



LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

**The Boards of Directors of
Nashville Region of the American Red Cross:**

We have audited the accompanying statement of financial position of Nashville Region of the American Red Cross (the "Organization") 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 Organization's management. 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 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 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 Nashville Region of the American Red Cross as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules and statements of financial position and activities by chapter are presented for purposes of additional analysis and are 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.

Lattimore Black Morgan & Cain, PC

**Brentwood, Tennessee
September 3, 2010**

**NASHVILLE REGION OF THE
AMERICAN RED CROSS**

Financial Statements

June 30, 2010

(With Independent Auditors' Report Thereon)



LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

NASHVILLE REGION OF THE AMERICAN RED CROSS

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**FY10 Annual Chapter Financial Statements
for Nashville Region
Statement of Financial Position
As of June 30, 2010**

PART II

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

ASSETS

CURRENT ASSETS:

1Cash and Cash Equivalents

2Investments - Current

Receivables:

3Notes Receivable - Current

4Contributions, Pledges Receivable - Current

5Inter-Red Cross Receivables

6Due from Other Classes of Net Assets

7All Other Receivables

8Inventories

9Prepaid and Other Assets - Current

10TOTAL CURRENT ASSETS

NON-CURRENT ASSETS:

11Investments - Non-Current (Including 12970)

Receivables:

12Notes Receivable - Non-Current

13Contributions, Pledges Receivable - Non-Current

14Land, Buildings and Major Equipment, Less Accumulated Depreciation

15Prepaid and Other Assets -Non-Current

16TOTAL NON-CURRENT ASSETS

17TOTAL ASSETS

LIABILITIES

CURRENT LIABILITIES:

18Debt - Current

19Accounts Payable

20Accrued Liabilities

21Due to Other Classes of Net Assets

22Inter-Red Cross Payables

23Other Liabilities - Current

24TOTAL CURRENT LIABILITIES

NON-CURRENT LIABILITIES:

25Debt - Non-Current

26Other Liabilities - Non-Current

27TOTAL NON-CURRENT LIABILITIES

28TOTAL LIABILITIES

NET ASSETS

29Unrestricted

30Temporarily Restricted

31Permanently Restricted

32TOTAL NET ASSETS

33TOTAL LIABILITIES AND NET ASSETS

Account	Note	Sched.	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
11			1,855,322	0	0	1,855,322
12x10	1 & 6		221,677	0	0	221,677
13x10			0			0
	7 & 13		88,072	534,786	0	622,858
18		1	81,062	154,491	0	235,553
16			0	30,933	0	30,933
			167,076	0	0	167,076
15	1		0	0		0
19			173	0	0	173
			2,413,382	720,210	0	3,133,592

12x8x	1 & 6		27,755	0	33,000	60,755
13x80			0			0
	13		0	252,000	0	252,000
17	1, 5 & 11		1,640,404			1,640,404
19			0	0	0	0
			1,668,159	252,000	33,000	1,953,159
			4,081,541	972,210	33,000	5,086,751

Account	Note	Sched.	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	5		0			0
22 - 23			24,202	0		24,202
24			137,501	0		137,501
26			30,933	0	0	30,933
28		2	267,291	0		267,291
29			0	0	0	0
			459,927	0	0	459,927

	5		0			0
29			0	0	0	0
			0	0	0	0
			459,927	0	0	459,927

		3	3,621,614			3,621,614
	10			972,210		972,210
	10				33,000	33,000
			3,621,614	972,210	33,000	4,626,824
			4,081,541	972,210	33,000	5,086,751

See Accompanying Notes to Financial Statements

**FY10 Annual Chapter Financial Statements
for Nashville Region
Statement of Activities
For the Fiscal Year Ended June 30, 2010**

PART III

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

CONTRIBUTIONS, REVENUE AND GAINS

1	Federated
2	Monetary Contributions (except 41270)
3	Net Special Events
4	Legacies and Bequests
5	In-Kind Contributions
6	Grants
7	Investment Income
8	Income from Endowment
9	Contracts
10	Products and Services
11	Inter-Red Cross Revenues
12	Other Revenues and Gains / (Losses)
13	Reclassifications to Unrestricted Class
14	TOTAL CONTRIBUTIONS, REVENUE AND GAINS

Account	Note	Sched.	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
411		5	30,167	734,622		764,789
412		6	1,661,146	151,697	0	1,812,843
413		7	419,342	0		419,342
42			13,354	0	0	13,354
43		8	21,232	0	0	21,232
461 - 462		9	130,225	172,212		302,437
44	6		32,770	0	0	32,770
45			(2,248)	0	0	(2,248)
463 - 464		10	108,296			108,296
47 - 48		12	929,812	0		929,812
		13	516,704	116,225		632,929
49		14	81,097	0	0	81,097
714			952,216	(952,216)		0
			4,894,113	222,540	0	5,116,653

EXPENSES BY PSC

15	Services to Chapters
16	Services to Armed Forces (SAF)
17	Disaster Services
18	Biomedical Services
19	Health Services
20	Community Services
21	International Services
22	TOTAL Program Services
23	Membership and Fundraising (except PSC 88)
24	Management and General
25	TOTAL Supporting Services
26	National Sector - Chapter Assessment
27	TOTAL EXPENSES

PSC / Account	Note	Sched.	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
05			647,719			647,719
10			143,115			143,115
20			957,964			957,964
30			0			0
40			1,019,517			1,019,517
60			308,173			308,173
70			4,120			4,120
			3,080,608			3,080,608
80			650,298			650,298
90			365,952			365,952
			1,016,250			1,016,250
00			434,383			434,383
			4,531,241			4,531,241

28 EXCESS / (DEFICIT) OF REVENUES OVER EXPENSES

			362,872	222,540	0	585,412
--	--	--	---------	---------	---	---------

29	Cumulative Effect of Accounting Change/Other
30	Transfer of Net Assets to/from Another ARC Unit
31	Change in Net Assets
32	Net Assets at Beginning of Year
33	Net Assets at End of Year

715	12		0	0	0	0
716			0	0	0	0
			362,872	222,540	0	585,412
			3,258,742	749,670	33,000	4,041,412
			3,621,614	972,210	33,000	4,626,824

See Accompanying Notes to Financial Statements

**FY10 Annual Chapter Financial Statements
for Nashville Region
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2010**

PART IV

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

EXPENSES:

1	Compensation (Salaries and Wages)
2	Employee Benefits
3	Travel Expenses
4	Financial and Material Assistance
5	Supplies & Materials
6	Equipment - Maintenance & Rental
7	Contractual Services
8	Depreciation and Amortization Expense
9	Inter Red Cross Expenses less Acct. 54710 (Schedule 15)
10	National Sector - Chapter Assessment (Schedule 4)
11	TOTAL EXPENSES

Account	Services to Chapters PSC 05	Services to Armed Forces PSC 10	Disaster Services PSC 20	Biomedical Services PSC 30	Health Services PSC 40
51	372,947	38,376	317,720	0	463,513
52	77,896	9,429	72,357	0	104,217
53	9,731	19,288	6,510	0	7,453
54	18,720	7,040	333,992	0	39,021
55 - 56	6,480	12,264	27,176	0	284,339
57	7,406	2,852	44,546	0	15,326
58 - 67	132,365	21,740	92,174	0	64,795
69	5,134	2,334	35,674	0	14,425
5x7	17,040	29,792	27,815	0	26,428
54710	0	43,438	217,192	0	86,877
	647,719	186,553	1,175,156	0	1,106,394

EXPENSES:

12	Compensation (Salaries and Wages)
13	Employee Benefits
14	Travel Expenses
15	Financial and Material Assistance
16	Supplies & Materials
17	Equipment - Maintenance & Rental
18	Contractual Services
19	Depreciation and Amortization Expense
20	Inter Red Cross Expenses less Acct. 54710 (Schedule 15)
21	National Sector - Chapter Assessment (Schedule 4)
22	TOTAL EXPENSES

Account	Community Services PSC 60	International Services PSC 70	TOTAL Program Services PSC 05 - 70	Membership & Fundraising PSC 80	Management and General PSC 90
51	194,105	2,293	1,388,954	276,756	148,775
52	47,970	461	312,330	61,018	33,375
53	9,077	11	52,070	17,709	21,834
54	26	4	398,603	97,662	5,340
55 - 56	13,139	45	343,443	31,735	12,534
57	3,306	157	73,593	3,714	6,331
58 - 67	20,749	387	332,210	138,113	117,823
69	2,854	212	60,633	12,393	15,292
5x7	16,947	550	118,572	11,198	4,648
54710	0	43,438	390,945	17,375	26,063
	308,173	47,558	3,471,553	667,673	392,015

EXPENSES:

23	Compensation (Salaries and Wages)
24	Employee Benefits
25	Travel Expenses
26	Financial and Material Assistance
27	Supplies & Materials
28	Equipment - Maintenance & Rental
29	Contractual Services
30	Depreciation and Amortization Expense
31	Inter Red Cross Expenses less Acct. 54710 (Schedule 15)
32	National Sector - Chapter Assessment (Schedule 4)
33	TOTAL EXPENSES

Account	TOTAL Supporting Services PSC 80 & 90	TOTAL For Current Year (All Programs & Support)	Special Events Expenses PSC 88	GRAND TOTAL For Current Year - Special Events Included
51	425,531	1,814,485	0	1,814,485
52	94,393	406,723	0	406,723
53	39,543	91,613	0	91,613
54	103,002	501,805	0	501,805
55 - 56	44,269	387,712	0	387,712
57	10,045	83,638	0	83,638
58 - 67	255,936	588,146	68,740	656,886
69	27,685	88,318	0	88,318
5x7	15,846	134,418	0	134,418
54710	43,438	434,383		434,383
	1,059,688	4,531,241	68,740	4,599,981

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See Accompanying Notes to Financial Statements

**FY10 Annual Chapter Financial Statements
for Nashville Region
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010**

PART V

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

Cash Flows from Operating Activities:		FY10 Totals	
1	Change in Net Assets	585,412	FY10 Page 3, Line 31 Total
	Adjustments to Reconcile Changes in Net Assets to		
	Net Cash Provided by Operating Activities:		
2	+ Depreciation and Amortization	88,318	FY10 Page 4, Line 30 Grand Total
3	+ Net Investment and Derivative (Gains) / Losses	814	
4	+ Provision for Doubtful Accounts Receivable	128,844	FY10 Total (Page 10, Line 28 Receivable Amount)
5	+ Provision for Obsolete Inventory	50,275	FY10 Total (Page 10, Line 28 Inventory Amount)
6	(Gains) / Losses on Sale of Land, Buildings and Equipment, Net	0	FY10 Page 17, Line 24 Total
7	- Permanently Restricted Contributions and Revenue	0	FY10 Page 3, Line 14 Permanently Restricted
8	Cumulative Effect of Accounting Change	0	
9	+/	0	
Changes in Assets and Liabilities:			
10	(Increase) / Decrease in Receivables, Including Pledges	(630,037)	
11	(Increase) / Decrease in Inventories	0	
12	(Increase) / Decrease in Prepaid Expenses and Other Assets	3,052	
13	Increase / (Decrease) in Accounts Payable and Accrued Expenses	122,474	
14	Increase / (Decrease) in Other Liabilities	(4,993)	
15	+/ Increase in Insurance Receivables due to Flood Damage	33,158	
16	Net Cash Provided / (Used) by Operating Activities	377,317	
Cash Flows from Investing Activities:			
17	- Purchases of Land, Buildings and Equipment	(42,797)	Exclude property given in kind and property acquired under capital leases.
18	+ Proceeds from Sale of Land, Buildings and Equipment	0	FY10 Page 17, Line 22 Total
19	- Purchases of Investments	(188,708)	
20	+ Proceeds from Sale of Investments	39,519	
21	+/	0	
22	Net Cash Provided / (Used) by Investing Activities	(191,986)	
Cash Flows from Financing Activities:			
23	+ Permanently Restricted Contributions and Income	0	0 Enter current year non-cash Permanently Restricted revenue
24	+ Proceeds from Borrowings	0	Exclude property acquired under capital lease agreements
25	- Repayments of Debt	0	
26	+/	0	
27	Net Cash Provided / (Used) by Financing Activities	0	
28	Increase / (Decrease) in Cash and Cash Equivalents	185,331	Sum of Lines 16 + 22 + 27
29	Cash and Cash Equivalents at Beginning of Year	1,669,991	
30	Cash and Cash Equivalents at End of Year (Lines 28 + 29)	1,855,322	Must equal Page 2, Line 1 Total
Supplemental Disclosures of Cash Flow Information:			
31	Cash Paid During the Year for Interest	0	
Non-Cash Investing and Financing Transactions:			
32	Acquisition of Equipment Under Capital Lease Agreements	0	
33	Donated Stock and Beneficial Interest in Perpetual Trust	0	

See Accompanying Notes to Financial Statements

**FY10 Annual Chapter Financial Statements
for Nashville Region
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PART VI

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BASIS OF PRESENTATION - The chapter is a chartered unit of the American Red Cross, a not-for-profit organization incorporated under the laws of the District of Columbia and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. A consolidated Exempt Organization Business Income Tax Return (Form 990-T) is filed by and only by American Red Cross headquarters for the organization as a whole.

PROGRAM ACTIVITIES - These activities may include armed forces emergency services, disaster services, biomedical services, health and safety services, community services, and international services.

CONTRIBUTIONS - All contributions are considered to be available for the general programs of the chapter unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions are booked in the temporarily restricted class for restrictions expiring during this fiscal year, and then reclassified to the unrestricted class. Contributions received by the chapter are shared with national headquarters. The provisions for expiration of restrictions on temporarily restricted net assets were adopted prospectively.

DONATED SERVICES AND MATERIALS - Amounts have been reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Donated materials are recorded at the fair value at the date of the gift. (If total in-kind items are material, attach page to indicate the program services involved.)

LAND, BUILDINGS, AND EQUIPMENT - Purchases of land, buildings and equipment having a unit cost of \$2,500 or more and an estimated useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair market value at time of receipt. Certain donated services are capitalized as improvements when those services enhance the value of assets. Interest expense, less related interest income carried on proceeds of tax-exempt income, carried on proceeds of tax-exempt borrowing, is capitalized as a cost of construction until the asset is ready for its intended use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. It is not American Red Cross' policy to imply time restrictions expiring over the useful life of donated assets. In absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

INVESTMENTS - Investments are reported at fair value, which is determined by using quoted market prices, where available. Where not available, the present value of estimated future cash flows or another reasonable method is used. No investment or group of investments represents a significant concentration of credit or market risk.

INVENTORIES - Supplies inventories purchased for use in program and supporting services are carried at the lower of first-in, first-out cost or market.

USE OF ESTIMATES - The preparation of financial statements in accordance with 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.

OTHER POLICIES -- Attach Page(s)

NOTE 2. RETIREMENT PLANS

		Yes / No	
1	A. American Red Cross Retirement System?	<input type="button" value="Yes"/>	<input type="button" value="Total"/>
2	B. Other Pension Plan?	<input type="button" value="No"/>	If Yes, Indicate Cash Payments to Plan <input type="text"/>
3	C. If B is Yes, did projected benefit obligations exceed pension plan assets at fiscal year end?	<input type="button" value="No"/>	If Yes, Indicate Amount of Excess <input type="text" value="0"/>
4	D. ARC 401(k) Plan?	<input type="button" value="Yes"/>	
5	E. Other 401(k) Plans?	<input type="button" value="No"/>	If Yes, Indicate Amount of Employer Contributions <input type="text"/>

**FY10 Annual Chapter Financial Statements
for Nashville Region
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PART VI (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

NOTE 3. POSTRETIREMENT BENEFITS

- 1 **A. American Red Cross Life and Health Benefits Plan?**

Yes / No
Yes
- 2 **B. Other Life Insurance and Health Plans?**

No

- * If B is Yes, complete C.1 and C.2 next

			<table><tr><td>Total</td></tr><tr><td>0</td></tr></table>	Total	0
Total					
0					
3	C.1.	Service Cost of Benefits Earned	<table><tr><td>0</td></tr></table>	0	
0					
4		Interest Cost on Liability	<table><tr><td>0</td></tr></table>	0	
0					
5		Net Postretirement Benefit Cost	<table><tr><td>0</td></tr></table>	0	
0					

C.2.	The Accumulated Postretirement Benefit Obligation (APBO) at end of year was:	Total
6	Retirees	0
7	Fully Eligible Active Plan Participants	0
8	Other Active Participants	0
9	Accumulated Postretirement Benefit Obligation	0

NOTE 4. COMMITMENTS AND CONTINGENCIES

A. Schedule of minimum future rent/lease commitments under non-cancellable operating lease agreements for the fiscal years ending June 30:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

		Total
17	B. Rent / Lease Expense for Fiscal Year	84,623

C. Other significant commitments or contingencies are as follows:

18

(maximum of 500 characters)

**FY10 Annual Chapter Financial Statements
for Nashville Region
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PART VI (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

NOTE 5. NOTES, MORTGAGES, BONDS AND CAPITAL LEASES PAYABLE

A. FUNDED DEBT

1	Fixed or Variable Rates	
2	Interest Rates (%)	
3	Final Maturity Date	
4	General Obligations (G.O.) or Pledged Assets (P.A.)	
	Scheduled Principal Maturities for Fiscal Years	
5	Ending June 30:	2011
6		2012
7		2013
8		2014
9		2015
10		2016 and beyond
11		TOTAL Principal Due

	Non - Tax Exempt	Tax Exempt
Debt with Local Institutes Accounts 211, 212 & 219	Wachovia Notes Account 215	Tax Exempt Bonds Account 216
	0.00%	0.00%
	01/01/01	01/01/01
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

Yes / No

12	Have events of default occurred?	
13	If Yes, have appropriate waivers been obtained?	

B. CAPITAL LEASES

1. The following represents the gross and net book value of leased property
under capital leases included in land, buildings and equipment:

14	Land
15	Buildings and improvements
16	Equipment
17	TOTAL Before Amortization
18	Less: Accumulated Amortization
19	NET BOOK VALUE AT END OF YEAR

Amount Included in Account Balance
0
0
0
0
0
0
0

2. The following is a schedule by years of the future minimum lease payments
under capital lease obligations and the present value of the
net minimum lease payments as of June 30:

20	2011
21	2012
22	2013
23	2014
24	2015
25	2016 and beyond
26	TOTAL Minimum Lease Payments
27	Less: Amount Representing Interest
28	PRESENT VALUE of Net Minimum Lease Payments

Capital Leases Account 213
0
0
0
0
0
0
0
0

**FY10 Annual Chapter Financial Statements
for Nashville Region
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PART VI (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

NOTE 5 (cont.). NOTES, MORTGAGES, BONDS AND CAPITAL LEASES PAYABLE

**C. NOTES, MORTGAGES, AND BONDS PAYABLE -
INTER RED CROSS**

1	Interest Rates - Annual Percentage Rates (APR)	
2	Due Dates	
	Scheduled Principal Maturities for Fiscal Years ending June 30:	
3	2011	
4	2012	
5	2013	
6	2014	
7	2015	
8	2016 and beyond	
9	TOTAL Principal Due	

NIHQ Internal Loan (Incl. NIHQ lease prog.) Account 2814	Other Chapters Account 2824	Blood Regions Account 2834
	0.00%	0.00%
01/01/01	01/01/01	01/01/01
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

**D. SUMMARY OF NOTES, MORTGAGES, BONDS, AND
CAPITAL LEASES**

10	Debt with Local Institutes
11	Wachovia Notes
12	Tax Exempt Bonds
13	Capital Leases
14	Notes, Bonds Payable - National
15	Notes, Bonds Payable - Chapters
16	Notes, Bonds Payable - Regions
17	TOTAL (Must equal Page 2, Lines 18 + 25)

Account	Short Term Debt	Long Term Debt	Total
211, 212 & 219	0	0	0
215	0	0	0
216	0	0	0
213	0	0	0
2814	0	0	0
2824	0	0	0
2834	0	0	0
	0	0	0

**E. THE FUNDED DEBT IN SECTION A ARE COLLATERALIZED
WITH THE FOLLOWING PROPERTY**

Debt Secured by a Lien on Assets:

18	Land
19	Building
20	Equipment
21	TOTAL

Amount of Loans	Book Value of Assets with Liens	Estimated Market Value of Assets
0	0	0
0	0	0
0	0	0
0	0	0

**FY10 Annual Chapter Financial Statements
for Nashville Region
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PART VI (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

NOTE 6. INVESTMENTS AT END OF YEAR

A. Cash Equivalents reclassified to Account 11x:

Money Market and Cash Equivalents included in Page 2, Line 1

Total
0

B. Composition of Investments:

Select Investment Program Funds (Including Red Cross Endowment):

2	Liquidity Fund (LQF)
3	Bond Funds (DBF, STB, LDB)
4	Equity Funds (SSF, IDN, ISF)
5	SORCE Fund and DLT-A Class
6	TOTAL Select Investment Program Funds (Including Red Cross Endowment)
7	Non-Select Investment Program Funds:
8	Certificates of Deposits, Commercial Paper, Repurchase Agreements
9	High-Yield Deposits
10	Federal Instruments (Treasury and Agency Bonds)
11	Common Stock (Donated)
12	Corporate Bonds
13	Other Investments (i.e. Mutual Funds, Commingled Trust Funds, etc.):

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
128	0	0	0	0
128	0	0	33,000	33,000
128	0	0	0	0
128	27,755	0	0	27,755
	27,755	0	33,000	60,755
121, 123, 125	221,677	0	0	221,677
121	0	0	0	0
122	0	0	0	0
12400	0	0	0	0
127	0	0	0	0
129	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	221,677	0	0	221,677
	249,432	0	33,000	282,432

Short Term Investments	Long Term Investments
0	0
0	33,000
0	0
0	27,755
0	60,755
221,677	0
0	0
0	0
0	0
0	0
221,677	0
221,677	60,755

TOTAL Non-Select Investment Program Funds

TOTAL Investments (Must equal Page 2, Lines 2 + 11)

C. Are there any non SIP investments classified as level 2 or level 3 as described by FASB ASC 820?

If yes, please provide additional footnote documentation on level 2 and 3 investments.

No

D. Investment Income:

18	Interest
19	Dividends
20	Realized Gains / (Losses) from Sale of Securities
21	Unrealized Gains / (Losses) on Securities Held at End of Period
22	Gains / (Losses) on Sale / Disposition of Other Assets
23	Other
24	TOTAL Investment Income (Must equal Page 3, Line 7)

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
441	11,525	0	0	11,525
442	0	0	0	0
443	413	0	0	413
44520	20,832	0	0	20,832
446	0	0	0	0
444 & 449	0	0	0	0
44x	32,770	0	0	32,770

NOTE 7. ALLOWANCE: Allowances are provided for amounts, including pledges, estimated to be uncollectible.

They have been offset against the related receivable on the balance sheet as follows:

25	Beginning Balance of Allowance for Uncollectibles
26	Less: Write-offs During Year
27	Add: Expense for the Fiscal Year
28	TOTAL Ending Balance Allowance for Uncollectible Accounts

Receivable Amount	Inventory Amount
67,070	0
137,840	50,275
128,844	50,275
58,074	0

NOTE 8. RELATED PARTY TRANSACTIONS - (Attach a statement).

**FY10 Annual Chapter Financial Statements
for Nashville Region
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PART VI (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

NOTE 9. INTER-COMPANY DISCLOSURES (round to whole dollars): In connection with the American Red Cross consolidated annual report of all reporting entities as of fiscal year end, and for the year then ended, CHAPTERS ARE REQUIRED to disclose details of receipts, allowable expenses and balances due to the National Headquarters for Domestic DRF, International Response Fund, and any Other National Initiatives. (attach a list if more space is required).

REQUIRED NATIONAL CONTRIBUTIONS DISCLOSURE

- 1 Prior Year Ending Balance Owed to NHQ
- 2 Gross Contributions - Current Year
- 3 LESS: All Expenses Deducted From Contributions *
- 4 Amount to be Remitted to NHQ
- 5 LESS: Amounts Paid During the Fiscal Year
- 6 Balance Owed to NHQ at End of Year

Domestic Disaster Relief	International Response	Other National Initiatives	Total
102,897	0	0	102,897
2,986,103	890,365	0	3,876,468
28,923	212	0	29,135
3,060,077	890,153	0	3,950,230
2,882,227	829,166	0	3,711,393
177,850	60,987	0	238,837

* These amounts must be included as expenses on the financial statements.

NOTE 10. TYPES OF RESTRICTIONS, TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Available for expenditure for the following programs:

- 7 Disaster Services
- 8 Health Services
- 9 Community Services
- 10 Buildings and Equipment
- 11 Other
- 12 General Purpose - Time Restricted (e.g. United Way)
- Investments in Perpetuity, Income Which is Expendable to Support:
- 13 General Operations
- 14 Disaster
- 15 Other Programs
- 16 Other Investments
- 17 TOTAL Restricted Net Assets

Temporarily Restricted	Permanently Restricted
118,804	
3,520	
0	
0	
0	
849,886	
	33,000
	0
	0
	0
** 972,210	33,000 ***

** Must equal Page 2, Line 30, Temporarily Restricted Net Assets

*** Must equal Page 2, Line 31, Permanently Restricted Net Assets

NOTE 11a. LAND, BUILDINGS, EQUIPMENT, AND ACCUMULATED DEPRECIATION

- 18 Construction in Progress
- 19 Land
- 20 Buildings and Improvements
- 21 Less: Accumulated Depreciation / Amortization
- 22 Equipment
- 23 Less: Accumulated Depreciation - Equipment
- 24 Less: Accumulated Impairment
- 25 Net Fixed Assets (Must equal Page 2, Line 14)

Account	Leasehold Improvements	Total
171		0
172		328,156
173	0	2,122,156
174	0	903,613
175		584,152
176		490,447
177		0
17x		1,640,404

NOTE 11b. IMPAIRMENT AND OTHER DISCLOSURES

Below are described the required FASB ASC 360-10-35 disclosures for amounts listed on Line 24 for accumulated long-lived asset impairment.

(maximum of 500 characters)

**FY10 Annual Chapter Financial Statements
for Nashville Region
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PART VI (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

NOTE 12. CUMULATIVE EFFECT OF ACCOUNTING CHANGE / OTHER (Account 71500)

List below the impact of those events accounted for as a cumulative effect of change in accounting / other (to include extraordinary items).

Description of Change:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
Total	0	0	0	0

Explanation for Events Described Above:

* Must equal Page 3, Line 29

(maximum of 500 characters)

NOTE 13. FUTURE YEAR UNCONDITIONAL PLEDGES (Any amounts included on Page 2, Lines 4 & 13)

Unconditional Promises to Give:

6 Amount Receivable Within 1 Year
7 Less: Allowance for Uncollectibles
8 **TOTAL Due Within 1 Year**
9 Amount Receivable in 1 to 5 Years
10 Amount Receivable Beyond 5 Years
11 **TOTAL Due Beyond 1 Year**

Gross Amount Receivable	Discount Amount	Net of Discount (Present Value)
		637,644
		14,786
		622,858
234,000	0	234,000
18,000	0	18,000
		252,000

NOTE 14. CONDITIONAL PROMISES TO GIVE

(From chapter administrative records)

Description of amount for each group of unrecorded promises having similar characteristics (such as promises conditioned on establishing new programs, completing a new building, and raising matching gifts by a specified date, etc.):

Characteristic:	Amount
12	0
13	0
14	0
15	0
16	0
TOTAL Amount Promised Conditionally	0

**FY10 Annual Chapter Financial Statements
for Nashville Region
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PART VI (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

NOTE 15. ALLOCATION OF JOINT COSTS (FASB ASC 958-720 and IRS 990)

See FMPP Section 6.9.5: Accounting for Costs of Activities that Include Fundraising

	PSC	Amount
1 Services to Chapters	05	0
2 Services to Armed Forces (SAF)	10	0
3 Disaster Services	20	0
4 Biomedical Services	30	0
5 Health Services	40	0
6 Community Services	60	0
7 International Services	70	0
8 TOTAL Program Services		0
9 Membership and Fundraising (except PSC 88)	80	0
10 Management and General	90	0
11 TOTAL Supporting Services		0
12 TOTAL of All Allocated Joint Costs		0

Types of Activities For Which Joint Costs Have Incurred:

13

(maximum of 500 characters)

NOTE 16. SPLIT INTEREST AGREEMENT DISCLOSURES -- TRUSTS

Split-Interest Agreements - The table below represents certain split-interest agreements that are trust assets administered by a third party, e.g., a bank or other financial institute, as defined and discussed in the Financial Manual of Policy and Procedures (FMPP) Section 6.7.1

Description of agreements to include the following [attach sheet(s)]:

- A description of the general terms of existing split interest agreements.
- The discount rates and actuarial assumptions used in calculating present values.
- The basis used (for example, cost, lower of cost or market, fair market value) for recognized assets.

Charitable Remainder Trusts:

Assets:	
14 Contributions Receivable from Charitable Remainder Trusts	
Revenues:	
15 Charitable Annuities Income (account 422)	
16 Gains / (Losses) on Value of Trust (account 444)	

Perpetual Trusts:

Assets:	
17 Beneficial Interest in Perpetual Trusts	
Revenues:	
18 Legacies, Bequests Income (account 421)	
19 Gains / (Losses) on Value of Trust (account 444)	

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
0	145,198	0	145,198
0	0	0	0
17,969	0	0	17,969
0	0	0	0
13,352	0	0	13,352
0	0	0	0

**FY10 Annual Chapter Financial Statements
for Nashville Region
Supplemental Schedules
For the Fiscal Year Ended June 30, 2010**

PART VII

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

SCHEDULE 1: INTER-RED CROSS RECEIVABLES

- 1 Due from National Sector
- 2 Due from Chapters
- 3 Due from Blood Services Regions
- 4 **TOTAL Inter-Red Cross Receivables (Must equal Page 2, Line 5)**

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
181	73,249	154,491	0	227,740
182	3,000	0	0	3,000
183	4,813	0	0	4,813
18x	81,062	154,491	0	235,553

SCHEDULE 2: INTER-RED CROSS PAYABLES

- 5 Due to National Sector (except Acct. 28110)
- 6 Due to National Sector - Assessment
- 7 Due to National Sector - Funds Raised for National
- 8 Due to Chapters
- 9 Due to Blood Services Regions
- 10 **TOTAL Inter-Red Cross Payables (Must equal Page 2, Line 22)**

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
281	0	0		0
2811	18,644			18,644
28150	238,837	0		238,837
282	0	0		0
283	9,810	0		9,810
28x	267,291	0		267,291

SCHEDULE 3: COMPOSITION OF UNRESTRICTED NET ASSETS

- 11 Designated for Contingencies
- 12 Designated for Equipment
- 13 Designated for Building
- 14 Designated for Disaster
- 15 Designated for Sinking Fund
- 16 Board-designated Quasi-endowment
- 17 Net Assets - Designated Other
- 18 Financial Activities Outside Local Jurisdiction
- 19 Undesignated Net Assets
- 20 **TOTAL Unrestricted Net Assets (Must equal Page 2, Line 29)**

Account	Unrestricted
331	0
332	0
333	0
334	0
336	0
337	0
	0
338	0
	3,621,614
	3,621,614

**SCHEDULE 4: CHAPTER ASSESSMENT
PAYABLE RECONCILIATION**

- 21 Invoice for Current Fiscal Year
- 22 Less: Cash Payments During Fiscal Year for Fiscal Year
- 23 Credits Applied to Invoice for Current Fiscal Year
- 24 Amount Due to NHQ on Current Year Chapter Assessment
- 25 Add: Amount Due NHQ at End of Year for Prior Years
- 26 **TOTAL Chapter Assessment Due to NHQ for All Years**

Total
434,383
123,100
321,459
(10,176)
28,820
18,644

* Must equal Page 3, Line 26, Total

** Credits should include Fundraising and Regional Credits

*** Must equal Page 14, Line 7

**FY10 Annual Chapter Financial Statements
for Nashville Region
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For the Fiscal Year Ended June 30, 2010**

PART VII (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

SCHEDULE 5: FEDERATED CONTRIBUTIONS

- 1 United Way
- 2 CFC
- 3 All Other Federated Contributions
- 4 **TOTAL Federated (Must equal Page 3, Line 1)**

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
41110	10,113	734,622		744,735
41120	20,054	0		20,054
41130	0	0		0
411	30,167	734,622		764,789

SCHEDULE 6: MONETARY CONTRIBUTIONS

- 5 Corporations
- 6 Foundations
- 7 General Public
- 8 Other Monetary Contributions
- 9 **TOTAL Monetary Contributions (Must equal Page 3, Line 2)**

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
41210	136,291	50,106	0	186,397
41220	48,360	16,350	0	64,710
41230	1,459,858	85,241	0	1,545,099
41250	16,637	0	0	16,637
412	1,661,146	151,697	0	1,812,843

SCHEDULE 7: SPECIAL EVENTS REVENUE

- 10 Gross Special Events
- 11 Less: Direct Costs of Events
- 12 **Net Special Events Revenue (Must equal Page 3, Line 3)**

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
488,082	0		488,082
68,740	0		68,740
419,342	0		419,342

SCHEDULE 8: IN-KIND CONTRIBUTIONS

- 13 Donated Materials
- 14 Donated Services
- 15 Donated Space and Utilities
- 16 Donated Property and Equipment
- 17 Donated - Other
- 18 **TOTAL In-Kind Contributions (Must equal Page 3, Line 5)**

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
4,500	0	0	4,500
3,232	0	0	3,232
13,500	0	0	13,500
0	0	0	0
0	0	0	0
21,232	0	0	21,232

**FY10 Annual Chapter Financial Statements
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PART VII (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

SCHEDULE 9: GOVERNMENT & PRIVATE FOUNDATION GRANT INCOME

- 1 Private Foundation / Corporation / Other Grants
2 State and Local Government Grants
3 TOTAL Grant Income (Must equal Page 3, Line 6)

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
46210	130,225	172,212		302,437
462	0	0		0
	130,225	172,212		302,437

* Amounts should not include Inter-Red Cross accounts.

SCHEDULE 10: GOVERNMENT & PRIVATE FOUNDATION CONTRACT INCOME

- 4 Private Foundation / Corporation / Other Contracts
5 Federally Derived Government Contracts
6 State and Local Government Contracts
7 TOTAL Contract Income (Must equal Page 3, Line 9)

Account	Unrestricted
46410	108,296
463	0
464	0
	108,296

** Amounts should not include Inter-Red Cross accounts.

SCHEDULE 11: EXPENSES ASSOCIATED WITH FEDERAL AWARDS***

AGENCY:	PURPOSE:	Account	Grant / Contract Number	Total Expenses
8		5xx / 6xx	(enter number here)	0
9		5xx / 6xx	(enter number here)	0
10		5xx / 6xx	(enter number here)	0
11		5xx / 6xx	(enter number here)	0
12		5xx / 6xx	(enter number here)	0
13	Total from attached sheet			0
14	TOTAL Expenses Associated with Federal Awards			0

*** A-133 audits are required if there are \$500,000 or more in Federal award expenditures during the fiscal year. Did your chapter undergo an A-133 audit?
(If yes, the report must accompany ACFS.)

☐ Yes / No

**FY10 Annual Chapter Financial Statements
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PART VII (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

SCHEDULE 12: PRODUCTS & SERVICES (EXTERNAL)

- 1 Program Materials
- 2 Community Training Course Fees
- 3 Contract Training Course Fees
- 4 Third Party Provider Training Course Fees
- 5 Blended Learning
- 6 Other Products and Services (except 48970 & 48980)
- 7 **TOTAL Products and Services (External) (Must equal Page 3, Line 10)**

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
475	270,603	0		270,603
481	221,874	0		221,874
482	279,982	0		279,982
483	136,257	0		136,257
484	13,387	0		13,387
489	7,709	0		7,709
	929,812	0		929,812

SCHEDULE 13: INTER RED CROSS REVENUES

- Monetary Contributions -- Inter-Red Cross:
- 8 SDA Reimbursements
- 9 903 Reimbursements
- 10 Other IRC Monetary Contributions
- 11 In-Kind Contributions
- 12 Assessments (include prior year fund campaign write-offs)
- 13 Federally Derived Contracts (except 46310)
- 14 Non-federally Derived Grants and Contracts (except 46210 & 46410)
- 15 Products and Services
- 16 Other Revenues
- 17 **TOTAL Inter Red Cross Revenues (Must equal Page 3, Line 11)**

Account	National Sector	Chapters	Blood Service Regions	Total
4127 / 4157				
	52,962	0	0	52,962
	39,424	0	0	39,424
	323,299	0	0	323,299
43970	0	0	0	0
46270	0	0	0	0
463	64,962	0	0	64,962
462 / 464	0	0	0	0
47x70	0	3,971	0	3,971
	44,211	70,062	34,038	148,311
	524,858	74,033	34,038	632,929

SCHEDULE 14: OTHER REVENUES, GAINS, AND LOSSES

- 18 Royalties
- 19 Rent (non-taxable)
- 20 Proceeds From Sale of Fixed Assets
- 21 Less: Book Value of Fixed Assets Sold
- 22 Gains / (Losses) on Sale of Fixed Assets
- 23 Unrelated Taxable Income (except account 49710)
- 24 Unrelated Debt-financed Rental Income
- 25 Miscellaneous Revenues, Gains and Losses
- 26 **TOTAL Other Revenues, Gains and Losses (Must equal Page 3, Line 12)**

Account	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
491	31,058	0	0	31,058
492	0	0	0	0
	0	0	0	0
	0	0	0	0
494	0	0	0	0
49790	0	0	0	0
49710	0	0	0	0
493 & 499	50,039	0	0	50,039
	81,097	0	0	81,097

Provide an explanation of amount in Miscellaneous Revenues, Gains and Losses, if amount is > 10% of TOTAL Revenue (Page 3, Line 14).

(maximum of 500 characters)

**FY10 Annual Chapter Financial Statements
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PART VII (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

**SCHEDULE 15: INTER RED CROSS EXPENSES
(OTHER THAN CHAPTER ASSESSMENT)**

	PSC	National Sector	Chapters	Blood Service Regions	Total
1 Service to Chapters	05	65	4,397	12,578	17,040
2 Services to Armed Forces (SAF)	10	24	27,081	2,687	29,792
3 Disaster Services	20	82	1,299	26,434	27,815
4 Biomedical Services	30	0	0	0	0
5 Health Services	40	230	2,400	23,798	26,428
6 Community Services	60	0	0	16,947	16,947
7 International Services	70	0	0	550	550
8 TOTAL Program Services		401	35,177	82,994	118,572
9 Membership and Fundraising (except PSC 88)	80	663	0	10,535	11,198
10 Management and General	90	5	0	4,643	4,648
11 TOTAL Support Services		668	0	15,178	15,846
12 Special Event Expenses (PSC 88)	88	0	0	0	0
13 TOTAL IRC Expenses (Lines 8 + 11 + 12)		1,069	35,177	98,172	134,418 *

* Must equal Page 4, Line 34, Grand Total column

SCHEDULE 16: OTHER REVENUE - RENT

14 Gross Rental Income	0 **
15 Less: Direct Expense Exclusively Related to Rent	0
16 Net Rental Income	0

** Page 17, Sum of Lines 21 + 28 (Unrestricted + Temp Restricted)

SCHEDULE 17: FINANCE FUNCTION INFORMATION

	Payroll	Accounts Receivable	Accounts Payable	General Ledger	Donations Processing
17 System Used		FundWare	Fundware	Fundware	Kintera
18 If Function Outsourced, List Company or Chapter	CompuPay				

**SCHEDULE 18: REIMBURSEABLE MANAGEMENT & GENERAL (M&G)
AND FUNDRAISING COSTS WITHHELD FOR
NATIONALLY ACCOUNTED ACTIVITIES
(REQUIRED FOR ALL CHAPTERS)**

	National "Qualifying" Disasters as Designated by NHO	Domestic Disaster Relief (excluding "Qualifying" Disasters)	All Other National and International Initiatives (e.g. measles)	Total
19 Management & General	0	0	0	0
20 Fundraising	28,255	0	0	28,255
21 Other "Qualifying" Disasters (see FMPP 6.9.11 H.2)	0	0	0	0
22 TOTAL Reimbursable M&G and Fundraising Costs	28,255	0	0	28,255

**FY10 Annual Chapter Financial Statements
for Nashville Region
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PART VII (cont.)

Include financial activity in Service Delivery Areas (SDAs) and Certified Service Delivery Units (CSDUs).
Refer to ACFS Instructions and FMPP for guidance.

**SCHEDULE 19:
IRS 990 FUNCTIONAL EXPENSES
(REQUIRED FOR ALL CHAPTERS)**

1	Compensation (Salaries and Wages)
	Employee Benefits:
2	Payroll Taxes
3	Retirement
4	Insured Benefits
5	Other
6	Travel Expense Other Than Conferences, Conventions, and Meetings
7	Conferences, Conventions, and Meetings
8	Grants and Allocations of Grants
9	Financial Assistance - Specific Assistance to Individuals
10	Supplies
11	Program Materials
12	Minor Equipment Purchases
13	Equipment - Rental and Maintenance (non-auto)
14	Auto Rental and Maintenance
15	Occupancy
	Fees for services (non-employees):
16	Management Fees
17	Accounting Fees
18	Legal Fees
19	Professional Fundraising Fees
20	Lobbying Fees
21	Investment Management Fees
22	Other Contractual Services (except accounts as listed)
23	Interest
24	Insurance
25	Telephone / Communications
26	Postage and Shipping
27	Advertising and Promotion
28	Information Technology
29	Depreciation and Amortization Expense
30	Inter Red Cross Expenses (Schedule 15)
31	National Sector - Chapter Assessment (Statement of Functional Expenses)
32	TOTAL 990 FUNCTIONAL EXPENSES
33	In-Kind Expenses (accounts 53020 through 59020 & 67020)
34	TOTAL ARC FUNCTIONAL EXPENSES

Account	TOTAL Program Services PSC 05 - 70	Membership and Fundraising PSC 80	Management and General PSC 90	TOTAL For Current Year (All Programs & Support)
510	1,377,977	274,442	147,540	1,799,959
521	102,942	21,587	10,801	135,330
522	88,718	15,949	6,661	111,328
523	118,718	23,070	14,751	156,539
529	0	0	943	943
530	19,416	8,870	13,300	41,586
533 & 534	31,897	8,679	8,449	49,025
542	0			0
540	398,802	97,662	5,337	501,801
550	184,006	23,137	9,489	216,632
560	144,351	204	171	144,726
571	22,585	641	2,487	25,713
572 - 3	16,009	153	1,992	18,154
57270 / 57370	23,645	545	588	24,778
580	72,483	5,519	35,840	113,842
	0	0	0	0
591 - 2	88,357	0	3,864	92,221
593	0	0	0	0
59930	0	0	0	0
	0	0	0	0
	0	0	0	0
590 to 679	47,859	75,204	26,372	149,435
671	15,525	26,543	1,464	43,532
672	20,590	6,963	8,401	35,954
673	55,009	9,561	19,409	83,979
674	22,820	12,356	3,210	38,386
various	13,213	8,112	2,457	23,782
various	34,454	7,263	3,863	45,580
690	60,628	12,392	15,300	88,320
5x7	118,572	11,198	4,648	134,418
5471	390,945	17,375	26,063	434,383
	3,469,521	667,425	373,400	4,510,346
	2,032	248	18,615	20,895
	3,471,553	667,673	392,015	4,531,241

* Amounts on Lines 6 - 25 should be net of In-Kind expenses.
All In-Kind expenses should be recorded on Line 27.

Must equal
Page 4, Line 22
PSC 05 - 70

Must equal
Page 4, Line 22
PSC 80
(except PSC 88)

Must equal
Page 4, Line 22
PSC 90

Must equal
Page 4, Line 33
TOTAL For
Current Year

NOTE:

If your local CFC Organization and/or the local United Way requires the chapter to complete a local form 990, this schedule will facilitate the completion of that form (particularly PART II of the 990). If a local form 990 is prepared, it should be marked NOT FILED WITH IRS on the top of each page and issued to the CFC Organization with the chapter's audited financial statements. The American Red Cross is a single legal entity existing through federal charter. Thus, no chapter should file a 990 form with the IRS or any state or local tax authority.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

(1) Summary of significant accounting policies

The Nashville Region of the American Red Cross (the "Organization"), a not-for-profit organization, is an operating unit of the American Red Cross. The Organization encompasses the following seven chapters located in the Middle Tennessee area:

Clarksville – Montgomery County Chapter
Heart of Tennessee Chapter
Marshall County Chapter
Maury County Chapter
Nashville Area Chapter
Warren County Chapter
Williamson County Chapter

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

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

(a) SFAS 168 accounting codification

On June 29, 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* ("SFAS 168"). SFAS No. 168 is effective for periods ending after September 15, 2009 and makes the FASB *Accounting Standards Codification* ("ASC") the sole source of authoritative accounting technical literature for nongovernmental entities in the United States of America.

(b) Basis of presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the organization to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. Additional expanded disclosures are also required for all endowment funds. Since the American National Red Cross follows the District of Columbia UPMIFA, the net assets classification and all necessary footnotes will be disclosed at the consolidated level.

(c) Cash equivalents

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

(d) Investment income

Investment income shown in the statement of activities includes interest, dividends, and realized and unrealized gains and losses, net of investment expenses. Investment income that is restricted by the donor is reported as increases in unrestricted net assets if the restrictions are met or expire in the year in which the investment income is recognized.

(e) Income taxes

The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements.

The Organization changed its accounting for uncertainty in income tax positions as of July 1, 2009, as a result of adopting new principles required by GAAP. Using the new accounting, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The change had no material effect on the Organization's financial statements.

As of June 30, 2010, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

(f) Expense allocation

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

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

(g) Long-lived assets

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

(h) Events occurring after reporting date

The Organization has evaluated events and transactions that occurred between June 30, 2010 and September 3, 2010, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No such events or transactions were noted requiring recognition or disclosure in the financial statements.

(2) Retirement plans

Certain employees of the Organization are covered by the American National Red Cross defined benefit pension plan. This defined benefit plan was frozen during 2010 and no additional participants are allowed participation.

For funding purposes under the plan, normal pension costs are determined by the projected unit credit method and are funded currently. The plan provides a pension funded entirely by the employer. Voluntary contributions may be made by active members to fund an additional, optional annuity benefit. Defined benefits are based on years of service and the employees' final average compensation, which is calculated using the highest consecutive 48 months of the last 120 months of service before retirement.

The American National Red Cross funding policy is to set the employer contribution rate at a percentage of covered payroll that is intended to fund toward a target range of not less than 105 percent and no more than 115 percent of the projected unit credit accrued liability. During the fiscal year, the Organization contributed approximately \$112,000 to the pension plan.

The American National Red Cross is a single corporate legal entity composed of operating units, which include local chapters, Blood Service Regions, Tissue Service Areas, stations on military bases and in military hospitals worldwide, a national headquarters, regional and area offices, and a national biomedical testing and research laboratory. Accordingly, the Retirement System includes numerous participating chapters and blood regions. It is not practicable for the actuary to compute accumulated and projected benefit obligations for individual chapters. Accumulated and projected benefit obligations and other required disclosures for the entire American National Red Cross are presented in the organization's consolidated financial statements.

The Organization participates in the American National Red Cross Savings Plan (the "Savings Plan"), a defined contribution plan. Employees of the Organization are eligible to participate upon hire and are vested 100 percent in all contributions to the Savings Plan. Chapters may elect to match employee contributions. No matching contributions were made by the Organization to the Savings Plan for fiscal year 2010.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

(3) Postretirement benefits

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

In addition, life insurance benefits of \$5,000 are provided with no contributions required from the retirees. Life insurance benefits are generally provided by insurance contracts. Post-retirement benefits are accrued over the period the employee provides services to the organization. Since the American Red Cross is a single corporate legal entity and most retirees participate in the single American Red Cross benefits plan, providing separate disclosures for retirees associated with individual chapters or blood services regions is not practicable. Annual postretirement benefits expenses are recorded and disclosed for the entire American Red Cross in its consolidated financial statements.

(4) Commitments and contingencies

The Organization leases various office equipment, office space and an automobile under operating leases.

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2010.

(5) Assets and liabilities measured at fair value

The Organization adopted FASB ASC 820 (formerly, SFAS No. 157) on July 1, 2008 for fair value measurements of investments that are recognized and disclosed at fair value in the financial statements on a recurring basis. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investments.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Organization holds investments in the Select Investment Program (SIP) in the amount of \$60,756 at June 30, 2010. The American Red Cross Board of Governors established the SIP to provide professionally managed investment funds to meet the investment needs of chartered units, national headquarters and the Endowment Fund. Participants in the SIP are able to take advantage of the cost efficiencies realized when many Red Cross participants with common investment goals, objectives and risk tolerances collectively invest their assets under central management.

All contributions received by the American Red Cross resulting from solicitations for endowment gifts under wills, trusts, and similar instruments, and gifts to the American National Red Cross and local American Red Cross units with the stipulation that the principal be maintained intact in perpetuity are required to be invested in the Endowment Fund of the SIP. Endowment Fund assets are invested in the endowment share class of a fund of the SIP called the Select One Red Cross Endowment (SORCE) Fund. The SORCE Fund is a multi-asset investment portfolio designed for monies with long investment horizons. In March 2005, a separate class of shares for discretionary monies was established to accommodate providing the SORCE Fund to non-endowed assets. This class of shares is the DLTA class (Discretionary Long Term Allocation). In addition, all units of the American Red Cross may also invest non-endowed (discretionary) monies directly in seven other SIP funds. Each SIP fund, except for the SORCE Fund, is focused on a single asset class, but offers diversification to reduce security and industry specific risk.

The Organization holds an undivided interest in the underlying pool of assets of each fund within SIP.

The following table represents the SIP fund investments that are measured at fair value on a recurring basis at June 30, 2010:

<u>SORCE FUND</u>				June 30, 2010
<u>Endowment Fund - National</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government securities	\$ 33,515,323	\$ 21,247,234	\$ -	\$ 54,762,557
Corporate bonds and notes	14,701,235	80,091,937	7,885,982	102,679,154
Common and preferred stocks	126,445,362	43,952,347	61,176,138	231,573,847
Mortgage and asset backed securities	-	19,730,087	43,690	19,773,777
Marketable and nonmarketable alternative fund	-	-	266,875,050	266,875,050
Commodities	-	12,149,167	-	12,149,167
Money market and other	<u>983,658</u>	<u>25,790,562</u>	<u>-</u>	<u>26,774,220</u>
Total	\$ 175,645,578	\$ 202,961,334	\$ 335,980,860	\$ 714,587,772
Nashville Region	\$ 13,657	\$ 15,781	\$ 26,123	\$ 55,561

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

<u>DLTA Fund - National</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	June 30, 2010 <u>Total</u>
U.S. Government securities	\$ 7,369,431	\$ 4,671,894	\$ -	\$ 12,041,325
Corporate bonds and notes	3,232,543	17,610,810	1,733,989	22,577,342
Common and preferred stocks	27,803,114	9,664,349	13,451,558	50,919,021
Mortgage and asset backed securities	-	4,338,300	9,607	4,347,907
Marketable and nonmarketable alternative fund	-	-	58,681,136	58,681,136
Commodities	-	2,671,388	-	2,671,388
Money market and other	<u>216,289</u>	<u>5,670,892</u>	<u>-</u>	<u>5,887,181</u>
Total	\$ <u>38,621,377</u>	\$ <u>44,627,633</u>	\$ <u>73,876,290</u>	\$ <u>157,125,300</u>

Nashville Region	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
-------------------------	--------------------	--------------------	--------------------	--------------------

<u>Discretionary - National Liquidity</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	June 30, 2010 <u>Total</u>
U.S. Government securities	\$ -	\$ 34,937,874	\$ -	\$ 34,937,874
Corporate bonds and notes	-	72,478,641	-	72,478,641
Common and preferred stocks	-	-	-	-
Mortgage and asset backed securities	-	35,299,420	850,488	36,149,908
Marketable and nonmarketable alternative fund	-	-	23,774,511	23,774,511
Commodities	-	-	-	-
Money market and other	<u>17,603,605</u>	<u>359,197,773</u>	<u>-</u>	<u>376,801,378</u>
Total	\$ <u>17,603,605</u>	\$ <u>501,913,708</u>	\$ <u>24,624,999</u>	\$ <u>544,142,312</u>

Nashville Region	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
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<u>Diversified Bond Fund</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	June 30, 2010 <u>Total</u>
U.S. Government securities	\$ -	\$ 40,996,885	\$ -	\$ 40,996,885
Corporate bonds and notes	-	29,129,365	-	29,129,365
Common and preferred stocks	-	-	-	-
Mortgage and asset backed securities	-	37,760,288	-	37,760,288
Marketable and nonmarketable alternative fund	-	-	-	-
Commodities	-	-	-	-
Money market and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>-</u>	\$ <u>107,886,538</u>	\$ <u>-</u>	\$ <u>107,886,538</u>

Nashville Region	\$ <u>-</u>	\$ <u>5,194</u>	\$ <u>-</u>	\$ <u>5,194</u>
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NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

				June 30, 2010
<u>Short-Term Bond Fund</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government securities	\$ 2,078,251	\$ -	\$ -	\$ 2,078,251
Corporate bonds and notes	-	16,118,938	-	16,118,938
Common and preferred stocks	-	-	-	-
Mortgage and asset backed securities	-	-	-	-
Marketable and nonmarketable alternative fund	-	-	-	-
Commodities	-	-	-	-
Money market and other	-	506,801	-	506,801
Total	\$ 2,078,251	\$ 16,625,739	\$ -	\$ 18,703,990
Nashville Region	\$ -	\$ -	\$ -	\$ -

For the valuation of certain U.S Government securities, corporate bonds and notes, common and preferred stocks and money market and other at June 30, 2010, the Organization used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of commodities, certain U.S. Government securities, corporate bonds and notes, common and preferred stocks, mortgage and asset backed securities and money market and other at June 30, 2010, the Organization used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of marketable and nonmarketable alternative funds, certain corporate bonds and notes, common and preferred stocks, mortgage and asset backed securities at June 30, 2010, the Organization used significant unobservable inputs including information from fund managers or general partners based on quoted market prices, if available, or other valuation methods (Level 3). Management reviews and evaluates the values provided by the fund manager and general partners and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments.

The following table presents the Organizations' activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820 for the year ended June 30, 2010:

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

<u>SORCE FUND</u> <u>Endowment Fund</u>	<u>Corporate</u> <u>Bonds</u>	<u>Common and</u> <u>Preferred Stock</u>	<u>Mortgage and</u> <u>Asset Backed</u>	<u>Alternative</u> <u>Investments</u>	<u>June 30, 2010</u> <u>Total</u>
Beginning balance	\$ 7,444,916	\$ 69,187,399	\$ 58,453	\$ 229,250,735	\$ 305,941,503
Realized and unrealized	2,117,650	9,049,799	3,880	26,633,922	37,805,251
Purchases, settlements, net	(1,610,490)	(17,776,048)	(7,790)	(7,185,244)	(26,579,572)
Transfers in and out of Level 3 (net)	(66,094)	714,988	(10,853)	18,175,637	18,813,678
Ending balance	\$ 7,885,982	\$ 61,176,138	\$ 43,690	\$ 266,875,050	\$ 335,980,860

Total gains or losses for the period included in income attributable to the change in unrealized gains (or losses) relating to assets and liabilities held at the reporting date:

<u>Corporate</u> <u>Bonds</u>	<u>Common and</u> <u>Preferred Stock</u>	<u>Mortgage and</u> <u>Asset Backed</u>	<u>Alternative</u> <u>Investments</u>	<u>June 30, 2010</u> <u>Total</u>
\$ 2,117,649	\$ 6,330,279	\$ 488	\$ 13,237,172	\$ 21,685,588

<u>DLTA FUND</u> <u>Endowment Fund</u>	<u>Corporate</u> <u>Bonds</u>	<u>Common and</u> <u>Preferred Stock</u>	<u>Mortgage and</u> <u>Asset Backed</u>	<u>Alternative</u> <u>Investments</u>	<u>June 30, 2010</u> <u>Total</u>
Beginning balance	\$ 1,557,977	\$ 14,478,656	\$ 12,233	\$ 47,974,669	\$ 64,023,535
Realized and unrealized	465,634	1,989,892	853	5,856,332	8,312,711
Purchases, settlements, net	(354,118)	(3,908,641)	(1,713)	(1,579,910)	(5,844,382)
Transfers in and out of Level 3 (net)	64,496	891,651	(1,766)	6,430,045	7,384,426
Ending balance	\$ 1,733,989	\$ 13,451,558	\$ 9,607	\$ 58,681,136	\$ 73,876,290

Total gains or losses for the period included in income attributable to the change in unrealized gains (or losses) relating to assets and liabilities held at the reporting date:

<u>Corporate</u> <u>Bonds</u>	<u>Common and</u> <u>Preferred Stock</u>	<u>Mortgage and</u> <u>Asset Backed</u>	<u>Alternative</u> <u>Investments</u>	<u>June 30, 2010</u> <u>Total</u>
\$ 465,634	\$ 1,391,917	\$ 107	\$ 2,910,622	\$ 4,768,280

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

<u>Discretionary Liquidity</u>	<u>Corporate Bonds</u>	<u>Common and Preferred Stock</u>	<u>Mortgage and Asset Backed</u>	<u>Alternative Investments</u>	<u>June 30, 2010 Total</u>
Beginning balance	\$ -	\$ -	\$ 913,908	\$ 46,647,635	\$ 47,561,543
Realized and unrealized	-	-	75,361	5,557,543	5,632,904
Purchases, settlements, net	-	-	(151,288)	(28,963,198)	(29,114,486)
Transfers in and out of Level 3 (net)	-	-	12,507	532,531	545,038
Ending balance	\$ -	\$ -	\$ 850,488	\$ 23,774,511	\$ 24,624,999

Total gains or losses for the period included in income attributable to the change in unrealized gains (or losses) relating to assets and liabilities held at the reporting date:

<u>Corporate Bonds</u>	<u>Common and Preferred Stock</u>	<u>Mortgage and Asset Backed</u>	<u>Alternative Investments</u>	<u>June 30, 2010 Total</u>
\$ -	\$ -	\$ 9,481	\$ 4,966,988	\$ 4,976,469

<u>Strategic Stock</u>	<u>Corporate Bonds</u>	<u>Common and Preferred Stock</u>	<u>Mortgage and Asset Backed</u>	<u>Alternative Investments</u>	<u>June 30, 2010 Total</u>
Beginning balance	\$ -	\$ 49,388,144	\$ -	\$ -	\$ 49,388,144
Realized and unrealized	-	6,185,954	-	-	6,185,954
Purchases, settlements, net	-	(12,150,748)	-	-	(12,150,748)
Transfers in and out of Level 3 (net)	-	(1,606,640)	-	-	(1,606,640)
Ending balance	\$ -	\$ 41,816,710	\$ -	\$ -	\$ 41,816,710

Total gains or losses for the period included in income attributable to the change in unrealized gains (or losses) relating to assets and liabilities held at the reporting date:

<u>Corporate Bonds</u>	<u>Common and Preferred Stock</u>	<u>Mortgage and Asset Backed</u>	<u>Alternative Investments</u>	<u>June 30, 2010 Total</u>
\$ -	\$ 4,327,038	\$ -	\$ -	\$ 4,327,038

Accounting Standards Update No. 2009-12 amends ASC 820 to allow for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value, in many instances may not equal fair value that would be calculated pursuant to ASC 820. Investments in corporate bonds and notes and common and preferred stocks of approximately \$295 million and investments in alternative funds of approximately \$480 million are reported at estimated fair value utilizing net asset values as of June 30, 2010.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

The following summarizes the nature and risk of these investments as of June 30, 2010:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Fund of hedge funds (a)	\$ 74,046,924	\$ -	annually	100 days
Global macro hedge funds (b)	21,846,475	-	tri-annually monthly quarterly annually	5 - 60 days
Hedged equity funds (c)	145,610,586	-	monthly quarterly annually	14 - 90 days
Multistrategy and other hedge funds (d)	64,991,024	-	monthly quarterly annually bi-annually tri-annually	7 - 90 days
Buyout and growth equity fund (e)	78,003,614	60,898,192		
Distressed debt and turnaround funds (f)	40,099,353	8,998,315		
Private real estate funds (g)	20,030,247	18,898,243		
Venture capital funds (h)	14,132,654	8,506,171		
Commodity sensitive private equity and infrastructure funds (i)	21,391,879	12,221,953		
Public equity commingled funds (j)	102,840,924	-	weekly monthly	
Fixed income commingled funds (k)	<u>191,922,035</u>	<u>-</u>	weekly monthly	
Total	<u>\$ 774,915,715</u>	<u>\$ 109,522,874</u>		

(a) This category is invested in a fund of hedge funds. Underlying hedge fund strategies primarily include hedged equity, multistrategy, relative value, event driven and arbitrage strategies. The fair values of these investments have been estimated using the net asset value per share of the investments. While this is a single fund of funds, Red Cross is invested in multiple share classes. As of June 30, 2010, approximately 40 percent of the value of these investments is available for redemption on any December 31 and approximately 60 percent of the value of these investments is next available for redemption on December 31, 2012 and then every three years thereafter.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

(b) This category is invested in global macro hedge funds. Underlying investments are primarily liquid instruments and their derivatives in fixed income, currency, commodities and equities. The funds include short positions as well as long positions and use leverage. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Several funds have legacy investments that have been segregated into illiquid vehicles – the value of these portions of the funds make up approximately 4 percent of the value of the investments in this category. The time at which these segregated investments will be liquidated cannot be estimated.

(c) This category is invested in hedge funds that invest primarily in U.S. and international equities as well as derivatives. These funds include short positions as well as long positions and use leverage. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(d) This category is invested in hedge funds that are not exclusively global macro or hedged equity. Strategies include relative value, event driven, and arbitrage strategies. Underlying investments are typically the same as the types invested in both the public equity and fixed income commingled categories as well as derivatives. The funds include short positions as well as long positions and use leverage. Some funds may invest in private investments which are typically segregated into "side pockets" (a separate share class) and are not available for redemption until the investment is liquidated by the manager. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Approximately 4 percent of the value of the investments in this category is in funds in which full redemptions have been submitted but redemptions have been suspended and/or remaining investments are in side pockets. In addition, several funds that have not been redeemed have investments which are in side pockets – collectively these represent approximately 3.5 percent of the value of investments in this category. The time at which the investments in side pockets will be liquidated cannot be estimated.

(e) This category is invested in private equity funds and private equity funds of funds in the U.S. and outside of the U.S. whose mandates include leveraged buyouts and growth equity investments in companies. The fair values of the investments in this category have been estimated using the net asset value of the Red Cross' ownership interest in the partners' capital. The funds in this category do not permit redemptions.

(f) This category is invested in funds which primarily invest in distressed situations. Investments include marketable securities such as debt obligations and asset backed securities as well as non-marketable investments such as nonperforming and subperforming real estate loans, consumer loans, and distressed debt. Some funds include short positions. The fair values of the investments in this category have been estimated using the net asset value of the Red Cross' ownership interest in the partners' capital. The funds in this category do not permit redemptions.

(g) This category includes funds and a fund of funds which invest in private real estate in the U.S. and outside the U.S. Property types are primarily office, industrial, residential and retail. The fair values of the investments in this category have been estimated using the net asset value of the Red Cross' ownership interest in the partners' capital. The funds in this category do not permit redemptions.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

(h) This category is invested in venture capital funds and funds of venture capital funds. Underlying investments are primarily private investments in early stage companies. The fair values of the investments in this category have been estimated using the net asset value of the Red Cross' ownership interest in the partners' capital. The funds in this category do not permit redemptions.

(i) This category is invested in funds and a fund of funds which make investments primarily in private oil and gas partnerships, timber, mineral and mining companies, and infrastructure such as ports, toll roads, airports and utilities. The fair values of the investments in this category have been estimated using the net asset value of the Red Cross' ownership interest in the partners' capital. Funds in this category tend to have longer fund lives. The funds in this category do not permit redemptions.

(j) This category primarily includes investments in publicly traded equity securities and instruments including common stocks and common stock equivalents, American, European or Global Depository Receipts, convertible preferred stocks, warrants, and other rights or instruments convertible into common stock and classes of stock combining various features of common and preferred stocks and securities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Certain investments in this category include gate provisions that do not exceed more than one year after the initial redemption request period, with the fund manager having ultimate discretion which may allow for halting all redemptions for an extended period.

(k) This category is invested primarily in publicly traded fixed income securities and instruments including debt obligations of the U.S. government and agencies, non-U.S. sovereign debt, corporate bonds, mortgage and asset backed securities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Certain investments in this category include gate provisions that do not exceed more than one year after the initial redemption request period, with the fund manager having ultimate discretion which may allow for halting all redemptions for an extended period.

(e), (f), (g), (h), (i) Non-marketable funds do not permit redemptions. Return of capital is at the manager's discretion, subject to provisions documented in limited partnership agreements. In general, capital and realized gains are distributed to investors when an investment is liquidated. Interim distributions of interest, operating income and dividends are made by some funds. Some funds are able to recall distributions. It is estimated that the majority of underlying assets of the funds will be liquidated over the next ten years.

(b), (c), (d) The majority of the hedge funds in these categories have gate provisions, which allow a manager to limit redemptions despite the normal liquidity provisions if they receive redemptions in excess of the gate (a level stated in their governing documents).

(6) Allowance

No additional disclosure.

(7) Related party transactions

No additional disclosure.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

(8) Inter-company disclosures

No additional disclosure.

(9) Net assets

No additional disclosure.

(10) Land, buildings, equipment and accumulated depreciation

A building with a carrying value of \$600,729 was acquired by the Heart of Tennessee Chapter in a prior year with grant funds received from another not-for-profit organization. Under the terms of the grant agreement, the building reverts to the non-profit organization if it is no longer used in the operations of the Organization.

(11) Cumulative Effect of accounting changes

No additional disclosure.

(12) Future year unconditional pledges

Unconditional promises to give due in the following year are recorded at their net realizable value. Unconditional promises to give due in subsequent years have been discounted to the present value of their net realizable value, if material, using risk-free interest rates applicable to the years in which the promises to give were received.

(13) Conditional promises to give

No additional disclosure.

(14) Allocation of joint costs

No additional disclosure.

(15) Split-interest agreement disclosures

The Organization has been named beneficiary of certain charitable gift annuities ("annuities"). Assets contributed related to the annuities are held at national headquarters of the American Red Cross. The difference in the fair value of the assets contributed and the present value of the estimated future distributions to be paid has been recorded as contribution revenue at the time of gift. Amounts included in Inter-Red Cross receivables for annuities were \$145,198 at June 30, 2010. The annuities increased in value by \$17,969 for the year ended June 30, 2010.

NASHVILLE REGION OF THE AMERICAN RED CROSS

Additional Notes to the Financial Statements

June 30, 2010

(16) Credit risk and other concentrations

In October 2008 the Federal Deposit Insurance Corporation increased its insurance on non-interest bearing bank accounts to fully guarantee those accounts held at participating financial institutions. This increased insurance was available through June 30, 2010. At June 30, 2010, the Organization's cash on deposit at banks are fully guaranteed because the non-interest bearing accounts were held by a participating financial institution. Subsequent to June 30, 2010, the Organization's cash on deposit are insured up to the maximum amount of \$250,000. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

For the year ended June 30, 2010, the Organization's revenues from United Way accounted for approximately 15% of total contributions, revenue and gains.

The Organization utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

**FY10 Annual Chapter Financial Statements
for Nashville Region
Statement of Financial Position by Chapter
As of June 30, 2010**

	Clarksville - Montgomery County Chapter	Heart of Tennessee County Chapter	Marshall County Chapter	Maury County Chapter	Nashville Area Chapter	Warren County Chapter	Williamson County Chapter	Total
ASSETS								
CURRENT ASSETS:								
Cash and Cash Equivalents	\$ 89,048	384,992	13,020	28,630	909,467	26,599	403,566	1,855,322
Investments - Current	-	90,000	3,500	-	128,177	-	-	221,677
Receivables:								
Contributions, Pledges Receivable - Current	-	159,766	-	40,000	338,637	-	84,455	622,858
Inter-Red Cross Receivables	4,086	12,444	1,910	2,107	198,777	6,531	9,698	235,553
Due from Other Classes of Net Assets	-	-	-	36	30,897	-	-	30,933
All Other Receivables	33,131	13,904	-	3,042	114,774	-	2,225	167,076
Prepaid and Other Assets - Current	-	-	-	-	173	-	-	173
TOTAL CURRENT ASSETS	126,265	661,106	18,430	73,815	1,720,902	33,130	499,944	3,133,592
NON-CURRENT ASSETS:								
Investments - Non-Current	-	-	-	-	60,755	-	-	60,755
Receivables:								
Contributions, Pledges Receivable - Non-Current	-	-	-	-	252,000	-	-	252,000
Land, Buildings and Major Equipment, Less								
Accumulated Depreciation	-	754,105	-	-	879,713	-	6,586	1,640,404
Prepaid and Other Assets - Non-Current	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	-	754,105	-	-	1,192,468	-	6,586	1,953,159
TOTAL ASSETS	126,265	1,415,211	18,430	73,815	2,913,370	33,130	506,530	5,086,751
LIABILITIES								
CURRENT LIABILITIES:								
Accounts Payable	(435)	1,428	2,332	614	20,806	(657)	114	24,202
Accrued Liabilities	7,657	34,035	-	4,977	68,726	2,838	19,268	137,501
Due to Other Classes of Net Assets	-	-	-	36	30,897	-	-	30,933
Inter-Red Cross Payables	35,080	2,386	1,150	30,334	160,941	-	37,400	267,291
Other Liabilities - Current	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	42,302	37,849	3,482	35,961	281,370	2,181	56,782	459,927
NON-CURRENT LIABILITIES:								
Debt - Non-Current	-	-	-	-	-	-	-	-
Other Liabilities - Non-Current	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	42,302	37,849	3,482	35,961	281,370	2,181	56,782	459,927
NET ASSETS								
Unrestricted	83,963	1,233,195	13,119	(2,182)	1,903,808	24,418	365,293	3,621,614
Temporarily Restricted	-	144,167	1,829	40,036	695,192	6,531	84,455	972,210
Permanently Restricted	-	-	-	-	33,000	-	-	33,000
TOTAL NET ASSETS	83,963	1,377,362	14,948	37,854	2,632,000	30,949	449,748	4,626,824
TOTAL LIABILITIES AND NET ASSETS	\$ 126,265	1,415,211	18,430	73,815	2,913,370	33,130	506,530	5,086,751

**FY10 Annual Chapter Financial Statements
for Nashville Region
Statement of Activities by Chapter
For the Fiscal Year Ended June 30, 2010**

	Clarksville - Montgomery County Chapter	Heart of Tennessee Chapter	Marshall County Chapter	Maury County Chapter	Nashville Area Chapter	Warren County Chapter	Williamson County Chapter	Total
CONTRIBUTIONS, REVENUE AND GAINS								
Federated	\$ 89,201	299,713	1,522	77,691	117,490	2,325	176,847	764,789
Monetary Contributions	80,579	265,577	4,729	26,224	1,262,073	16,590	157,071	1,812,843
Net Special Events	40,749	24,015	1,230	24,083	246,110	785	82,370	419,342
Legacies and Bequests	5,000	-	-	-	8,354	-	-	13,354
In-Kind Contributions	968	336	-	18,200	1,728	-	-	21,232
Grants	31,500	-	940	-	237,247	12,750	20,000	302,437
Investment Income	93	3,101	66	411	26,338	6	2,755	32,770
Income from Endowment	-	-	-	-	(2,248)	-	-	(2,248)
Contracts	-	-	-	-	108,296	-	-	108,296
Products and Services	49,319	181,163	7,349	15,551	592,466	7,040	76,924	929,812
Inter-Red Cross Revenues	21,949	60,369	5,632	14,579	474,932	16,441	39,027	632,929
Other Revenues and Gains / (Losses)	7,053	15,471	-	1,153	57,384	1	35	81,097
TOTAL CONTRIBUTIONS, REVENUE AND GAINS	326,411	849,745	21,468	177,892	3,130,170	55,938	555,029	5,116,653
EXPENSES								
Services to Chapters	6,768	15,025	-	4,053	619,806	-	2,067	647,719
Services to Armed Forces (SAF)	28,890	11,744	5,872	4,444	58,722	15,161	18,282	143,115
Disaster Services	88,515	187,529	4,826	36,431	505,840	9,795	125,028	957,964
Biomedical Services	-	-	-	-	-	-	-	-
Health Services	51,186	166,662	3,144	16,954	682,386	5,888	93,297	1,019,517
Community Services	6,100	49,339	-	2,617	242,430	-	7,687	308,173
International Services	6	5	-	28	4,079	-	2	4,120
TOTAL Program Services	181,465	430,304	13,842	64,527	2,113,263	30,844	246,363	3,080,608
Membership and Fundraising	34,791	55,316	125	14,329	518,717	206	26,814	650,298
Management and General	67,354	50,761	1,879	42,630	131,463	21,293	50,572	365,952
TOTAL Supporting Services	102,145	106,077	2,004	56,959	650,180	21,499	77,386	1,016,250
National Sector - Chapter Assessment	54,667	63,216	3,616	26,388	224,027	7,555	54,914	434,383
TOTAL EXPENSES	338,277	599,597	19,462	147,874	2,987,470	59,898	378,663	4,531,241
EXCESS / (DEFICIT) OF REVENUES OVER EXPENSES	(11,866)	250,148	2,006	30,018	142,700	(3,960)	176,366	585,412
Net Assets at Beginning of Year	95,829	1,127,214	12,942	7,836	2,489,300	34,909	273,382	4,041,412
Net Assets at End of Year	\$ 83,963	1,377,362	14,948	37,854	2,632,000	30,949	449,748	4,626,824



LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

**The Boards of Directors
Nashville Region of the American Red Cross:**

We have audited the financial statements of the Nashville Region of the American Red Cross (the "Organization") for the year ended June 30, 2010, and have issued our report thereon dated September 3, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 18, 2010 and communications during our planning meetings in May 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. As described in Note 1, the Organization adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* ("SFAS 168"), which makes the FASB Accounting Standard Codification ("ASC") the sole source of authoritative accounting technical literature for the Organization. Additionally, the Organization changed its accounting for uncertain in income taxes as of July 1, 2009 as a result of adopting new principles required by generally accepted accounting principles. The change had no material effect on the Organization's financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

We noted that the National Headquarters of the American Red Cross required all chapters to expense any inventory held as of June 30, 2010. While generally accepted accounting principles requires that inventory be recorded at its cost and expensed as the inventory is sold or used, management determined that the balance of inventory was not material to the financial statements as a whole.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements relate to:

- The fair value of investments
- Collectability of pledges and other receivables and the related valuation of the allowance for doubtful accounts
- Depreciable lives of property and equipment
- Management's allocation of functional expenses
- Pension plan disclosures
- Endowment fund disclosures

We have reviewed and evaluated all areas where management's estimates significantly impact the financial statements and have concluded that they are reasonable in the context of the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule ("Attachment A") summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. Additionally, none of the misstatements detected as a result of audit procedure and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 3, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Independence

We are not aware of any relationships between our firm and the Organization that, in our professional judgment, may reasonably be thought to bear on our independence which have occurred during the period from July 1, 2009 through September 3, 2010.

Internal Control

In planning and performing our audit of the financial statements of the Organization as of and for the year ended June 30, 2010, in accordance with the auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Management recommendations

We identified the following items during our audit that are opportunities for improving internal controls and operating efficiency.

Conflict of Interest Statements

We noted that the Nashville Chapter of the American Red Cross has a policy of obtaining a signed conflict of interest disclosure from the members of the Board of Directors. However, during our discussions with management and certain members of the board, it appears that the statements are not monitored regularly or completed on an annual basis. An effective policy should, among other matters, provide the following:

- Employees or board members should avoid situations where their personal interest could conflict with, or appear to conflict with, the interests of the Organization.
- The use of Organization assets for any unlawful or improper purpose is strictly prohibited.
- No undisclosed or unrecorded asset is to be established for any purpose.
- No false entries are to be made in the books for any reason, and no employee shall engage in any arrangement that results in such prohibited act.

- No payments are to be approved or made with the intention that any part is to be used for any purpose other than that described in the supporting documents.
- Any employee who knows of any unrecorded assets or any prohibited act must promptly report it to specified supervisory or management personnel.

The policy should also provide for an annual statement from key management and employees in sensitive positions certifying their compliance with the policy. These statements should be reviewed by top-level management and designees of the Board of Directors.

Cash Management

During 2011, the national headquarters of the American Red Cross will require that the cash management functions of all the chapters within the Nashville Center of Expertise ("COE") be combined. As part of this process, the cash held by individual chapters will be transferred to the operating accounts of the COE. The remaining inactive bank accounts can be susceptible to misuse by someone seeking to misappropriate cash. Thus, we recommend that management appraise the need for the remaining bank accounts and close any that are no longer deemed necessary.

Fixed Assets

During our procedures related to fixed assets of the Organization, we noted that some of the smaller chapters did not maintain detailed depreciation schedules. Without detailed property listings, misstatements could occur when recording depreciation expense or disposals, once the asset is no longer in service. We recommend that the Organization review the available detail for all chapters and compile depreciation schedules in enough detail to properly calculate and roll-forward fixed asset balances.

Additionally, we noted that the Heart of Tennessee ("HOT") chapter maintains a building which is not currently recorded in the chapter's records. During communications with the prior auditor and management, the building was received by the HOT chapter during the fiscal year ended June 30, 2009 from a smaller chapter that ceased operations. The HOT chapter was unable to obtain information regarding the fair value of the building (such as an appraisal) and did not have any records of its original cost or accumulated depreciation when received. As a result, management determined not to record the asset due to the lack of evidence of the building's valuation. We recommend that management obtain its best estimate of the valuation of the building at the time it was received and record the building on its general ledger.

* * * * *

This information is intended solely for the use of the Boards of Directors, their audit committees and management of the Nashville Region of the American Red Cross and should not be used by anyone other than these specified parties.

Lattiman Black Mayn + Cain, PC

Brentwood, Tennessee
September 3, 2010

**Nashville Region of the American Red Cross
Summary of Uncorrected Misstatements
June 30, 2010**

Attachment A

<u>Description</u>	Impact of Adjustments on Financial Statement Captions (Decrease)					Increase
	Statement of Activity	Statement of Financial Position				
	Current Year	Net Assets	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities
Passed Adjustments:						
PK1 To adjust accrued wages to actual at June 30, 2010.	(2,735)	(8,500)			11,235	
PK2 To adjust United Way Accounts Receivable for additional allowance and misc. errors.	(20,489)		(20,489)			
PL1 To record the estimated value of a building received from another chapter during 2009 and related current year depreciation effect.	(3,250)	130,000		126,750		
Total adjustments	(26,474)	121,500	(20,489)	126,750	11,235	-
Financial statement amounts	585,412	4,626,824	3,133,592	1,953,159	459,927	-
Impact as a percentage of financial statement amounts	-4.52%	2.63%	-0.65%	6.49%	2.44%	N/A