126,577)
Ending balance, June 30	$	264,501	260,794

Payable in year ending June 30:		
2014	$	132,539
2015		76,312
2016		36,373
2017		16,619
2018		4,249
Thereafter		429
Total		266,521
Less unamortized discount		(2,020)
Net research awards payable	$	264,501

(12) 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 10 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.

(12) Postretirement Benefits (cont.)

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 10 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.

As of June 30, 2013 and 2012, the accumulated postretirement benefit obligation (APBO) is calculated using a discount rate of 4.70% and 4.10%, respectively. The following table presents information with respect to the postretirement benefit plans as of and for the years ended June 30, 2013 and 2012 (in thousands):

		2013	2012
Changes in accumulated postretirement benefit obligation:			
APBO, beginning of year	$	11,652	10,568
Service cost		452	453
Interest cost		461	514
Actuarial loss		275	898
Participant contributions		247	228
Benefits paid		(1,033)	(1,009)
APBO, end of year		12,054	11,652

		2013	2012
Changes in plan assets:			
Fair value of plan assets, beginning of year	$	—	—
Employer contributions		786	781
Participant contributions		247	228
Benefits paid		(1,033)	(1,009)
Fair value of plan assets, end of year		—	—
Funded status:			
Unfunded benefit obligation, June 30 – included in other liabilities	$	12,054	11,652

(Continued)

(12) Postretirement Benefits (cont.)

		2013	2012
Changes in prior service credit:			
Prior service credit, beginning of year	$	(103)	(146)
Amortization of prior service credit		43	43
Prior service credit, end of year	$	(60)	(103)
Changes in net actuarial (gain) loss:			
Net actuarial gain, beginning of year	$	(1,537)	(2,563)
Amortization of net actuarial gain		32	128
Actuarial loss		275	898
Unrecognized net actuarial gain, end of year	$	(1,230)	(1,537)
Components of net periodic benefit cost:			
Service cost	$	452	453
Interest cost		461	514
Amortization of prior service credit		(43)	(43)
Amortization of net actuarial gain		(32)	(128)
Net periodic benefit cost	$	838	796
Amounts expected to be recognized as components of net periodic benefit cost during the next fiscal year:			
Amortization of prior service credit	$	(43)	(43)
Amortization of unrecognized net actuarial gain		(2)	(32)
Total	$	(45)	(75)

The assumed healthcare cost trend rates as of June 30, 2013 and 2012 are as follows:

	2013	2012
Healthcare cost trend rate assumed for next year	8.0%	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	2030	2030

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, 2013 would have resulted in a $910,427 increase or $821,636 decrease in the accumulated postretirement benefit obligation, and a $97,359 increase or $86,424 decrease in the fiscal year 2013 benefit expense.

(13) Restricted Net Assets

Temporarily and permanently restricted net assets as of June 30, 2013 and 2012 have been restricted by donors as follows (in thousands):

	Temporarily restricted		Permanently restricted	
	2013	**2012**	**2013**	**2012**
Research	$ 29,279	30,279	—	—
Other programs	78,290	73,079	—	—
Split-interest agreements	50,974	47,669	368	418
Beneficial interest in perpetual trusts	—	—	131,674	125,674
Time restrictions	69,485	65,614	—	—
Endowment funds	10,414	7,903	41,717	39,118
Total restricted net assets	$ 238,442	224,544	173,759	165,210

(14) 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.

(15) Subsequent Events

The Association evaluated subsequent events after the balance sheet date of June 30, 2013 through November 1, 2013, which was the date the financial statements were issued, and concluded that no additional disclosures are required.

Exhibit I

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Activities

Year ended June 30, 2013

(with summarized comparative totals for the year ended June 30, 2012)

	Unrestricted	Temporarily restricted	Permanently restricted	2013 Total	2012 Total
Revenue:					
Public support:					
Contributions	$ 8,354,700	2,752,616	20,000	11,127,316	10,762,640
Contributed services and materials	5,498,609	—	—	5,498,609	7,363,969
Special events	33,926,972	15,210,050	—	49,137,022	47,198,015
Less direct donor benefits	(4,775,434)	—	—	(4,775,434)	(4,803,373)
Bequests	5,954,912	1,512,629	—	7,467,541	7,627,557
Split-interest agreements	246,669	—	—	246,669	762,319
Federated and nonfederated fund-raising organizations	299,296	648,919	—	948,215	953,801
Total public support	49,505,724	20,124,214	20,000	69,649,938	69,864,928
Other revenue:					
Grants from National Center	3,210,069	80,000	—	3,290,069	3,164,689
Program fees	15,110	—	—	15,110	—
Interest and dividends, net of fees	789,273	42,432	—	831,705	815,421
Net realized and unrealized gains (losses) on investments	1,907,772	144,589	—	2,052,361	(752,390)
Perpetual trust distributions	574,706	288,912	—	863,618	753,402
Net unrealized gains (losses) on beneficial interest in perpetual trusts	—	—	874,434	874,434	(1,098,388)
Change in value of split-interest agreements	420,150	1,753,629	—	2,173,779	(527,041)
Gains on disposal of fixed assets	296,519	—	—	296,519	—
Miscellaneous revenue, net	199,088	—	—	199,088	99,899
Transfers between components	—	(126,844)	—	(126,844)	(373,156)
Loss on uncollectible accounts	—	(681,123)	—	(681,123)	(589,530)
Total other revenue (loss)	7,412,687	1,501,595	874,434	9,788,716	1,492,906
Net assets released from restrictions:					
Transfer of restrictions to National Center	4,558,938	(4,558,938)	—	—	—
Satisfaction of purpose restrictions	7,995,081	(7,995,081)	—	—	—
Expiration of time restrictions	7,302,037	(7,302,037)	—	—	—
Total net assets released from restrictions	19,856,056	(19,856,056)	—	—	—
Total revenue	76,774,467	1,769,753	894,434	79,438,654	71,357,834

(Continued)

Exhibit I

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Activities

Year ended June 30, 2013

(with summarized comparative totals for the year ended June 30, 2012)

	Unrestricted	Temporarily restricted	Permanently restricted	2013 Total	2012 Total
Expenses:					
Program services:					
Research – to acquire new knowledge through biomedical investigation by providing financial support to academic institutions and scientists	$ 9,965,866	—	—	9,965,866	9,422,238
Public health education – to inform the public about the prevention and treatment of cardiovascular diseases and stroke	28,279,785	—	—	28,279,785	30,137,597
Professional education and training – to improve the knowledge, skills, and techniques of health professionals	1,580,642	—	—	1,580,642	1,492,399
Community services – to provide organized training in emergency aid, blood pressure screening, and other community-wide activities	2,041,328	—	—	2,041,328	1,971,671
Total program services	41,867,621	—	—	41,867,621	43,023,905
Supporting services:					
Management and general – to provide executive direction, financial management, overall planning, and coordination of the Association's activities	5,092,536	—	—	5,092,536	4,981,688
Fundraising – activities to secure financial support from the public	10,067,455	—	—	10,067,455	10,521,293
Total supporting services	15,159,991	—	—	15,159,991	15,502,981
Total program and supporting services expenses	57,027,612	—	—	57,027,612	58,526,886
Allocation to National Center	14,753,261	—	—	14,753,261	13,835,507
Total expenses and allocation to National Center	71,780,873	—	—	71,780,873	72,362,393
Change in net assets before postretirement changes other than net periodic benefit cost	4,993,594	1,769,753	894,434	7,657,781	(1,004,559)
Postretirement changes other than net periodic benefit cost	145,657	—	—	145,657	(65,821)
Change in net assets	5,139,251	1,769,753	894,434	7,803,438	(1,070,380)
Net assets, beginning of year	12,563,642	24,929,304	18,994,133	56,487,079	57,557,459
Net assets, end of year	$ 17,702,893	26,699,057	19,888,567	64,290,517	56,487,079

Exhibit I

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Functional Expenses

Year ended June 30, 2013

(with summarized comparative totals for the year ended June 30, 2012)

	Research	Public health education	Professional education/ training	Community services	Subtotal program services	Management and general	Fundraising	Subtotal supporting services	2013 Total	2012 Total
Salaries	$ 8,682	11,759,448	507,858	797,867	13,073,855	2,383,338	3,847,378	6,230,716	19,304,571	19,039,832
Payroll taxes	664	889,806	41,453	61,233	993,156	178,713	287,498	466,211	1,459,367	1,464,683
Employee benefits	3,549	2,443,241	103,091	168,420	2,718,301	496,095	801,482	1,297,577	4,015,878	3,834,885
Occupancy	—	564,097	19,952	44,439	628,488	107,015	171,406	278,421	906,909	931,370
Telephone	110	285,508	9,749	23,340	318,707	52,478	83,809	136,287	454,994	571,333
Supplies	—	222,366	6,497	18,378	247,241	52,441	98,197	150,638	397,879	424,947
Rental and maintenance of equipment	—	209,904	7,403	16,488	233,795	39,836	63,763	103,599	337,394	375,488
Printing and publication	—	6,464,523	188,498	99,236	6,752,257	146,186	971,527	1,117,713	7,869,970	9,529,751
Postage and shipping	—	841,914	5,087	11,336	858,337	31,901	335,303	367,204	1,225,541	1,272,490
Conferences and meetings	5,520	241,481	27,051	264,338	538,390	66,331	165,388	231,719	770,109	830,224
Travel	8,762	1,002,978	83,525	116,265	1,211,530	250,984	437,220	688,204	1,899,734	1,793,927
Professional fees	856,083	2,537,564	451,808	351,651	4,197,106	854,698	2,394,860	3,249,558	7,446,664	7,758,621
Awards and grants	9,082,496	75,881	104,069	20,943	9,283,389	7,637	—	7,637	9,291,026	9,010,746
Other expenses	—	352,268	8,829	16,502	377,599	351,446	291,935	643,381	1,020,980	1,047,087
Depreciation and amortization	—	388,806	15,772	30,892	435,470	73,437	117,689	191,126	626,596	641,502
Total functional expenses before allocation to National Center	9,965,866	28,279,785	1,580,642	2,041,328	41,867,621	5,092,536	10,067,455	15,159,991	57,027,612	58,526,886
Allocation to National Center	7,376,631	3,098,185	1,327,794	147,533	11,950,143	1,770,390	1,032,728	2,803,118	14,753,261	13,835,507
Total functional expenses and allocation before direct donor benefits	17,342,497	31,377,970	2,908,436	2,188,861	53,817,764	6,862,926	11,100,183	17,963,109	71,780,873	72,362,393
Direct donor benefits	—	—	—	—	—	—	—	—	4,775,434	4,803,373
Total functional expenses, allocation and direct donor benefits	$ 17,342,497	31,377,970	2,908,436	2,188,861	53,817,764	6,862,926	11,100,183	17,963,109	76,556,307	77,165,766

Exhibit I

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Balance Sheet

June 30, 2013

(with comparative amounts for June 30, 2012)

Assets		**2013**	**2012**
Cash and cash equivalents	$	4,303,977	4,795,192
Investments		41,341,455	35,562,052
Receivables:			
Federated and nonfederated		304,687	279,956
Pledges, net		14,303,264	13,811,146
Bequests		1,748,361	1,330,328
Split-interest agreements, net		15,567,726	14,058,766
Other		453,453	218,352
Intercompany accounts receivable		2,083,333	3,738,926
Prepaid expense and other assets		98,169	95,901
Beneficial interest in perpetual trusts		18,163,424	17,288,990
Land, buildings, and equipment, net		10,470,306	10,951,232
Total assets	$	108,838,155	102,130,841
Liabilities and Net Assets			
Liabilities:			
Intercompany payables	$	20,828,787	21,111,888
Accounts payable and accrued expense		3,234,265	3,231,648
Research awards payable		17,069,711	16,151,493
Bonds payable		3,414,875	1,380,000
Other liabilities		—	3,768,733
Total liabilities		44,547,638	45,643,762
Net assets:			
Unrestricted:			
Available for research, program and supporting activities		7,232,587	1,612,410
Investment in land, buildings, and equipment		10,470,306	10,951,232
Total unrestricted		17,702,893	12,563,642
Temporarily restricted		26,699,057	24,929,304
Permanently restricted		19,888,567	18,994,133
Total net assets		64,290,517	56,487,079
Total liabilities and net assets	$	108,838,155	102,130,841