



# **American Red Cross**

**AMERICAN RED CROSS: DENVER COE**

**Consolidated Financial Statements  
and  
Independent Auditors' Report  
June 30, 2010**

**Mile High Chapter  
Northern Colorado Chapter  
Southwest Colorado Chapter  
Western Colorado Chapter  
Pikes Peak Chapter**

**Brown County Chapter  
Brookings County Chapter  
Great Plains Chapter  
Oahe Chapter  
Dakota Plains Chapter**

**EKS&H**  

---

**EHRHARDT • KEEFE  
STEINER • HOTTMAN PC**  

---

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

**AMERICAN RED CROSS: DENVER COE**

**Table of Contents**

	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements	
Consolidated Statement of Financial Position.....	2
Consolidated Statement of Activities and Changes in Net Assets.....	3
Consolidated Statement of Cash Flows.....	4
Consolidated Statement of Functional Expenses.....	5
Notes to Consolidated Financial Statements.....	6
Accompanying Information	
Consolidating Statement of Financial Position.....	17
Consolidating Statement of Activities.....	18

## INDEPENDENT AUDITORS' REPORT

To the Chapter Advisory Audit Committee  
American Red Cross: Denver COE  
Denver, Colorado

We have audited the accompanying consolidated statements of financial position of the American Red Cross: Denver COE (the "Organization") as of June 30, 2010, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 Organization'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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Red Cross: Denver COE 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 conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information included in the accompanying schedules is presented only for supplementary analysis purposes and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



Ehrhardt Keefe Steiner & Hottman PC

August 25, 2010  
Denver, Colorado

**AMERICAN RED CROSS: DENVER COE**

**Consolidated Statement of Financial Position  
June 30, 2010**

**Assets**

Current assets	
Cash and cash equivalents	\$ 3,670,789
Restricted cash	1,141,149
Investments at fair value	337,062
Receivables, net of allowance for doubtful accounts of \$26,813	
National	338,996
Other	282,284
Pledges receivables, current portion	17,081
Prepays	24,615
Total current assets	<u>5,811,976</u>
Property and equipment, net	<u>3,936,113</u>
Other assets	
Beneficial interest in assets held by trustee	555,506
Pledges/grants receivable - long-term	80,000
Receivable - National	269,138
Total other assets	<u>904,644</u>
Total assets	<u>\$ 10,652,733</u>

**Liabilities and Net Assets**

Current liabilities	
Accounts payable	
Other	\$ 182,597
Accrued liabilities	366,781
Deferred revenue	896,500
Note payable, current portion	50,000
Total current liabilities	<u>1,495,878</u>
Note payable, net of current portion	150,000
Other liabilities	5,651
Total liabilities	<u>1,651,529</u>
Net assets	
Unrestricted	8,176,227
Temporary restricted	269,471
Permanently restricted	555,506
Total net assets	<u>9,001,204</u>
Total liabilities and net assets	<u>\$ 10,652,733</u>

See notes to consolidated financial statements.

**AMERICAN RED CROSS: DENVER COE**

**Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Public support				
United Way and federated giving	\$ 921,957	\$ -	\$ -	\$ 921,957
Legacies and bequests	650,133	-	-	650,133
Other contributions	2,843,816	471,283	-	3,315,099
Special events, net of direct expenses of \$212,648	507,142	-	-	507,142
In-kind gifts	203,644	-	-	203,644
National ARC reimbursements	270,629	-	-	270,629
Total public support	<u>5,397,321</u>	<u>471,283</u>	<u>-</u>	<u>5,868,604</u>
Revenue				
Investment income	101,110	-	40,763	141,873
Products and services	2,463,581	-	-	2,463,581
Other revenue	218,038	-	-	218,038
Total revenue	<u>2,782,729</u>	<u>-</u>	<u>40,763</u>	<u>2,823,492</u>
Total public support and revenue before satisfaction of restrictions	8,180,050	471,283	40,763	8,692,096
Net assets released from restrictions				
Satisfaction of program restrictions	468,571	(468,571)	-	-
Total public support and revenue	<u>8,648,621</u>	<u>2,712</u>	<u>40,763</u>	<u>8,692,096</u>
Expenses				
Program services				
Services to armed forces	258,023	-	-	258,023
Disaster services	2,467,614	-	-	2,467,614
Health and safety services	2,770,093	-	-	2,770,093
Community services	541,974	-	-	541,974
International services	116,864	-	-	116,864
Total program services	<u>6,154,568</u>	<u>-</u>	<u>-</u>	<u>6,154,568</u>
Supporting services				
Fundraising	1,107,302	-	-	1,107,302
Management and general	937,169	-	-	937,169
Total supporting services	<u>2,044,471</u>	<u>-</u>	<u>-</u>	<u>2,044,471</u>
Total expenses	<u>8,199,039</u>	<u>-</u>	<u>-</u>	<u>8,199,039</u>
Change in net assets	449,582	2,712	40,763	493,057
Net assets at beginning of year	<u>7,726,645</u>	<u>266,759</u>	<u>514,743</u>	<u>8,508,147</u>
Net assets at end of year	<u>\$ 8,176,227</u>	<u>\$ 269,471</u>	<u>\$ 555,506</u>	<u>\$ 9,001,204</u>

See notes to consolidated financial statements.

**AMERICAN RED CROSS: DENVER COE**

**Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2010**

Cash flows from operating activities	
Change in net assets	\$ <u>493,057</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	237,955
Realized and unrealized gains	(35,468)
Change in value of beneficial interest in assets held by trustee	(40,763)
Change in value of charitable gift annuities	(56,640)
Changes in assets and liabilities	
Receivables	(210,290)
Inventory	93,318
Prepays	(6,071)
Pledges receivable	(97,081)
Accounts payable	18,412
Accrued liabilities	230,639
Deferred revenue	764,766
Other liabilities	<u>3,812</u>
	<u>902,589</u>
Net cash provided by operating activities	<u>1,395,646</u>
Cash flows from investing activities	
Decrease (increase) in restricted cash	(1,115,200)
Net change in investments	(25,902)
Purchase of property and equipment	<u>(458,920)</u>
Net cash (used in) investing activities	<u>(1,600,022)</u>
Cash flows from financing activities	
Payments on note payable	<u>(50,000)</u>
Net cash (used in) financing activities	<u>(50,000)</u>
Net decrease in cash and cash equivalents	(254,376)
Cash and cash equivalents - beginning of year	<u>3,925,165</u>
Cash and cash equivalents - end of year	<u>\$ 3,670,789</u>

Supplemental disclosure of cash flow information:

Interest paid was \$4,872 for the year ended June 30, 2010.

See notes to consolidated financial statements.

**AMERICAN RED CROSS: DENVER COE**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2010**

	Program Services					Supporting Services			Total Expenses 2010	
	Services to Armed Forces	Disaster Services	Health and Safety Services	Community Services	International Services	Total	Fundraising	Management and General		Total
Salaries	\$ 27,422	\$ 898,238	\$ 1,083,355	\$ 260,176	\$ 13,406	\$ 2,282,597	\$ 732,131	\$ 388,655	\$ 1,120,786	\$ 3,403,383
Employee benefits	6,225	239,518	313,554	65,141	5,013	629,451	123,806	89,868	213,674	843,125
Travel	4,916	26,883	28,574	4,290	612	65,275	17,909	19,697	37,606	102,881
Financial assistance	6,263	242,336	7,443	1,303	217	257,562	2,364	4,209	6,573	264,135
Supplies and materials	82,096	243,060	751,422	70,839	3,132	1,150,549	76,440	70,032	146,472	1,297,021
Equipment maintenance	1,240	13,213	17,303	294	49	32,099	3,892	60,110	64,002	96,101
Contractual services	42,807	300,061	323,477	89,657	8,521	764,523	94,207	206,025	300,232	1,064,755
Inter Red Cross	24	13,805	18,354	104	17	32,304	5,110	9,830	14,940	47,244
Total expenses before depreciation and amortization, and American Red Cross support	170,993	1,977,114	2,543,482	491,804	30,967	5,214,360	1,055,859	848,426	1,904,285	7,118,645
Depreciation and amortization	2,189	75,352	60,326	50,170	2,189	190,226	18,111	29,618	47,729	237,955
Total expenses before American Red Cross support	173,182	2,052,466	2,603,808	541,974	33,156	5,404,586	1,073,970	878,044	1,952,014	7,356,600
American Red Cross support	84,841	415,148	166,285	-	83,708	749,982	33,332	59,125	92,457	842,439
<b>Total expenses</b>	<b>\$ 258,023</b>	<b>\$ 2,467,614</b>	<b>\$ 2,770,093</b>	<b>\$ 541,974</b>	<b>\$ 116,864</b>	<b>\$ 6,154,568</b>	<b>\$ 1,107,302</b>	<b>\$ 937,169</b>	<b>\$ 2,044,471</b>	<b>\$ 8,199,039</b>

See notes to consolidated financial statements.

# AMERICAN RED CROSS: DENVER COE

## Notes to Consolidated Financial Statements

### **Note 1 - Nature of Organization and Summary of Significant Accounting Policies**

The American Red Cross, a humanitarian organization led by volunteers and guided by its Congressional Charter and the Fundamental Principles of the International Red Cross Movement, provides relief to victims of disasters and helps people prevent, prepare for, and respond to emergencies.

The American Red Cross is a public charity exempt from income taxes under Internal Revenue Code Section 501(c)(3). The American Red Cross's activities are supported primarily through grants, donations, bequests, and program service revenues.

The American Red Cross, Denver Center of Expertise (the "Organization") is a center established for the purpose of consolidating the accounting and financial reporting for a group of American Red Cross chapters. The names and locations of these chapters are as follows:

- Mile High Chapter, Colorado
- Northern Colorado Chapter, Colorado
- Southwest Colorado Chapter, Colorado
- Western Colorado Chapter, Colorado
- Pikes Peak Chapter, Colorado
- Brown County Chapter, South Dakota
- Brookings County Chapter, South Dakota
- Great Plains Chapter, South Dakota
- Oahe Chapter, South Dakota
- Dakota Plains Chapter, South Dakota

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the chapters listed above. All intercompany accounts and transactions have been eliminated upon consolidation.

### **Basis of Presentation**

The Organization 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.

The fund balances and statement of activities of the Organization are reported separately by class of net assets:

Unrestricted net assets are those currently available for use in the Organization's operations and those resources invested in property and equipment. As of June 30, 2010 the Organization had approximately \$105,000 of funds designated for future operations.

Temporarily restricted net assets are monies restricted by donors specifically for certain projects and programs or as a result of time restrictions which may be placed on the contributions.

# AMERICAN RED CROSS: DENVER COE

## Notes to Consolidated Financial Statements

### Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

#### Basis of Presentation (continued)

Permanently restricted net assets are monies that must be maintained permanently by the Organization as required by the donor. The Organization may be permitted to use or expend part or all of any income derived from these assets.

#### Contributions

All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When the 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.

#### Revenue Recognition of Products and Services

Revenues from products and services are recognized by the Organization upon the sale of products or the substantial completion of the service.

#### In-Kind Contributions

In-kind contributions are recognized as contribution income and program service expense at their fair market value at the time of contribution. Contributed revenue of \$203,644 for the year ended June 30, 2010 has been included in these financial statements and is comprised primarily of in-kind donations at fair market value for advertising, space and materials.

#### Volunteer Services

The Organization receives a significant amount of volunteer services, which, if not contributed, would result in increased costs. The value of the volunteer service hours is not recorded in the statements of activities and changes in net assets as they do not qualify for recording under generally accepted accounting principles.

#### Functional Expenses

Expenses incurred directly for a service are charged to such service. Salaries and related fringe benefits are allocated to all services based on estimated time expended. Allocations of certain overhead costs are also allocated to services based on time expended or usage.

# AMERICAN RED CROSS: DENVER COE

## Notes to Consolidated Financial Statements

### Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent 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.

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At various times during the year, the Organization's cash in bank balances exceeded the federally insured limits.

#### Restricted Cash

Restricted cash consists primarily of certain donations that are to be used for major disasters or programs occurring in the Organization's service area which have not been expended for their restricted purpose.

#### Investments

Investments are recorded at fair value using quoted market prices where available. At June 30, 2010, all investments were valued using quoted market prices. Any unrealized gains and losses are reported in the statement of activities.

#### Accounts Receivable

The Organization grants credit to organizations located in Colorado and South Dakota. The Organization performs credit analysis and monitors the financial condition of such organizations to reduce credit risk. The Organization has established an allowance for uncollectible accounts of approximately 10% of all trade accounts.

#### Pledges Receivable

Pledges receivable are recorded at their net realizable value. The Organization has not presented a discount or allowance on pledges receivable as the amounts are immaterial.

At June 30, 2010, contributors to the Organization have made promises to give, which are due as follows:

One year	\$	17,081
Two to five years		40,000
Six to ten years		<u>40,000</u>
	\$	<u>97,081</u>

# AMERICAN RED CROSS: DENVER COE

## Notes to Consolidated Financial Statements

### **Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)**

#### Inventory

Historically, inventory, which consisted of training materials and textbooks, was carried at the lower of first-in, first-out cost or market. As of June 30, 2010, the Organization changed its policy to expense all inventory. As such, all inventory was written off as of June 30, 2010.

#### Property and Equipment

Purchases of land, buildings and equipment having a unit cost of \$2,500 or more are capitalized at cost. Donated assets are capitalized at the estimated fair market value at time of receipt. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of 40 years for buildings and improvements, three to ten years for furniture and equipment, and over the related lease term for equipment acquired under capital leases. It is not the Organization's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support. Property and equipment classified as held for sale are segregated and not depreciated. As of July 1, 2010, the Organization's capitalization policy will increase to \$10,000.

#### Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Organization looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairment was made as of June 30, 2010.

#### Subsequent Events

The Organization has evaluated all subsequent events through August 25, 2010, which is the date the financial statements were available to be issued and determined that there was no subsequent events requiring disclosure.

### **Note 2 - Investments**

The Organization maintains pooled investments in brokerage and money market accounts. Investments are recorded at fair market value as of June 30, 2010.

The following details each major category of investments and the related fair market value as of June 30, 2010:

Money market funds	<u>\$ 337.062</u>
--------------------	-------------------

## AMERICAN RED CROSS: DENVER COE

### Notes to Consolidated Financial Statements

#### **Note 2 - Investments (continued)**

Investment income had the following activity during the year ended June 30, 2010:

Interest and dividend income	\$	49,765
Realized and unrealized gains		35,468
Change in value of charitable gift annuities		<u>56,640</u>
	\$	<u>141,873</u>

#### **Note 3 - Fair Value Measurement**

The Organization has adopted the methods of fair value as defined by GAAP to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable prices are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3: Unobservable inputs are used when little or not market data is available. The fair value hierarchy gives the lowest priority.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets carried at fair value as of June 30, 2010 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Money market funds	\$ <u>-</u>	\$ <u>337,062</u>	\$ <u>-</u>	\$ <u>337,062</u>
Total assets at fair value	\$ <u>-</u>	\$ <u>337,062</u>	\$ <u>-</u>	\$ <u>337,062</u>
Beneficial interest in assets held by trustee	\$ <u>-</u>	\$ <u>-</u>	\$ <u>555,506</u>	\$ <u>555,506</u>

## AMERICAN RED CROSS: DENVER COE

### Notes to Consolidated Financial Statements

#### **Note 3 - Fair Value Measurement (continued)**

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2010:

Beginning balance	\$ 514,743
Unrealized investment gain	<u>40,763</u>
Ending balance	<u>\$ 555,506</u>

#### **Note 4 - Beneficial Interest in Assets Held By Trustee**

The Organization has a beneficial interest in assets held by a trustee, which is neither in the Chapter's possession nor under its control. The assets are held in perpetuity and invested and managed by an outside trustee in accordance with a trust instrument established by the donor. Interest and dividends earned on the trust assets are distributed to the Organization, with any changes in fair market value being reinvested in the trust assets and reflected in the permanently restricted net asset class in the accompanying statement of activities. The fair value of the assets held by the trustee include Levels 1, 2, and 3 classifications; however, as the Organization does not have control over those assets, they are classified under Level 3 in the fair value hierarchy.

The following details each major category of assets held by trustee and the related fair market value as of June 30, 2010:

Equity mutual funds	\$ 265,770
Fixed income mutual funds	145,302
Real assets	76,640
Complimentary strategies	54,488
Cash	<u>13,306</u>
	<u>\$ 555,506</u>

#### **Note 5 - Property and Equipment**

Property and equipment at June 30, 2010 consists of the following:

Land	\$ 705,838
Building and improvements	4,473,090
Furniture and equipment	<u>1,224,945</u>
	6,403,873
Less accumulated depreciation and amortization	<u>(2,467,760)</u>
	<u>\$ 3,936,113</u>

**AMERICAN RED CROSS: DENVER COE**

**Notes to Consolidated Financial Statements**

**Note 6 - Note Payable**

Note payable consists of the following at June 30, 2010:

Note payable to a bank, monthly interest payments at the 12-month LIBOR rate plus 0.60% (1.79% at June 30, 2010), annual principal payments of \$50,000, maturing July 2013. The note is guaranteed by the National American Red Cross.

	\$ 200,000
	200,000
Less current portion	<u>(50,000)</u>
	<u>\$ 150,000</u>

Maturities of long-term obligations are as follows:

**Year Ending June 30,**

2011	\$ 50,000
2012	50,000
2013	50,000
2014	<u>50,000</u>
	<u>\$ 200,000</u>

**Note 7 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at June 30, 2010:

Programs	\$ 98,133
Capital projects	72,357
Transportation program	57,500
Disaster services	30,000
Other	<u>11,481</u>
	<u>\$ 269,471</u>

## AMERICAN RED CROSS: DENVER COE

### Notes to Consolidated Financial Statements

#### **Note 8 - Commitments**

The Organization leases facilities, a copier, and equipment from unrelated third parties under operating leases and subleases a portion of its facilities to two tenants. Future minimum lease obligations and rentals receivable are as follows:

<u>Year Ending June 30,</u>	<u>Third-Party Leases</u>	<u>Less Anticipated Sublease Rentals</u>	<u>Total Net of Anticipated Sublease Rentals</u>
2011	\$ 104,420	\$ 52,724	\$ 51,696
2012	68,640	27,060	41,580
2013	57,065	-	57,065
2014	29,780	-	29,780
2015	<u>12,385</u>	<u>-</u>	<u>12,385</u>
	<u>\$ 272,290</u>	<u>\$ 79,784</u>	<u>\$ 192,506</u>

Rental expenses totaled \$170,845 during the year ended June 30, 2010.

#### **Note 9 - Benefit Plans**

The Organization participates in a defined benefit retirement plan (the "Retirement Plan") administered by the Retirement System of the American Red Cross that covers employees hired prior to July 1, 2009 and is funded by the Organization. For funding purposes under the Retirement Plan, normal pension costs are determined by the projected unit credit method and are funded currently by the Organization. Voluntary contributions cannot be made by active members to fund an optional annuity benefit. Defined benefits are based on years of service and the employee's final average compensation, which is calculated using the highest consecutive 48 months of the last 120 months' service before retirement. Employer contributions of \$192,978 were made for the year ended June 30, 2010.

The American Red Cross is a single corporate entity composed of various operating units. Accordingly, 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 Red Cross are presented in the American Red Cross's consolidated financial statements.

The Organization participates in a 401(k) plan (the "401(k) Plan") offered by the American Red Cross for eligible employees. The 401(k) Plan provides for discretionary matching contributions by the Organization. For the year ended June 30, 2010, the Organization did not make any matching contributions.

## AMERICAN RED CROSS: DENVER COE

### Notes to Consolidated Financial Statements

#### **Note 10 - Related Party**

The Organization pays the American Red Cross for chapter assessments due to the national sector. The chapter assessments are determined annually on a fiscal year basis. The annual assessment for the year ended June 30, 2010 was \$842,439, which is included in the accompanying statement of activities. At June 30, 2010, the Organization owed \$17,896 for chapter assessments, of which \$5,987 is included in accounts payable on the statement of financial position.

At June 30, 2010, the Organization owed \$119,124 to the American Red Cross for cost reimbursements, which is included in accounts payable on the statement of financial position.

At June 30, 2010, \$72,656 of funds received by the National American Red Cross through the consolidated direct marketing campaign are owed to the Organization.

At June 30, 2010, the National American Red Cross owed the organization \$289,978 for cost reimbursement and donations received directly by National for the Organization.

At June 30, 2010, the National American Red Cross owed the Organization \$269,138 for Charitable Gift Annuities held on behalf of the Organization.

At June 30, 2010, the Organization owed the National American Red Cross \$11,729 for donations received for nationally designated disasters. The following table details the receipt and remittance to National for such disasters during the fiscal year. The large amount collected for international disasters is due to a large disaster in Haiti during the fiscal year.

	<u>Domestic Disaster Relief</u>	<u>International Response</u>
Balance owed to the National American Red Cross at June 30, 2009	\$ 23,819	\$ 100
Gross contributions received - current year	1,655	2,378,134
Amounts remitted to the National American Red Cross	<u>(25,434)</u>	<u>(2,366,545)</u>
Balance due to the National American Red Cross at June 30, 2010	<u>\$ 40</u>	<u>\$ 11,689</u>

#### **Note 11 - Post Retirement Benefits**

The American Red Cross provides medical and dental benefits to eligible retirees and their eligible dependents. Generally, retirees and employer units pay a portion of the premium costs and the medical and dental plans pay a stated percentage of expenses reduced by deductibles and other coverage. 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.

**AMERICAN RED CROSS: DENVER COE**

**Notes to Consolidated Financial Statements**

**Note 11 - Post Retirement Benefits (continued)**

Post retirement benefits are accrued over the period the employee provides services to the Organization. Since the American Red Cross is one corporate entity and most retirees participate in the single American Red Cross benefits plan, providing separate disclosures for retirees associated with individual chapters is not practicable. Annual post retirement benefits expenses are recorded and disclosed for the entire American Red Cross in its consolidated financial statements. For the year ended June 30, 2010, the Organization made contributions of \$4,493 for post retirement benefits.

**ACCOMPANYING INFORMATION**

**AMERICAN RED CROSS: DENVER COE**

**Consolidating Statement of Financial Position  
June 30, 2010**

	Mile High Region				Mile High Region Total	Pikes Peak Region	Brown County Chapter	Brookings County Chapter	Great Plains Chapter	Oahe Chapter	Dakota Plains Chapter	Total
	Mile High Chapter	Northern Colorado Chapter	Western Colorado Chapter	Southwest Colorado Chapter		Pikes Peak Chapter						
<b>Assets</b>												
<b>Current assets</b>												
Cash and cash equivalents	\$ 2,475,203	\$ 537,637	\$ 65,286	\$ 4,876	3,083,002	\$ 462,419	\$ 28,750	\$ 13,344	\$ 16,618	\$ 46,921	\$ 19,735	\$ 3,670,789
Restricted cash	1,085,000	-	-	-	1,085,000	-	26,281	3,684	-	26,184	-	1,141,149
Investments at fair value	12,436	12,437	-	4,935	29,808	120,802	96,384	29,079	37,618	4,983	18,388	337,062
Receivables, net of allowance for doubtful accounts of \$26,813												
National	350,616	(2,531)	289	(1,646)	346,728	(7,732)	-	-	-	-	-	338,996
Other	162,207	22,229	21,219	10,927	216,582	46,202	-	-	-	-	19,500	282,284
Pledges receivables, current portion	17,081	-	-	-	17,081	-	-	-	-	-	-	17,081
Prepays	10,429	12,889	-	1,297	24,615	-	-	-	-	-	-	24,615
Total current assets	<u>4,112,972</u>	<u>582,661</u>	<u>86,794</u>	<u>20,389</u>	<u>4,802,816</u>	<u>621,691</u>	<u>151,415</u>	<u>46,107</u>	<u>54,236</u>	<u>78,088</u>	<u>57,623</u>	<u>5,811,976</u>
Property and equipment, net	<u>2,324,957</u>	<u>86,359</u>	<u>196,143</u>	<u>2,268</u>	<u>2,609,727</u>	<u>1,326,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,936,113</u>
<b>Other assets</b>												
Beneficial interest in assets held by trustee	-	555,506	-	-	555,506	-	-	-	-	-	-	555,506
Pledges/grants receivable - long term	80,000	-	-	-	80,000	-	-	-	-	-	-	80,000
Receivable - National	252,916	3,475	-	-	256,391	12,747	-	-	-	-	-	269,138
Total other assets	<u>332,916</u>	<u>558,981</u>	<u>-</u>	<u>-</u>	<u>891,897</u>	<u>12,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>904,644</u>
Total assets	<u>\$ 6,770,845</u>	<u>\$ 1,228,001</u>	<u>\$ 282,937</u>	<u>\$ 22,657</u>	<u>\$ 8,304,440</u>	<u>\$ 1,960,824</u>	<u>\$ 151,415</u>	<u>\$ 46,107</u>	<u>\$ 54,236</u>	<u>\$ 78,088</u>	<u>\$ 57,623</u>	<u>\$ 10,652,733</u>
<b>Liabilities and Net Assets</b>												
<b>Current liabilities</b>												
Accounts payable												
Due to (from) other chapters	\$ (45,318)	\$ 11,955	\$ 9,844	\$ 4,692	\$ (18,827)	\$ 18,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	110,059	24,955	9,758	2,459	147,231	20,174	1,211	6,760	1,629	443	5,149	182,597
Accrued liabilities	257,795	19,109	20,653	8,513	306,070	44,939	1,377	2,860	3,557	2,228	5,750	366,781
Deferred revenue	886,500	10,000	-	-	896,500	-	-	-	-	-	-	896,500
Note payable, current portion	-	-	-	-	-	50,000	-	-	-	-	-	50,000
Total current liabilities	<u>1,209,036</u>	<u>66,019</u>	<u>40,255</u>	<u>15,664</u>	<u>1,330,974</u>	<u>133,940</u>	<u>2,588</u>	<u>9,620</u>	<u>5,186</u>	<u>2,671</u>	<u>10,899</u>	<u>1,495,878</u>
Note payable, net of current portion	-	-	-	-	-	150,000	-	-	-	-	-	150,000
Other liabilities	4,051	-	-	-	4,051	1,600	-	-	-	-	-	5,651
Total liabilities	<u>1,213,087</u>	<u>66,019</u>	<u>40,255</u>	<u>15,664</u>	<u>1,335,025</u>	<u>285,540</u>	<u>2,588</u>	<u>9,620</u>	<u>5,186</u>	<u>2,671</u>	<u>10,899</u>	<u>1,651,529</u>
<b>Net assets</b>												
Unrestricted	5,359,753	606,476	242,682	6,993	6,215,904	1,667,784	118,089	36,487	49,050	51,745	37,168	8,176,227
Temporary restricted	198,005	-	-	-	198,005	7,500	30,738	-	-	23,672	9,556	269,471
Permanently restricted	-	555,506	-	-	555,506	-	-	-	-	-	-	555,506
Total net assets	<u>5,557,758</u>	<u>1,161,982</u>	<u>242,682</u>	<u>6,993</u>	<u>6,969,415</u>	<u>1,675,284</u>	<u>148,827</u>	<u>36,487</u>	<u>49,050</u>	<u>75,417</u>	<u>46,724</u>	<u>9,001,204</u>
Total liabilities and net assets	<u>\$ 6,770,845</u>	<u>\$ 1,228,001</u>	<u>\$ 282,937</u>	<u>\$ 22,657</u>	<u>\$ 8,304,440</u>	<u>\$ 1,960,824</u>	<u>\$ 151,415</u>	<u>\$ 46,107</u>	<u>\$ 54,236</u>	<u>\$ 78,088</u>	<u>\$ 57,623</u>	<u>\$ 10,652,733</u>

**AMERICAN RED CROSS: DENVER COE**

**Consolidating Statement of Activities  
For the Year Ending June 30, 2010**

	Mile High Region				Mile High Region Total	Pikes Peak Region			Great Plains Chapter	Ohae Chapter	Dakota Plains Chapter	Total
	Mile High Chapter	Northern Colorado Chapter	Western Colorado Chapter	Southwestern Colorado Chapter		Pikes Peak Chapter	Brown County Chapter	Brookings County Chapter				
<b>Public support and revenue</b>												
Public support												
United Way and federated giving	\$ 646,788	\$ 55,008	\$ 7,014	\$ 18,370	\$ 727,180	\$ 101,095	\$ 23,551	\$ 31,818	\$ 14,880	\$ 23,433	\$ -	\$ 921,957
Legacies and bequests	580,488	53,000	-	-	633,488	16,645	-	-	-	-	-	650,133
Other contributions	2,433,388	187,962	154,515	42,522	2,818,387	399,440	13,750	18,559	25,101	22,584	17,278	3,315,099
Special events, net	230,523	130,983	24,807	3,380	389,693	41,170	2,441	27,430	7,776	8,720	29,912	507,142
In-kind gifts	187,323	-	15,980	-	203,303	341	-	-	-	-	-	203,644
National ARC reimbursements	238,626	-	2,016	1,738	242,380	11,774	-	9,557	-	5,257	1,661	270,629
Total public support	<u>4,317,136</u>	<u>426,953</u>	<u>204,332</u>	<u>66,010</u>	<u>5,014,431</u>	<u>570,465</u>	<u>39,742</u>	<u>87,364</u>	<u>47,757</u>	<u>59,994</u>	<u>48,851</u>	<u>5,868,604</u>
<b>Revenue</b>												
Investment income	79,038	59,694	6,168	1	144,901	468	4,265	(13,747)	3,600	371	2,015	141,873
Products and services	1,494,588	233,558	176,917	59,154	1,964,217	364,547	45,975	39,054	14,562	15,577	19,649	2,463,581
Other revenue	154,638	44	11,281	266	166,229	48,343	(453)	30	447	368	3,074	218,038
Total revenue	<u>1,728,264</u>	<u>293,296</u>	<u>194,366</u>	<u>59,421</u>	<u>2,275,347</u>	<u>413,358</u>	<u>49,787</u>	<u>25,337</u>	<u>18,609</u>	<u>16,316</u>	<u>24,738</u>	<u>2,823,492</u>
Total public support and revenue	<u>6,045,400</u>	<u>720,249</u>	<u>398,698</u>	<u>125,431</u>	<u>7,289,778</u>	<u>983,823</u>	<u>89,529</u>	<u>112,701</u>	<u>66,366</u>	<u>76,310</u>	<u>73,589</u>	<u>8,692,096</u>
<b>Expenses</b>												
Program services												
Services to armed forces	136,810	14,139	28,953	3,776	183,678	64,490	938	982	893	560	6,482	258,023
Disaster services	1,508,179	245,485	139,198	66,829	1,959,691	442,306	8,379	12,424	5,760	8,356	30,698	2,467,614
Health and safety services	1,716,114	245,414	130,094	82,956	2,174,578	504,629	22,729	20,689	4,853	6,633	35,982	2,770,093
Community services	532,284	4,792	-	221	537,297	2,136	-	-	-	-	2,541	541,974
International services	86,431	8,570	3,159	1,963	100,123	12,496	938	982	893	560	872	116,864
Total program services	<u>3,979,818</u>	<u>518,400</u>	<u>301,404</u>	<u>155,745</u>	<u>4,955,367</u>	<u>1,026,057</u>	<u>32,984</u>	<u>35,077</u>	<u>12,399</u>	<u>16,109</u>	<u>76,575</u>	<u>6,154,568</u>
Supporting services												
Fundraising	786,923	85,069	76,004	28,322	976,318	84,406	371	19,917	1,582	1,675	23,033	1,107,302
Management and general	608,152	13,460	14,799	3,069	639,480	23,704	59,486	96,009	51,419	58,112	8,959	937,169
Total supporting services	<u>1,395,075</u>	<u>98,529</u>	<u>90,803</u>	<u>31,391</u>	<u>1,615,798</u>	<u>108,110</u>	<u>59,857</u>	<u>115,926</u>	<u>53,001</u>	<u>59,787</u>	<u>31,992</u>	<u>2,044,471</u>
Total expenses	<u>5,374,893</u>	<u>616,929</u>	<u>392,207</u>	<u>187,136</u>	<u>6,571,165</u>	<u>1,134,167</u>	<u>92,841</u>	<u>151,003</u>	<u>65,400</u>	<u>75,896</u>	<u>108,567</u>	<u>8,199,039</u>
Change in net assets	\$ 670,507	\$ 103,320	\$ 6,491	\$ (61,705)	\$ 718,613	\$ (150,344)	\$ (3,312)	\$ (38,302)	\$ 966	\$ 414	\$ (34,978)	\$ 493,057