AMERICAN HEART ASSOCIATION, INC.

Financial Statements and Supplementary Information
(Greater Southeast Affiliate)

June 30, 2011

(With Independent Auditors' Report Thereon)

AMERICAN HEART ASSOCIATION, INC.

Table of Contents

KPMG LLP
Suite 3100
717 North Harwood Street
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Independent Auditors' Report

The Board of Directors
American Heart Association, Inc.:

We have audited the accompanying balance sheet of the American Heart Association, Inc. (the Association) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2010 financial statements and, in our report dated November 10, 2010, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Heart Association, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

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

KPMG LLP

November 1, 2011

AMERICAN HEART ASSOCIATION, INC.

Statement of Activities

Year ended June 30, 2011
(with summarized comparative totals for the year ended June 30, 2010)

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	2011 Total	2010 Total
Revenue:					
Public support:					
Contributions	$ 76,821	39,895	1,063	117,779	139,296
Contributed services and materials	59,278	8	—	59,286	52,103
Special events	196,415	72,840	—	269,255	255,804
Less direct donor benefits	(30,288)	—	—	(30,288)	(31,762)
Bequests	59,060	11,046	708	70,814	72,497
Split-interest agreements	690	737	3,305	4,732	12,751
Federated and nonfederated fund-raising organizations	2,808	4,805	—	7,613	8,950
Total public support	364,784	129,331	5,076	499,191	509,639
Other revenue:					
Program fees	21,411	—	—	21,411	19,337
Sales of educational materials	73,987	—	—	73,987	44,616
Membership dues	3,282	—	—	3,282	3,139
Fees and grants from government agencies	346	—	—	346	—
Interest and dividends, net of fees	7,705	987	—	8,692	8,950
Net realized and unrealized gains on investments	52,904	5,494	155	58,553	33,699
Perpetual trust distributions	4,469	1,210	—	5,679	4,966
Net unrealized gains on beneficial interest in perpetual trusts	—	—	12,801	12,801	2,136
Change in value of split-interest agreements	(1,111)	3,284	(246)	1,927	(17,584)
Gains on disposal of fixed assets	959	—	—	959	175
Royalty revenue	18,751	—	—	18,751	17,366
Miscellaneous revenue (losses), net	4,706	(1,025)	—	3,681	1,895
Total other revenue (loss)	187,409	9,950	12,710	210,069	118,695
Net assets released from restrictions:					
Satisfaction of purpose restrictions	94,581	(94,581)	—	—	—
Expiration of time restrictions	44,044	(44,044)	—	—	—
Total net assets released from restrictions	138,625	(138,625)	—	—	—
Total revenue	690,818	656	17,786	709,260	628,334

(Continued)

AMERICAN HEART ASSOCIATION, INC.

Statement of Activities

Year ended June 30, 2011
(with summarized comparative totals for the year ended June 30, 2010)

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	2011 Total	2010 Total
Expenses:					
Program services:					
Research – to acquire new knowledge through biomedical investigation by providing financial support to academic institutions and scientists	$ 120,718	—	—	120,718	114,811
Public health education – to inform the public about the prevention and treatment of cardiovascular diseases and stroke	266,817	—	—	266,817	240,100
Professional education and training – to improve the knowledge, skills, and techniques of health professionals	84,457	—	—	84,457	76,080
Community services – to provide organized training in emergency aid, blood pressure screening, and other community-wide activities	16,041	—	—	16,041	18,879
Total program services	488,033	—	—	488,033	449,870
Supporting services:					
Management and general – to provide executive direction, financial management, overall planning, and coordination of the Association's activities	46,932	—	—	46,932	45,831
Fundraising – to secure vital financial support from the public	81,374	—	—	81,374	95,369
Total supporting services	128,306	—	—	128,306	141,200
Total program and supporting services expenses	616,339	—	—	616,339	591,070
Change in net assets before postretirement changes other than net periodic benefit cost	74,479	656	17,786	92,921	37,264
Postretirement changes other than net periodic benefit cost	7,904	—	—	7,904	(3,006)
Change in net assets	82,383	656	17,786	100,825	34,258
Net assets, beginning of year	175,684	226,870	149,609	552,163	517,905
Net assets, end of year	$ 258,067	227,526	167,395	652,988	552,163

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Statement of Functional Expenses

Year ended June 30, 2011
(with summarized comparative totals for the year ended June 30, 2010)

(In thousands)

	Research	Public health education	Professional education/ training	Community services	Subtotal program services	Management and general	Fundraising	Subtotal supporting services	2011 Total	2010 Total
Salaries	$ 1,884	97,227	21,684	4,521	125,316	24,210	34,764	58,974	184,290	186,594
Payroll taxes	142	7,840	1,777	390	10,149	2,107	2,693	4,800	14,949	17,304
Employee benefits	322	18,408	3,390	671	22,791	5,055	6,466	11,521	34,312	35,855
Occupancy	61	10,216	968	190	11,435	1,843	3,080	4,923	16,358	16,437
Telephone	24	2,907	542	90	3,563	415	904	1,319	4,882	5,778
Supplies	12	2,152	382	73	2,619	484	1,199	1,683	4,302	4,194
Rental and maintenance of equipment	41	2,962	496	86	3,585	657	971	1,628	5,213	5,827
Printing and publication	2	65,037	17,068	5,076	87,183	1,736	7,563	9,299	96,482	82,320
Postage and shipping	6	6,997	462	130	7,595	348	3,499	3,847	11,442	11,045
Conferences and meetings	57	2,341	11,318	778	14,494	635	1,227	1,862	16,356	15,770
Travel	356	6,804	3,672	829	11,661	1,842	3,835	5,677	17,338	16,567
Professional fees	5,286	23,521	15,438	1,304	45,549	3,664	12,249	15,913	61,462	62,913
Awards and grants	110,888	16,521	1,365	515	129,289	—	—	—	129,289	109,614
Other expenses	1,458	(1,111)	4,240	1,056	5,643	2,638	1,112	3,750	9,393	9,944
Depreciation and amortization	179	4,995	1,655	332	7,161	1,298	1,812	3,110	10,271	10,908
Total functional expenses before direct donor benefits	120,718	266,817	84,457	16,041	488,033	46,932	81,374	128,306	616,339	591,070
Direct donor benefits	—	—	—	—	—	—	—	—	30,288	31,762
Total functional expenses and direct donor benefits	$ 120,718	266,817	84,457	16,041	488,033	46,932	81,374	128,306	646,627	622,832

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Balance Sheet

June 30, 2011
(with comparative amounts for June 30, 2010)

(In thousands)

Assets		**2011**	**2010**
Cash and cash equivalents	$	43,651	44,389
Investments		516,531	462,888
Accounts receivable:			
Federated and nonfederated		3,587	4,179
Pledges, net		113,772	114,965
Bequests		14,976	22,559
Split-interest agreements, net		74,348	73,267
Exchange transactions		5,553	6,106
Other		9,001	6,573
Inventory		8,064	4,309
Prepaid expenses and other assets		17,416	15,644
Beneficial interest in perpetual trusts		128,026	111,993
Land, buildings, and equipment, net		74,917	78,843
Total assets	$	1,009,842	945,715
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	49,168	47,817
Deferred revenue		6,700	6,862
Research awards payable		270,499	301,665
Bonds payable		1,550	1,710
Other liabilities		28,937	35,498
Total liabilities		356,854	393,552
Net assets:			
Unrestricted:			
Available for research, program and supporting activities		183,150	96,841
Investment in land, buildings, and equipment		74,917	78,843
Total unrestricted		258,067	175,684
Temporarily restricted		227,526	226,870
Permanently restricted		167,395	149,609
Total net assets		652,988	552,163
Total liabilities and net assets	$	1,009,842	945,715

See accompanying notes to financial statements.

AMERICAN HEART ASSOCIATION, INC.

Statement of Cash Flows

Year ended June 30, 2011
(with comparative amounts for the year ended June 30, 2010)

(In thousands)

		2011	2010
Cash flows from operating activities:			
Change in net assets	$	100,825	34,258
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization		10,271	10,908
Net realized and unrealized gains on investments		(58,553)	(33,699)
Net unrealized gains on beneficial interest in perpetual trusts		(12,801)	(2,136)
Change in value of split-interest agreements		(1,927)	17,584
Gains on sale of fixed assets		(959)	(175)
Losses on uncollectible accounts and settlement of receivables		1,666	4,433
Contributions to endowment		(1,771)	(3,060)
Changes in operating assets and liabilities:			
Accounts receivable		5,827	(11,246)
Inventory		(3,755)	2,621
Prepaid expenses and other assets		(1,772)	(2,595)
Beneficial interest in perpetual trusts		(3,232)	(10,177)
Split-interest agreements		846	3,227
Accounts payable and accrued expenses		1,351	(2,458)
Research awards payable		(31,166)	(30,971)
Deferred revenue		(162)	1
Other liabilities		(6,442)	4,414
Net cash used in operating activities		(1,754)	(19,071)
Cash flows from investing activities:			
Purchases of fixed assets		(6,967)	(6,119)
Proceeds from sale of fixed assets		2,282	1,029
Purchases of investments		(341,625)	(348,995)
Proceeds from sales/maturities of investments		346,518	339,258
Net cash provided by (used in) investing activities		208	(14,827)
Cash flows from financing activities:			
Payments on mortgage notes payable and capital leases		(963)	(1,070)
Contributions to endowment		1,771	3,060
Net cash provided by financing activities		808	1,990
Net decrease in cash and cash equivalents		(738)	(31,908)
Cash and cash equivalents, beginning of year		44,389	76,297
Cash and cash equivalents, end of year	$	43,651	44,389
Supplemental cash flow information:			
Interest paid	$	75	337
Taxes paid		318	126
Contributed services and materials		59,286	52,103
Equipment purchased by capital lease		684	897

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

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

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

(b) Basis of Presentation

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

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for–Profit Entities*. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

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

Permanently restricted net assets – net assets required to be maintained in perpetuity, due to donor-imposed restrictions. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specified purposes.

(c) Cash Equivalents

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

(Continued)

(d) Investments

Investments primarily include assets invested for long term capital appreciation, but also include short term investments available for operations, totaling $106 million and $117 million as of June 30, 2011 and 2010, respectively. Interest and dividend income is presented net of investment advisory/management fees and is reflected as net interest and dividends in the statement of activities. All investment income is credited directly to unrestricted net assets unless otherwise restricted by the donor or required by accounting convention. All capital appreciation/depreciation earned on investments is reported as a change in unrestricted net assets unless otherwise restricted by the donor, applicable law, or accounting convention. All investments are carried at fair value with the related gains and losses included in the statement of activities. The fair value of equity securities, debt securities, and investments in partnerships with readily determinable fair values approximates quoted market prices. The fair value of real estate and buildings held as investments is estimated using private valuations of the properties held. Investments with limited marketability, including investments in certain partnerships, are stated at fair value as estimated by the general partner and reviewed by management.

(e) Contributions and Bequests

All contributions are considered available for the general programs of the Association, unless specifically restricted by the donor. The Association reports monetary gifts as temporarily restricted support if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

The Association records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the date of gift using risk-adjusted interest rates applicable to the years in which the promises are expected to be received, ranging from 0.2% to 5.2%. Accretion of the discounts is recognized as contribution revenue using the effective interest method.

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

(f) Research Awards and Grants

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

Awards that are expected to be paid in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the date of award using interest rates applicable to the years in which awards are granted, ranging from 0.45% to 2.86%. Accretion of the discounts is recognized as research – awards and grants expense, using the effective interest method, in the statement of functional expenses.

(g) Exchange Transactions

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

(h) Inventory

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

(i) Land, Buildings, and Equipment

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

(j) Contributed Services &Materials

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

Contributed materials reported in the statement of activities were allocated as follows in 2011 and 2010 (in thousands):

		2011	2010
Public health education	$	50,269	43,997
Professional education		3,359	2,874
Management and general		3	23
Fundraising		117	109
Total contributed materials	$	53,748	47,003

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

Contributed services reported in the statement of activities were allocated as follows in 2011 and 2010 (in thousands):

		2011	2010
Research	$	5,108	4,694
Public health education		339	98
Professional education		—	173
Management and general		16	6
Fundraising		75	129
Total contributed services	$	5,538	5,100

Public service announcements of approximately $50,245,000 and $41,071,000 were included in contributed materials revenue on the statement of activities and printing and publication on the statement of functional expenses for the years ended June 30, 2011 and 2010, respectively.

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

(k) Deferred Revenue

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

(l) Net Assets

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

(m) Functional Allocation of Expenses

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

(n) Income Taxes

The Association is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in IRC Section 501(c)(3). Further, the Association has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Association qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Association's exempt purpose is subject to tax under IRC Section 511. The Association did not have any material unrelated business income tax liability for the years ended June 30, 2011 and 2010. The Association believes that it has taken no significant uncertain tax positions.

(o) Fair Value of Financial Instruments

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

(p) Split-Interest Agreements

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

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

(Continued)

The discount rates used at June 30, 2011 and 2010 were 4.96% and 3.30%, respectively.

Under the perpetual trust arrangement, the Association has recorded the asset and has recognized permanently restricted contribution revenue at the fair market value of the Association's beneficial interest in the trust assets. Investments in mineral interests, which have a limited marketability, are stated at fair value, as estimated based on a multiple of annual revenues. Distributions received on the trust assets are recorded as unrestricted revenue in the statement of activities, unless otherwise restricted by the donor. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as net unrealized gains or losses on beneficial interest in perpetual trusts in the permanently restricted net asset class.

(q) Use of Estimates

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

(r) Summarized Comparative Totals

The financial statements include certain prior year summarized comparative information that does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

(s) Reclassifications

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

(Continued)

(2) Investments

Investments at June 30, 2011 and 2010, and related returns for the years then ended consisted of the following (in thousands):

	June 30, 2011			
	Interest and dividends (expenses)	**Realized and unrealized gains (loss)**	**Fair value**	**Cost**
Equity securities	$ 4,678	54,682	235,130	229,718
U.S. Treasury and Government agency obligations	1,505	1,148	29,316	28,907
Corporate notes and bonds	1,852	1,612	60,222	59,028
Foreign debt	421	1,416	23,780	21,919
Mortgage-backed securities	1,372	(408)	34,120	34,196
Derivatives	591	16	(557)	(556)
Real Estate	—	22	3,262	3,452
Short-term investments	136	12	56,591	56,533
Unsettled trades and other receivables	60	53	74,667	74,291
Investment expenses	(1,923)	—	—	—
Total	$ 8,692	58,553	516,531	507,488

	June 30, 2010			
	Interest and dividends (expenses)	**Net realized and unrealized gains**	**Fair value**	**Cost**
Cash and cash equivalents	$ 131	—	—	—
Money market funds, certificates of deposit, and other short-term investments	342	285	17,092	14,067
U.S. Treasury and Government agency obligations	3,609	4,831	171,232	170,188
Corporate notes and bonds	2,913	905	73,261	72,817
Equity securities	3,495	24,056	191,091	207,439
Other investments	814	3,622	10,212	10,075
Investment expenses	(2,354)	—	—	—
Total	$ 8,950	33,699	462,888	474,586

(a) Derivative Financial Instruments

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

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

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

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

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

Management believes it is prudent to mitigate the effect of these risks to the extent practicable, and to maintain exposure to various segments of the securities markets in order to meet the short-term and long-term needs of the Association. In connection with the Association's fixed income investments, AHA has granted its fixed income manager discretionary authority, within parameters, to hedge against these risks. The Association allows its investment managers to use derivatives that are standardized to the extent they are used as part of a total portfolio strategy to hedge risk and are non-speculative in nature. By nature, a liquid market for these instruments exists and can reasonably be expected to continue to exist even under adverse conditions.

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

(Continued)

(3) Fair Value Measurements

The following table presents information about the Association's assets that are measured at fair value on a recurring basis (no liabilities are reported at fair value) as of June 30, 2011 and 2010, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

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

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means. Inputs and valuation techniques used to measure investment fair value include prices quoted by various pricing organizations used by AHA's investment custodian. These prices are reconciled by AHA's investment managers. Where AHA's custodian and managers are not independent, management verifies a sample of Level 2 prices, usually by consultation with AHA's investment consultant.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Association's assumptions based on the best information available in the circumstances. Inputs and valuation techniques used to measure fair value of Level 3 assets include reported fair value at the time of a gift, independent appraisals, published multiples of similar securities, or face value. At June 30, 2011, less than 1 percent of investment values are based upon Level 3 inputs. Split interest agreements and perpetual trusts are revalued annually based on investment statements provided by a third party trustee.

(Continued)

	Balance June 30, 2011	Fair value measurements at reporting date using Level 1	Level 2	Level 3
		(In thousands)		
1. Equity securities				
a. Domestic stocks	$ 178,572	178,572	—	—
b. International stocks	55,659	55,659	—	—
c. Non-public corporations	899	—	—	899
2. Debt securities				
a. U.S. Treasuries	20,825	—	20,825	—
b. Government agencies	8,491	—	8,191	300
c. Investment grade credit	55,135	—	55,135	—
d. High yield credit	5,087	—	5,087	—
e. Non-U.S. developed	18,231	—	18,231	—
f. Emerging market debt	5,549	—	5,549	—
3. Mortgage-backed securities	34,120	—	34,120	—
4. Derivatives				
a. Money market futures	66,118	—	66,118	—
b. less money market futures due to counterparties	(66,118)	—	(66,118)	—
c. U.S. Treasury futures	2,814	—	2,814	—
d. Net treasury futures due to counterparties	(2,814)	—	(2,814)	—
e. Currency forward positions	(9,369)	—	(9,369)	—
f. Currency forwards due from counterparties	9,256	—	9,256	—
g. Credit default swaps	3,194	—	3,194	—
h. Interest rate swaps	(3,081)	—	(3,081)	—
i. Option premiums and others	(557)	—	(557)	—
5. Real estate	3,262	—	824	2,438
6. Short-term investments	56,591	3,873	52,718	—
7. Unsettled trades and other receivables	74,667	74,667	—	—
Investment subtotals	516,531	312,771	200,123	3,637
Split-interest agreements receivable, net	74,348	—	—	74,348
Beneficial interest in perpetual trusts	128,026	—	—	128,026
	$ 718,905	312,771	200,123	206,011

	Balance June 30, 2010	Fair value measurements at reporting date using: Level 1	Level 2	Level 3
		(In thousands)		
Investments:				
Money market funds, certificates of deposit, and other short-term investments	$ 17,092	17,092	—	—
U.S. Treasury and government agency obligations	171,232	—	171,232	—
Corporate notes and bonds	73,261	—	73,261	—
Equity securities	191,091	191,091	—	—
Other	10,212	1,070	5,107	4,035
Split-interest agreements receivable, net	73,267	—	—	73,267
Beneficial interest in perpetual trusts	111,993	—	—	111,993
Total	$ 648,148	209,253	249,600	189,295

The change in the fair value of the Association's assets valued using significant unobservable inputs (Level 3) is shown below (in thousands):

	Investments	Split-interest agreements	Perpetual trusts	Total
Balance June 30, 2009	$ 3,644	92,542	99,680	195,866
Total net gains (losses)	425	(17,584)	2,136	(15,023)
Acquisitions and settlements, net	(34)	(1,691)	10,177	8,452
Balance June 30, 2010	4,035	73,267	111,993	189,295
Total net gains	103	1,927	12,801	14,831
Acquisitions and settlements, net	57	(846)	3,232	2,443
Balance June 30, 2011	$ 4,195	74,348	128,026	206,569

The change in value of split-interest agreements valued using significant unobservable inputs is included in change in value of split-interest agreements in the accompanying statement of activities. The change in value of perpetual trusts using significant unobservable inputs is included in the net unrealized gains (losses) on beneficial interest in perpetual trusts in the accompanying statement of activities. The change in unrealized gain relating to assets still held at the reporting date is approximately $14,728,000.

(4) Endowments

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

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

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

(Continued)

Changes in endowment net assets for the years ended June 30, 2010 and 2011 are as follows (in thousands):

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2009	$	(3,075)	2,089	33,996	33,010
Investment return:					
Investment income		18	658	(8)	668
Net appreciation		1,737	1,271	365	3,373
Contributions		—	—	3,052	3,052
Reclassifications and others		(12)	516	(428)	76
Appropriation for expenditure		—	(442)	—	(442)
Endowment net assets, June 30, 2010		(1,332)	4,092	36,977	39,737
Investment return:					
Investment income		17	930	—	947
Net appreciation		1,350	5,494	155	6,999
Contributions		—	—	1,771	1,771
Reclassifications and others		(35)	35	—	—
Appropriation for expenditure		—	(597)	—	(597)
Endowment net assets, June 30, 2011	$	—	9,954	38,903	48,857

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the fund. If applicable, deficiencies of this nature are reported in unrestricted net assets. Total deficiencies as of June 30, 2010 were approximately $1,332,000 and resulted primarily from unfavorable market fluctuations. There were no deficiencies as of June 30, 2011. The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a mix of relevant benchmarks, while assuming a moderate level of investment risk.

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

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

(5) Unconditional Promises

As of June 30, 2011 and 2010, the Association has received unconditional promises to give, consisting primarily of pledges and split-interest agreements as follows (in thousands):

		2011	2010
Less than one year	$	97,295	104,119
One to five years		42,896	46,556
More than five years		139,157	131,111
Subtotal		279,348	281,786
Allowance for uncollectible accounts		(6,857)	(7,632)
Discount		(65,808)	(59,184)
Total	$	206,683	214,970

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

(6) Land, Buildings, and Equipment

At June 30, 2011 and 2010, land, buildings, and equipment, and the related accumulated depreciation and amortization were (in thousands):

		2011	2010
Land and leasehold improvements	$	17,339	17,665
Buildings and improvements		84,331	83,160
Equipment and furniture		88,728	90,982
Total		190,398	191,807
Less accumulated depreciation and amortization		(115,481)	(112,964)
Land, buildings, and equipment, net	$	74,917	78,843

(Continued)

(7) Bonds Payable

On February 1, 2000, the Association completed a bond offering and issued $2,900,000 of the Development Authority of Cobb County Georgia Tax-Exempt Adjustable Mode Revenue Bonds, Series 2000 (the Bonds). The Association used the proceeds from the Bonds to fund construction of a building. A portion of the proceeds was used to pay for costs of issuance of the Bonds. The Bonds mature on February 1, 2019. The weekly variable interest rate is 0.20% and 0.40% at June 30, 2011 and 2010, respectively. The Bonds are secured by land and improvements. The fair value of bonds payable at June 30, 2011 and 2010 approximates carrying value.

(8) Leases

(a) Operating Leases

The Association has operating lease agreements for office space and equipment. Future annual minimum lease payments due under noncancelable leases as of June 30, 2011 are as follows (in thousands):

2012	$	9,127
2013		8,771
2014		7,335
2015		6,877
2016		6,283
Thereafter		11,138
Total	$	49,531

Total operating lease expense for the years ended June 30, 2011 and 2010 was approximately $9,520,000 and $10,926,000, respectively.

(b) Capital Leases

The Association leases office equipment under capital lease agreements expiring on various dates through 2016. As of June 30, 2011, the future minimum lease payments under capital leases were as follows (in thousands):

2012	$ 864
2013	662
2014	383
2015	78
2016	27
Total	2,014
Less amount representing interest	(85)
Less amount representing support and maintenance	(142)
Present value of lease obligation, included in other liabilities	$ 1,787

(9) Retirement Plans

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

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

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

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

Total retirement plan costs for the years ended June 30, 2011 and 2010 were approximately $15,995,000 and $15,647,000, respectively.

(10) Conflict of Interest Policy and Standards

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

(11) Allocation of Joint Costs

The Association conducts joint activities (activities benefiting multiple programs and/or supporting services) that include fundraising appeals. Those activities primarily include direct mail campaigns and special events. The costs of conducting those joint activities were allocated as follows in 2011 and 2010 (in thousands):

		2011	2010
Public health education	$	143,399	90,625
Professional education and training		5,127	4,621
Community services		298	4,727
Management and general		18,863	14,814
Fundraising		45,212	53,236
Total joint costs	$	212,899	168,023

(12) Research Awards Payable

The activity in research awards liabilities during the years ended June 30, 2011 and 2010 and the amounts payable by year are summarized below (in thousands):

		2011	2010
Beginning balance, June 30	$	301,665	332,636
Awards expense:			
New awards		127,055	126,102
Cancellations, declinations, and refunds		(18,514)	(24,367)
Award increases		617	773
Research awards expense before discount		109,158	102,508
Change in discount		1,730	3,600
Total research awards expense		110,888	106,108
Payments		(142,054)	(137,079)
Ending balance, June 30	$	270,499	301,665

Payable in year ending June 30:		
2012	$	139,210
2013		81,382
2014		35,260
2015		13,735
2016		3,437
Thereafter		396
Total		273,420
Less unamortized discount		(2,921)
Net research awards payable	$	270,499

(13) Postretirement Benefits

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

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

As of June 30, 2011 and 2010, the accumulated postretirement benefit obligation is calculated using a discount rate of 5.05% and 4.65%, respectively. The following table presents information with respect to the postretirement benefit plans as of and for the years ended June 30, 2011 and 2010 (in thousands):

		2011	2010
Changes in accumulated postretirement benefit obligation:			
Accumulated postretirement benefit obligation, July 1	$	17,504	13,949
Service cost		811	652
Interest cost		788	820
Actuarial loss (gain)		(7,435)	3,098
Participant contributions		328	223
Benefits paid		(1,428)	(1,238)
Accumulated postretirement benefit obligation, June 30	$	10,568	17,504
Changes in plan assets:			
Fair value of plan assets, July 1	$	—	—
Employer contributions		1,100	1,015
Participant contributions		328	223
Benefits paid		(1,428)	(1,238)
Fair value of plan assets, June 30	$	—	—
Funded status:			
Unfunded benefit obligation, June 30 – included in other liabilities	$	10,568	17,504

		2011	2010
Changes in prior service credit:			
Prior service credit, beginning of year	$	(189)	(234)
Amortization of prior service credit		43	45
Prior service credit, end of year	$	(146)	(189)
Changes in net actuarial loss:			
Net actuarial loss, beginning of year	$	5,385	2,424
Amortization of net actuarial loss		(513)	(137)
Actuarial loss (gain)		(7,435)	3,098
Unrecognized net actuarial (gain) loss, end of year	$	(2,563)	5,385
Components of net periodic benefit cost:			
Service cost	$	811	652
Interest cost		788	820
Amortization of prior service credit		(43)	(45)
Amortization of net actuarial loss		513	137
Net periodic benefit cost	$	2,069	1,564
Amounts expected to be recognized as components of net periodic benefit cost during the next fiscal year:			
Amortization of prior service credit	$	(43)	(43)
Amortization of unrecognized net actuarial (gain) loss		(128)	513
Total	$	(171)	470

The assumed healthcare cost trend rates as of June 30, 2011 and 2010 are as follows:

	2011	2010
Healthcare cost trend rate assumed for next year	9.0%	9.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0	5.0
Year that the rate reaches the ultimate trend rate	2029	2028

The healthcare cost trend rate assumption has a significant impact on the postretirement benefit costs and obligations. The effect of a 1% change in the assumed healthcare cost trend rate at June 30, 2011 would have resulted in a $798,000 increase or $719,000 decrease in the accumulated postretirement benefit obligation, and a $161,000 increase or $144,000 decrease in the fiscal year 2011 benefit expense.

(14) Restricted Net Assets

Temporarily and permanently restricted net assets as of June 30, 2011 and 2010 have been restricted by donors as follows (in thousands):

	Temporarily restricted		Permanently restricted	
	2011	**2010**	**2011**	**2010**
Research	$ 17,126	14,262	—	—
Other programs	68,208	73,575	—	—
Split-interest agreements	64,208	61,563	466	639
Beneficial interest in perpetual trusts	—	—	128,026	111,993
Time restrictions	68,030	73,378	—	—
Endowment funds	9,954	4,092	38,903	36,977
Total restricted net assets	$ 227,526	226,870	167,395	149,609

(15) Commitments and Contingencies

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

(16) Subsequent Events

The Association evaluated subsequent events after the balance sheet date of June 30, 2011 through November 1, 2011, which was the date the financial statements were issued, and concluded that no additional disclosures are required.

Exhibit I

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Activities

Year ended June 30, 2011

(with summarized comparative totals for the year ended June 30, 2010)

	Unrestricted	Temporarily restricted	Permanently restricted	2011 Total	2010 Total
Revenue:					
Public support:					
Contributions	$ 8,813,666	3,968,978	1,000	12,783,644	13,050,426
Contributed services and materials	8,771,573	—	—	8,771,573	7,178,230
Special events	31,832,897	13,620,926	—	45,453,823	42,692,968
Less direct donor benefits	(4,440,158)	—	—	(4,440,158)	(4,446,752)
Bequests	7,379,854	675,093	290,553	8,345,500	11,333,660
Split-interest agreements	—	402,783	—	402,783	802,627
Federated and nonfederated fund-raising organizations	275,186	831,823	—	1,107,009	1,359,113
Total public support	52,633,018	19,499,603	291,553	72,424,174	71,970,272
Other revenue:					
Grants from National Center	3,094,740	15,000	—	3,109,740	1,186,502
Program fees	—	—	—	—	9,388
Sales of educational materials	—	—	—	—	620
Interest and dividends, net of fees	733,472	39,903	—	773,375	956,416
Net realized and unrealized gains on investments	3,933,029	267,395	—	4,200,424	2,878,434
Perpetual trust distributions	454,326	268,038	—	722,364	703,578
Net unrealized gains (losses) on beneficial interest in perpetual trusts	—	—	2,243,692	2,243,692	(571,819)
Change in value of split-interest agreements	189,175	(1,505,773)	—	(1,316,598)	1,692,557
Gains on disposal of fixed assets	123,858	—	—	123,858	109,442
Miscellaneous revenue, net	51,775	—	—	51,775	82,096
Loss on uncollectible accounts	—	(51,142)	—	(51,142)	(1,149,207)
Total other revenue (loss)	8,580,375	(966,579)	2,243,692	9,857,488	5,898,007
Net assets released from restrictions:					
Transfer of restrictions to National Center	3,709,221	(3,709,221)	—	—	—
Satisfaction of purpose restrictions	7,347,152	(7,347,152)	—	—	—
Expiration of time restrictions	4,686,428	(4,686,428)	—	—	—
Total net assets released from restrictions	15,742,801	(15,742,801)	—	—	—
Total revenue	76,956,194	2,790,223	2,535,245	82,281,662	77,868,279

(Continued)

Exhibit I

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Activities

Year ended June 30, 2011

(with summarized comparative totals for the year ended June 30, 2010)

	Unrestricted	Temporarily restricted	Permanently restricted	2011 Total	2010 Total
Expenses:					
Program services:					
Research – to acquire new knowledge through biomedical investigation by providing financial support to academic institutions and scientists	$ 9,700,571	—	—	9,700,571	8,997,312
Public health education – to inform the public about the prevention and treatment of cardiovascular diseases and stroke	32,732,094	—	—	32,732,094	29,429,861
Professional education and training – to improve the knowledge, skills, and techniques of health professionals	1,587,851	—	—	1,587,851	1,574,778
Community services – to provide organized training in emergency aid, blood pressure screening, and other community-wide activities	447,583	—	—	447,583	1,478,179
Total program services	44,468,099	—	—	44,468,099	41,480,130
Supporting services:					
Management and general providing executive direction, financial management, overall planning, and coordination of the Association's activities	4,673,904	—	—	4,673,904	5,470,774
Fundraising – activities to secure vital financial support from the public	10,642,392	—	—	10,642,392	13,358,496
Total supporting services	15,316,296	—	—	15,316,296	18,829,270
Total program and supporting services expenses	59,784,395	—	—	59,784,395	60,309,400
Allocation to National Center	13,648,105	—	—	13,648,105	14,318,070
Total expenses and allocation to National Center	73,432,500	—	—	73,432,500	74,627,470
Change in net assets before postretirement changes other than net periodic benefit cost	3,523,694	2,790,223	2,535,245	8,849,162	3,240,809
Postretirement changes other than net periodic benefit cost	894,419	—	—	894,419	(236,628)
Change in net assets	4,418,113	2,790,223	2,535,245	9,743,581	3,004,181
Net assets, beginning of year	8,557,185	21,709,417	17,547,276	47,813,878	44,809,697
Net assets, end of year	$ 12,975,298	24,499,640	20,082,521	57,557,459	47,813,878

Exhibit I

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Statement of Functional Expenses

Year ended June 30, 2011

(with summarized comparative totals for the year ended June 30, 2010)

	Research	Public health education	Professional education/ training	Community service	Subtotal program services	Management and general	Fundraising	Subtotal supporting services	2011 Total	2010 Total
Salaries	$ 11,700	12,510,883	495,519	9,514	13,027,616	2,123,635	4,105,218	6,228,853	19,256,469	19,856,178
Payroll taxes	2,705	1,019,670	36,645	702	1,059,722	168,003	328,888	496,891	1,556,613	1,876,218
Employee benefits	2,309	2,508,794	83,700	1,146	2,595,949	405,928	803,497	1,209,425	3,805,374	3,931,736
Occupancy	—	612,696	14,566	—	627,262	91,950	191,183	283,133	910,395	1,091,994
Telephone	76	425,132	10,050	—	435,258	65,536	132,833	198,369	633,627	804,502
Supplies	—	188,901	13,421	907	203,229	36,955	94,808	131,763	334,992	328,388
Rental and maintenance of equipment	—	227,176	5,392	—	232,568	35,009	70,879	105,888	338,456	465,763
Printing and publication	—	9,621,038	74,200	33,737	9,728,975	108,893	876,388	985,281	10,714,256	9,236,669
Postage and shipping	—	832,465	4,952	421	837,838	29,023	330,424	359,447	1,197,285	1,105,464
Conferences and meetings	6,081	227,346	34,147	320,150	587,724	50,957	137,026	187,983	775,707	813,879
Travel	7,458	915,470	106,426	11,835	1,041,189	198,699	444,630	643,329	1,684,518	1,537,765
Professional fees	678,141	2,591,086	390,673	68,119	3,728,019	851,430	2,679,772	3,531,202	7,259,221	7,561,471
Awards and grants	8,992,101	158,452	284,937	—	9,435,490	12,707	8,276	20,983	9,456,473	9,115,797
Other expenses	—	382,797	17,220	70	400,087	418,838	280,235	699,073	1,099,160	1,661,312
Depreciation and amortization	—	510,188	16,003	982	527,173	76,341	158,335	234,676	761,849	922,264
Total functional expenses before allocation to National Center	9,700,571	32,732,094	1,587,851	447,583	44,468,099	4,673,904	10,642,392	15,316,296	59,784,395	60,309,400
Allocation to National Center	6,414,610	3,139,064	1,228,329	272,962	11,054,965	1,637,773	955,367	2,593,140	13,648,105	14,318,070
Total functional expenses and allocation before direct donor benefits	16,115,181	35,871,158	2,816,180	720,545	55,523,064	6,311,677	11,597,759	17,909,436	73,432,500	74,627,470
Direct donor benefits	—	—	—	—	—	—	—	—	4,440,158	4,446,752
Total functional expenses, allocation and direct donor benefits	$ 16,115,181	35,871,158	2,816,180	720,545	55,523,064	6,311,677	11,597,759	17,909,436	77,872,658	79,074,222

Exhibit I

AMERICAN HEART ASSOCIATION

Greater Southeast Affiliate

Balance Sheet

June 30, 2011

(with comparative amounts for June 30, 2010)

Assets		2011	2010
Assets:			
Cash and cash equivalents	$	3,852,655	4,146,612
Investments		37,519,087	34,212,140
Accounts receivable:			
Federated and nonfederated		498,502	731,239
Pledges, net		13,008,918	9,303,781
Bequests		1,949,072	2,224,915
Split-interest agreements, net		13,979,961	14,581,947
Other		191,451	223,562
Intercompany accounts receivable		4,073,478	3,736,889
Prepaid expense and other assets		122,204	170,979
Beneficial Interest in Perpetual Trusts		18,387,378	15,923,133
Land, buildings, and equipment, net		11,066,214	12,525,722
Total assets	$	104,648,920	97,780,919
Liabilities and Net Assets			
Liabilities:			
Intercompany payables	$	20,890,912	22,309,967
Accounts payable and accrued expense		3,585,789	3,574,678
Research awards payable		17,538,346	18,019,240
Bonds payable		1,550,000	1,710,000
Other liabilities		3,526,414	4,353,156
Total liabilities		47,091,461	49,967,041
Net assets (accumulated deficit):			
Unrestricted:			
Available for research, program and supporting activities		1,909,082	(3,968,537)
Investment in land, buildings, and equipment		11,066,216	12,525,722
Total unrestricted		12,975,298	8,557,185
Temporarily restricted		24,499,640	21,709,417
Permanently restricted		20,082,521	17,547,276
Total net assets		57,557,459	47,813,878
Total liabilities and net assets	$	104,648,920	97,780,919