
**THE PORTLAND REGION
OF THE
AMERICAN NATIONAL RED CROSS**

**CONSOLIDATED
FINANCIAL STATEMENTS**

Year Ended June 30, 2009

with

Independent Auditors' Report

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

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Independent Auditors' Report

The Board of Directors
The Portland Region of
the American National Red Cross

We have audited the accompanying consolidated statement of financial position of The Portland Region of the American National Red Cross (the Region) as of June 30, 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Region'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 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 Portland Region of the American National Red Cross as of June 30, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2009, on our consideration of the Region's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary financial information (pages 27 through 30) is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Hoffman, Stewart & Schmidt, P.C.

October 29, 2009

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Consolidated Statement of Financial Position

June 30, 2009

ASSETS	Unrestricted		
	Operating	Heritage Fund	Total
Current assets:			
Cash and cash equivalents	\$ 1,177,220	\$ 99,838	\$ 1,277,058
Investments (<i>Notes 3 and 16</i>)	200,467	-	200,467
Receivables - net (<i>Note 4</i>):			
Contributions receivable	-	-	-
Inter-Red Cross receivables (<i>Note 5</i>)	45,782	-	45,782
All other receivables	670,255	-	670,255
Inventories	233,564	-	233,564
Prepaid expenses and other assets	25,909	-	25,909
Total current assets	2,353,197	99,838	2,453,035
Inter-Red Cross receivables (<i>Note 5</i>)	72,164	157,539	229,703
Contributions receivable - net of current portion (<i>Note 4</i>)	-	-	-
Investments (<i>Notes 3 and 16</i>)	124,454	3,711,357	3,835,811
Property and equipment - net (<i>Note 6</i>)	5,071,793	-	5,071,793
Total assets	\$ 7,621,608	\$ 3,968,734	\$ 11,590,342
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 390,569	\$ -	\$ 390,569
Accrued liabilities	404,987	-	404,987
Inter-Red Cross payables (<i>Note 5</i>)	569,293	-	569,293
Other current liabilities (<i>Note 9a</i>)	151,117	-	151,117
Total current liabilities	1,515,966	-	1,515,966
Commitments (<i>Note 9b</i>)			
Net assets:			
Unrestricted:			
Community disaster relief reserve	294,000	3,968,734	4,262,734
Designated building reserve	130,000	-	130,000
Designated equipment reserve	115,000	-	115,000
Designated for Childcare Food Program	37,948	-	37,948
Designated for Retired and Senior Volunteer Program	41,996	-	41,996
Net investment in property and equipment	5,071,793	-	5,071,793
Undesignated	414,905	-	414,905
Total unrestricted	6,105,642	3,968,734	10,074,376
Restricted (<i>Note 7</i>):			
Temporarily	-	-	-
Permanently	-	-	-
Total net assets	6,105,642	3,968,734	10,074,376
Total liabilities and net assets	\$ 7,621,608	\$ 3,968,734	\$ 11,590,342

The accompanying notes are an integral part of the consolidated financial statements.

Temporarily Restricted	Permanently Restricted	Total
\$ 103,970	\$ 7,593	\$ 1,388,621
26,129	-	226,596
299,454	-	299,454
-	-	45,782
-	-	670,255
-	-	233,564
-	-	25,909
429,553	7,593	2,890,181
-	-	229,703
9,250	-	9,250
78,039	216,384	4,130,234
-	-	5,071,793
\$ 516,842	\$ 223,977	\$ 12,331,161
\$ -	\$ -	\$ 390,569
-	-	404,987
-	-	569,293
-	-	151,117
-	-	1,515,966
-	-	4,262,734
-	-	130,000
-	-	115,000
-	-	37,948
-	-	41,996
-	-	5,071,793
-	-	414,905
-	-	10,074,376
516,842	-	516,842
-	223,977	223,977
516,842	223,977	10,815,195
\$ 516,842	\$ 223,977	\$ 12,331,161

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Consolidated Statement of Activities

Year Ended June 30, 2009

	Operating	Unrestricted Heritage Fund	Total
Contributions, revenue and gains:			
Contributions:			
United Way	\$ 197,576	\$ -	\$ 197,576
Other contributions	1,628,523	-	1,628,523
Special events:			
Special events revenue	265,282	-	265,282
Less direct costs of events	<u>(103,155)</u>	<u>-</u>	<u>(103,155)</u>
Net special events revenue	162,127	-	162,127
Legacies, bequests, etc.	11,438	42,935	54,373
In-kind contributions <i>(Note 10)</i>	129,174	-	129,174
Grants	1,045,021	-	1,045,021
Investment income <i>(Note 3)</i>	33,724	122,216	155,940
Contracts	2,722,994	-	2,722,994
Products and services	2,225,868	-	2,225,868
Inter-Red Cross revenues - net <i>(Note 5)</i>	1,133,026	-	1,133,026
Other revenues and gains	549,125	-	549,125
Operating fund transfer	1,096,740	(1,096,740)	-
Assets released from restrictions:			
Satisfaction of time and purpose restrictions <i>(Note 8)</i>	<u>794,089</u>	<u>-</u>	<u>794,089</u>
Total operating revenues	11,729,425	(931,589)	10,797,836
Operating expenses:			
Armed Forces Emergency Services	211,891	-	211,891
Disaster Services	2,481,293	-	2,481,293
Biomedical Services	17,230	-	17,230
Health and Safety Services	2,466,030	-	2,466,030
Community Services	4,196,637	-	4,196,637
International Services	<u>73,855</u>	<u>-</u>	<u>73,855</u>
Total program services	9,446,936	-	9,446,936
Membership and fund-raising	1,119,425	-	1,119,425
Management and general	<u>1,737,142</u>	<u>-</u>	<u>1,737,142</u>
Total supporting services	2,856,567	-	2,856,567
Total operating expenses	12,303,503	-	12,303,503
Change in net assets from operations	(574,078)	(931,589)	(1,505,667)
Net realized and unrealized loss on investments <i>(Note 3)</i>	(505,937)	(933,416)	(1,439,353)
Change in value of beneficial interest in perpetual trust <i>(Note 3)</i>	-	-	-
Interfund transfer	<u>364,326</u>	<u>(364,326)</u>	<u>-</u>
Change in net assets	(715,689)	(2,229,331)	(2,945,020)
Net assets at beginning of year - restated <i>(Note 17)</i>	6,806,806	6,198,065	13,004,871
Transfer of net assets to Portland Region <i>(Note 18)</i>	<u>14,525</u>	<u>-</u>	<u>14,525</u>
Net assets at end of year	<u>\$ 6,105,642</u>	<u>\$ 3,968,734</u>	<u>\$ 10,074,376</u>

The accompanying notes are an integral part of the consolidated financial statements.

Temporarily Restricted	Permanently Restricted	Total
179,003	\$ -	\$ 376,579
281,278	-	1,909,801
200	-	265,482
-	-	(103,155)
200	-	162,327
103,410	7,593	165,376
-	-	129,174
82,707	-	1,127,728
-	-	155,940
-	-	2,722,994
-	-	2,225,868
280	-	1,133,306
-	-	549,125
-	-	-
(794,089)	-	-
(147,211)	7,593	10,658,218
-	-	211,891
-	-	2,481,293
-	-	17,230
-	-	2,466,030
-	-	4,196,637
-	-	73,855
-	-	9,446,936
-	-	1,119,425
-	-	1,737,142
-	-	2,856,567
-	-	12,303,503
(147,211)	7,593	(1,645,285)
-	-	(1,439,353)
-	(5,301)	(5,301)
-	-	-
(147,211)	2,292	(3,089,939)
664,053	221,685	13,890,609
-	-	14,525
\$ 516,842	\$ 223,977	\$ 10,815,195

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2009

	Program Services				
	Armed Forces	Health and			
	Emergency Services	Disaster Services	Biomedical Services	Safety Services	Community Services
Compensation	\$ 19,158	\$ 804,530	\$ 7,843	\$ 1,088,715	\$ 1,388,635
Employee benefits	3,044	206,853	2,256	276,391	343,404
Travel expense	936	34,254	-	25,131	85,106
Financial and material assistance	8,981	508,631	17	16,320	56,428
Supplies and materials	16,174	94,586	101	473,887	362,367
Equipment maintenance and rental	1,758	83,768	5,722	25,750	127,453
Contractual services	58,256	150,479	1,154	229,594	1,745,478
Inter-Red Cross expenses (Note 5)	28,583	115,556	-	119,919	44,089
Total before depreciation and amortization and National chapter assessment	136,890	1,998,657	17,093	2,255,707	4,152,960
Depreciation and amortization expense	1,146	113,359	137	62,612	43,677
Total before National chapter assessment	138,036	2,112,016	17,230	2,318,319	4,196,637
National chapter assessment (Note 5)	73,855	369,277	-	147,711	-
Total functional expenses	\$ 211,891	\$ 2,481,293	\$ 17,230	\$ 2,466,030	\$ 4,196,637

The accompanying notes are an integral part of the consolidated financial statements.

International Services	Total	Supporting Services		Total	Grand Total
		Membership and Fund-raising	Management and General		
\$ -	\$ 3,308,881	\$ 536,173	\$ 633,247	\$ 1,169,420	\$ 4,478,301
-	831,948	119,873	157,210	277,083	1,109,031
-	145,427	2,734	89,861	92,595	238,022
-	590,377	1,096	31,400	32,496	622,873
-	947,115	81,560	108,835	190,395	1,137,510
-	244,451	13,148	33,330	46,478	290,929
-	2,184,961	281,911	531,297	813,208	2,998,169
-	308,147	34,446	70,082	104,528	412,675
-	8,561,307	1,070,941	1,655,262	2,726,203	11,287,510
-	220,931	18,942	37,567	56,509	277,440
-	8,782,238	1,089,883	1,692,829	2,782,712	11,564,950
73,855	664,698	29,542	44,313	73,855	738,553
\$ 73,855	\$ 9,446,936	\$ 1,119,425	\$ 1,737,142	\$ 2,856,567	\$ 12,303,503

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Consolidated Statement of Cash Flows

Year Ended June 30, 2009

Cash flows from operating activities:	
Change in net assets	\$ (3,089,939)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	277,440
Realized and unrealized loss on investments	1,192,423
Change in value of charitable gift annuities	246,930
Change in value of beneficial interest in perpetual trust	5,301
Gain on sale of property and equipment	(200,502)
Proceeds from contributions for permanently restricted endowment	(7,593)
Transfer of Eastern Oregon Chapter net assets to Portland Region	14,525
Forgiveness of chapter assessment by National	(583,248)
Changes in:	
Receivables - net	127,987
Inventories	(1,756)
Prepaid expenses and other assets	(2,960)
Liabilities	293,026
Net cash used by operating activities	<u>(1,728,366)</u>
Cash flows from investing activities:	
Purchase of property and equipment	(118,393)
Proceeds from sale of property and equipment	200,502
Purchase of investments	(578,435)
Proceeds from sale of investments	2,799,038
Net cash provided by investing activities	<u>2,302,712</u>
Cash flows from financing activities:	
Permanently restricted contributions	7,593
Payments on note payable	(32,792)
Payments on capital lease payable	(3,166)
Net cash used by financing activities	<u>(28,365)</u>
Increase in cash and cash equivalents	545,981
Cash and cash equivalents, beginning of year	<u>842,640</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,388,621</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ 3,376

The accompanying notes are an integral part of the consolidated financial statements.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Consolidated Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations - The Portland Region of the American National Red Cross (the Region) is a humanitarian organization that provides relief to victims of disasters and helps people prevent, prepare for, and respond to emergencies. The Region operates under a charter received from the American National Red Cross (National). The Region, together with an affiliated organization, Pacific Northwest Regional Blood Services of the American National Red Cross (Blood Services), directs American Red Cross activities throughout the State of Oregon.

The assets reflected in the accompanying consolidated financial statements are held by the Region as agent for, and in trust for the benefit of, the American National Red Cross, and are subject to the rules and regulations of National's Board of Governors. The accompanying consolidated financial statements do not combine the activities of the Region with Blood Services or other units of National outside the State of Oregon, nor have any inter-organizational transactions between such entities been eliminated.

Summary of Significant Accounting Policies - The significant accounting policies followed by the Region are described below.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Oregon Trail Chapter, Oregon Pacific Chapter, Southern Oregon Chapter and Oregon Mountain River Chapter of The American National Red Cross. All significant intercompany accounts and transactions between these entities have been eliminated.

Basis of Presentation - Net assets and all balances and transactions are presented on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Region and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets not subject to donor-imposed restrictions.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of the Region and/or the passage of time.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Region. Generally, the donors of these assets permit the Region to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as net assets released from restrictions.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

1. Nature of Operations and Summary of Significant Accounting Policies - Continued
Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued -The Heritage Fund is unrestricted and is designated by the Board to provide investment income and financial stability for funding essential services of the Oregon Trail Chapter.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Cash Equivalents - The Region considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. The Region places its cash equivalents with high credit quality financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits (\$250,000 at June 30, 2009).

Inventories - Inventories of supplies purchased for use in program services and goods for resale are valued at the lower of cost or market value. Cost is determined using the weighted average cost method.

Property and Equipment - Purchases of property and equipment having a unit cost of \$2,500 or more and an estimated useful life of three years or more are capitalized at cost. Donated assets are capitalized at the estimated fair market value at the time of receipt. It is not the Region's policy to apply 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.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets as follows:

Class of Property	Useful Life in Years
Buildings	36 - 45
Building improvements	5 - 42
Equipment and software	3 - 17

Receivables - Receivables are recognized as goods and services are provided. The Region does not assess finance charges on past due accounts.

The Region uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is estimated by management based on various factors, including past history and current economic conditions.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

1. Nature of Operations and Summary of Significant Accounting Policies - Continued
Summary of Significant Accounting Policies - Continued

Contributions - Contributions, which include unconditional promises to give, are recognized as revenues in the year received. Conditional promises to give are not recognized in the consolidated financial statements until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received that do not specifically name the Region as the beneficiary are shared with National.

The Region reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

The Region reports gifts of property and equipment 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 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 restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Region reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In-kind Contributions - Donated materials and supplies are recorded at their estimated fair market value at the date of donation, with the exception of auction items, which are recorded at their realized value. Donations of services are recorded at estimated fair value when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation.

Advertising - Advertising is recorded as an expense as it is incurred. The Region did not incur any material expenditures for advertising during the year ended June 30, 2009.

Income Taxes - Income taxes are not provided for in the consolidated financial statements since National and its affiliated Regions and regional blood programs are exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. National and its affiliated Regions and regional blood programs are not classified as private foundations.

Functional Allocation of Expenses - Costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Certain specific costs have been allocated among the programs and supporting services directly benefited. It is not the practice of the Region to allocate indirect management and general expenses to programs.

Investments - Investments are reported at fair value. Fair value is determined by using quoted market prices, where available. Where not available, the present value of estimated expected future cash flows or another reasonable method is used. The allocation of investment income to the Operating Fund and Heritage Fund is based on each fund's investment balance.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

1. Nature of Operations and Summary of Significant Accounting Policies - Continued
Summary of Significant Accounting Policies - Continued

Split Interest Agreements - The Region maintains split interest agreements in the form of charitable gift annuities, perpetual trusts held by third parties, and charitable lead annuity trusts. Assets held under split interest agreements of \$357,361 are included in investments and inter-Red Cross receivables in the consolidated statement of financial position at June 30, 2009.

2. Functional Services

Program Services - The program services provided by the Region are identified by the following categories:

Armed Forces Emergency Services - Provides services for military service members and their families by relaying urgent messages regarding births, deaths, or human crisis. Region case workers provide these services 24 hours a day.

Disaster Services - Provides on-call 24 hour emergency food, shelter, clothing, medical supplies, and counseling to victims of home fires and other local and national disasters. This program also provides disaster preparedness training and materials.

Biomedical Services - Working with the Pacific Northwest Regional Blood Services of the American National Red Cross (Blood Services), the Region helps provide reliable and safe blood, plasma, and tissue products.

Health and Safety Services - Teaches adults, teens, and children how to detect and prevent emergency situations, as well as how to respond effectively when injuries or accidents occur. The Region provides customized training courses for businesses and individuals in several classes, including first aid, CPR, and water safety.

Community Services - The Region provides additional services to the community it serves through various programs, including the following:

Youth Services - Provides courses designed specifically for children and teens, such as basic first aid training and other safety classes. The program also encompasses the youth first aid services team (FAST) comprised of young adults who provide emergency first aid and CPR at community events.

Meals on Wheels - Delivers nutritious meals to homebound elderly in parts of the Eugene-Springfield metropolitan area by caring and friendly volunteers, assisting the individuals served in leading comfortable, dignified lives at home.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

**2. Functional Services - Continued
Program Services – Continued**

Community Services - Continued:

Childcare Food Program - This program reimburses registered childcare providers for nutritious meals and snacks served to more than 4,000 children within Lane, Lincoln, Linn and Benton Counties.

Retired and Senior Volunteer Program - Organizes volunteers over the age of 55 to help in other service organizations in Lincoln County.

International Services - International Services are initiatives conducted by National and focus on primary health care, emergency response and preparedness. The Region's only expense in this program is its allocation of the Region assessment as determined by National.

Supporting Services - The membership and development function includes all costs to maintain and secure new donors to the Region. The management and general function provides the necessary developmental, organizational, and managerial support for the effective operations of the Region.

3. Investments

The Region invests in Federal instruments, high yield instruments, and selected investment funds maintained by National. Investments, at fair value, consist of the following at June 30, 2009:

Certificates of deposit	\$ 193,180
Red Cross Select Investment Program funds:	
Liquidity funds	81
Short-term bond funds	106,516
Diversified bond fund	706,982
Long duration bond fund	6,737
Strategic stock fund	2,084,933
International stock fund	896,740
Broad market index fund	22,435
SORCE fund	197,255
Interest in charitable lead trusts	104,168
Beneficial interest in perpetual trust	23,490
Other	14,313
	4,356,830
Total investments at fair value	4,356,830
Less current investments	(226,596)
	\$ 4,130,234
Long-term investments	

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

3. Investments - Continued

Operating Fund investments are available to meet immediate cashflow needs and are, therefore, classified as current. The remaining investments (comprised primarily of amounts held by National) are designated for long-term purposes, and are therefore classified as non-current in the accompanying consolidated statement of financial position.

Net investment return consists of the following for the year ended June 30, 2009:

	Operating	Heritage Fund	Permanently Restricted	Total
Investment income - interest and dividends	\$ 33,724	\$ 122,216	\$ -	\$ 155,940
Net realized and unrealized loss on investments ^A	(505,937)	(933,416)	-	(1,439,353)
Change in value of beneficial interest in perpetual trust	-	-	(5,301)	(5,301)
	<u>\$ (472,213)</u>	<u>\$ (811,200)</u>	<u>\$ (5,301)</u>	<u>\$ (1,288,714)</u>

^AIncludes decrease in value of charitable gift annuities held by National of \$246,930.

4. Receivables - Net

Contributions receivable consist of unconditional promises to give, the majority of which are due within one year.

At June 30, 2009, the Region had products and services receivables totaling \$286,335, which are included in "all other receivables" in the accompanying consolidated statement of financial position. Of this amount \$51,367 was outstanding for more than 90 days at June 30, 2009.

Allowances are provided for amounts estimated to be uncollectible and are offset against the assets "contributions receivable" and "all other receivables" on the consolidated statement of financial position. A summary of the allowance for uncollectible accounts at June 30, 2009 is as follows:

Allowance for uncollectible contributions receivable	\$ 3,436
Allowance for uncollectible products and services receivables	<u>12,490</u>
Total allowance for uncollectible receivables	<u>\$ 15,926</u>

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

4. Receivables - Net - Continued

Management believes that the allowance for uncollectible accounts is sufficient to absorb any amounts that may not be collected.

Contributions receivable are expected to be collected as follows at June 30, 2009:

Less than one year	\$ 299,454
One to five years	13,500
	312,954
Less discount to present value ^A	(814)
Less allowance for uncollectible amounts	(3,436)
	308,704
Less current portion	(299,454)
	\$ 9,250

^ADiscount on the contributions receivable is calculated using an interest rate of 2.10 percent.

5. Related-Party Transactions

- a. The Region enters into various transactions with National, Blood Services, and other Regions. A summary of related-party transactions and balances is as follows:

Inter-Red Cross revenues:	
National	\$ 887,321
Blood Services	219,212
Other chapters	26,773
	\$ 1,133,306
 Inter-Red Cross expenses:	
National	\$ 2,494
Blood Services	362,012
Other chapters	48,169
	\$ 412,675

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

5. Related-Party Transactions - Continued

Chapter assessment expense to National	\$ 738,553
Inter-Red Cross receivables:	
National	\$ 260,084
Blood Services	8,745
Other chapters	6,656
	<hr/>
Total inter-Red Cross receivables	275,485
Amount recorded as current	45,782
	<hr/>
Amount recorded as long-term	\$ 229,703
	<hr/>
Inter-Red Cross payables:	
National	\$ 376,040
Blood Services	188,326
Other chapters	4,927
	<hr/>
Total inter-Red Cross payables	\$ 569,293
	<hr/>

Included in Inter-Red Cross receivables above are charitable gift annuities held by National of \$229,703.

- b. Effective July 1, 2006, the Oregon Trail Chapter entered into a three-year purchase of services agreement with Blood Services for costs incurred in connection with the operation of the facility that the Oregon Trail Chapter shares with Blood Services. Under the terms of the agreement for the year ended June 30, 2009, the Oregon Trail Chapter paid Blood Services \$16,021 per month for “fixed costs” (as defined in the agreement), plus “variable costs” (as defined in the agreement). The total expenses under this agreement were \$362,012 for the year ended June 30, 2009.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

6. Property and Equipment

Property and equipment consists of the following at June 30, 2009:

Land	\$ 396,581
Buildings and improvements	6,690,891
Equipment	<u>1,619,496</u>
Total property and equipment	8,706,968
Less accumulated depreciation and amortization	<u>(3,635,175)</u>
Property and equipment - net	<u><u>\$ 5,071,793</u></u>

Included in equipment is certain equipment purchased under a capital lease (*Note 9a*) as follows:

Cost	\$ 12,500
Less accumulated amortization	<u>(10,625)</u>
Net	<u><u>\$ 1,875</u></u>

Amortization expense of \$2,500 related to the leased equipment is included in depreciation and amortization expense for the year ended June 30, 2009.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

7. Restricted Net Assets

Temporarily and permanently restricted net assets at June 30, 2009 are available for expenditure for the following purposes:

	Temporarily Restricted	Permanently Restricted
Purpose restrictions:		
Health and Safety Services	\$ 20,270	\$ -
Armed Forces Emergency Services	10,230	-
Disaster Services	80,627	-
Buildings and equipment	22,500	-
Other	81,470	-
 Time restrictions	 301,745	 -
 Investments in perpetuity, income from which is expendable to support general operations	 -	 223,977
	<u>\$ 516,842</u>	<u>\$ 223,977</u>

8. Net Assets Released from Restrictions

During the year ended June 30, 2009, net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by the occurrence of other events specified by the donors, as follows:

Purpose restrictions accomplished:	
Disaster Services	\$ 431,769
Health and Safety Services	107,984
Community Services	127,630
Other	19,122
 Time restrictions expired:	
Passage of specified time	107,584
 Total net assets released from restrictions	\$ 794,089

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

9. Lease Agreements

a. Capital lease

The Region leases certain office equipment under a capital lease expiring March 2010 for use in its operations. The following summarizes minimum future rental payments under the capital lease as follows:

Year ending June 30,	Amount
2010	\$ 3,193
Total minimum lease payments	3,193
Less amounts representing interest	(290)
Present value of net minimum lease payments	<u>\$ 2,903</u>

The present value of the net minimum lease payments is included as a component of other current liabilities in the accompanying consolidated statement of financial position.

b. Operating leases

Chapters within the Region lease certain office space, storage space, and office equipment under month-to-month rental agreements and non-cancelable operating lease agreements expiring through December, 2013. Future minimum rental commitments under the non-cancelable operating leases at June 30, 2009 were as follows:

Years Ending June 30,	Amount
2010	\$ 14,675
2011	9,200
2012	3,961
2013	823
2014	254
	<u>\$ 28,913</u>

Total rent expense within the Region was \$89,478 for the year ended June 30, 2009.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

10. In-Kind Contributions

Donated services:	
Nursing and psychological services used in Disasters Services program	\$ 16,137
Computer support services	61,550
Donated materials:	
Advertising placement and creative media design work	2,973
Clothing and household supplies	34,259
Auction items or incentives	7,319
Other	6,936
	<hr/>
	\$ 129,174

In addition to the donated services that are assigned a value above, the Region also receives donated services from numerous active volunteers. Volunteer-provided services included activities such as 24-hour local disaster response, driving for the Region transportation program, and serving on the Region Board of Directors and committees.

11. 401(k) Plan

National provides a 401(k) Savings Plan (the Plan) to all eligible employees. The Plan allows employees to contribute up to 25 percent of their eligible compensation on a pre-tax basis (subject to a dollar limit set annually by the IRS) and up to 10 percent of their eligible compensation on an after-tax basis. The total combined contribution may not exceed 35 percent of eligible compensation. Through May, 2009, the Oregon Trail Chapter matched 100 percent of employee contributions, up to the first 4 percent of eligible compensation. The employer match was discontinued in May, 2009. Employer contributions are vested according to the vesting schedule. The Region contributions to the Plan (all of which relate to the Oregon Trail Chapter) were \$41,283 for the year ended June 30, 2009.

12. Retirement Plan

The Region participates in a defined benefit retirement plan (the Plan) administered by the Retirement System of The American National Red Cross that covers substantially all employees. Region participation in the Retirement System is voluntary; however, most Regions with paid employees have elected to join the Plan.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

12. Retirement Plan - Continued

For funding purposes under the Plan, normal pension costs are determined by the projected unit credit method and are funded currently. The Plan provides a pension funded by the employer. Defined benefits are based on the employee's years of service and/or age and final average compensation, which is calculated using the highest consecutive 48 months of the last 120 months service before retirement. For the year ended June 30, 2009, the Region's contribution percentage was 4.25 percent of eligible salaries.

The American National Red Cross is a single corporate legal entity composed of over 800 operating units (Regions, blood service regions and the national sector). Accordingly, the Retirement System includes numerous participating Regions and blood service regions. It is not practicable for the Retirement System's actuary to compute accumulated and projected benefit obligations for individual Regions or blood service regions. Accumulated and projected benefit obligations and other required disclosures for the entire American National Red Cross (including all participating Regions, blood service regions and the national sector) are presented in the consolidated financial statements of The American National Red Cross. The Region made contributions to the Retirement System of The American National Red Cross totaling \$116,604 for the year ended June 30, 2009.

13. Postretirement Benefits

National provides medical and dental benefits to eligible Region 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. National 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.

Postretirement benefits are accrued by National over the years the employee provides services to the organization in accordance with accounting principles generally accepted in the United States of America.

Since the entire American National Red Cross is one corporate entity and most retirees participate in the single benefits plan, providing separate disclosures for retirees associated with individual Regions or blood services regions is not practicable. Annual postretirement benefit expenses are recorded and disclosed in the consolidated financial statements of The American National Red Cross. The Region did not make any contributions to the postretirement plan for the year ended June 30, 2009.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

14. Endowment

Certain individual chapters within the Region have received contributions from donors to be held as a permanently restricted endowment. Such contributions, when received, are ultimately sent to National for investment in an account established by National to hold endowment accounts. The Region's permanently restricted net assets totaled \$223,977 at June 30, 2009, including cash of \$7,593 that had yet to be remitted to National.

In August, 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. 117-1 (FSP 117-1) regarding the accounting and disclosure for endowment funds that are administered pursuant to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component of FSP 117-1 is a requirement to classify the portion of a donor restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

The endowment assets reflected in the accompanying consolidated financial statements are held by the Region as agent for, and in trust for the benefit of, the American National Red Cross, and are subject to the rules and regulations of National's Board of Governors. National follows the enacted UPMIFA for the District of Columbia, and the net asset classification and required disclosures under FSP 117-1 are presented in the consolidated financial statements of The American National Red Cross.

15. Risks and Uncertainties

Financial instruments which potentially subject the Region to concentrations of credit risk consist principally of investments, which are described in *Note 3*, and contributions receivable, which are described in *Note 4*.

The Region's investments consist principally of shares in the National Select Investment Program funds that are made up of common stocks, fixed income securities and other investment securities. The value, liquidity and related income of these investments are sensitive to changes in economic conditions, and may be adversely affected by shifts in the market's perception of the issuers and interest rates. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and amounts reported in the consolidated financial statements.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

16. Fair Value Measurements

Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Quoted prices are available in active markets for identical assets or liabilities readily accessible at the reporting date.

Level 2: Pricing inputs are observable for the asset or liability, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1.

Level 3: Pricing inputs are unobservable for the asset or liability and may include significant management judgment or estimation.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

16. Fair Value Measurements - Continued

The Region's assets that are measured at fair value on a recurring basis along with how fair value was determined are as follows:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 193,180	\$ -	\$ 193,180
Liquidity fund	5	65	11	81
Short-term bond fund	-	106,516	-	106,516
Diversified bond fund	-	706,982	-	706,982
Long duration bond fund	2,021	4,716	-	6,737
Strategic stock fund	729,727	125,096	1,230,110	2,084,933
International stock fund	179,348	717,392	-	896,740
Broad market index fund	-	22,435	-	22,435
SORCE fund	53,259	51,286	92,710	197,255
Interest in charitable lead trusts	-	-	104,168	104,168
Beneficial interest in perpetual trust	-	-	23,490	23,490
Other	-	633	13,680	14,313
	<u>964,360</u>	<u>1,928,301</u>	<u>1,464,169</u>	<u>4,356,830</u>
Investments at fair value				
Inter-Red Cross receivable - charitable gift annuities	-	-	229,703	229,703
	<u>\$ 964,360</u>	<u>\$ 1,928,934</u>	<u>\$ 1,835,210</u>	<u>\$ 4,728,504</u>

Certificates of deposit are valued at face value plus accrued interest. The various funds (Liquidity through SORCE) are funds that are invested in National's Select Investment Program (SIP). The SIP program was established to provide professionally managed funds to meet the investment needs of chartered units, national headquarters, and the endowment fund. The methodologies for determining fair value of these funds involve a combination of quoted market prices, other observable inputs, and unobservable inputs. Specific valuation methodologies by fund are presented in the consolidated financial statements of The American National Red Cross.

The interest in charitable lead trusts are valued based on the fair value of the underlying investments and the life expectancy of the donor, and have been discounted using discount rates between 2.5 and 4.2 percent. The Region's beneficial interest in perpetual trust is valued at the Chapter's share of the fair value of the underlying investments.

Other investments consist of individual bonds (classified as Level 2) and an interest in the cash surrender value of a life insurance policy that is valued using amounts reported to the Region by the insurer.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

16. Fair Value Measurements - Continued

The charitable gift annuities administered by National are valued using the gift annuity agreements, discount rates and consideration of prices of the underlying assets of these agreements.

The following table sets forth a summary of changes in the fair value of the Region's Level 3 assets for the year ended June 30, 2009:

	Liquidity Fund	Strategic Stock Fund	SORCE Fund	Interest in Charitable Lead Trusts	Beneficial Interest in Perpetual Trust	Other	Charitable Gift Annuities
Balance beginning of year	\$ 11	\$ 1,874,301	\$ 119,798	\$ 127,950	\$ 28,791	\$ 12,533	\$ 495,442
Net realized and unrealized gain (loss)	-	(436,174)	(23,790)	-	-	1,147	-
Change in value of charitable gift annuities	-	-	-	-	-	-	(246,930)
Change in value of beneficial interest in perpetual trust	-	-	-	-	(5,301)	-	-
Purchase and settlements - net	-	(208,017)	(3,298)	(23,782)	-	-	(18,809)
Balance, end of year	<u>\$ 11</u>	<u>\$ 1,230,110</u>	<u>\$ 92,710</u>	<u>\$ 104,168</u>	<u>\$ 23,490</u>	<u>\$ 13,680</u>	<u>\$ 229,703</u>

17. Prior Period Adjustments and Net Asset Reclassifications

During the year ended June 30, 2009, it was determined that the Southern Oregon Chapter had not recorded certain contributions receivable that existed at June 30, 2008. In addition, the Oregon Mountain River Chapter had recorded a beneficial interest in a perpetual trust held by a local community foundation that has variance power over the trust and, therefore, the Chapter should not recognize its interest in this asset on its financial statements. Accordingly, net assets at June 30, 2008 have been restated.

In addition, certain net assets of the Southern Oregon and Oregon Mountain River Chapters have been reclassified from the temporarily restricted net asset class to the unrestricted net asset class.

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Notes to Financial Statements - Continued

17. Prior Period Adjustments and Net Asset Reclassifications - Continued

A summary of the prior period adjustment and reclassifications is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets as previously reported at June 30, 2008	\$ 12,985,410	\$ 603,514	\$ 253,303	\$ 13,842,227
Prior period adjustments:				
To record additional contributions receivable	-	80,000	-	80,000
To remove beneficial interest in perpetual trust	-	-	(31,618)	(31,618)
Reclassification of net assets:				
To reclassify charitable gift annuities	19,461	(19,461)	-	-
Net assets as restated - June 30, 2008	<u>\$ 13,004,871</u>	<u>\$ 664,053</u>	<u>\$ 221,685</u>	<u>\$ 13,890,609</u>

18. Transfer of Assets to Portland Region

Effective November 1, 2008, the Eastern Oregon Chapter of the American National Red Cross was merged into the Oregon Trail Chapter. Accordingly, net assets of the Eastern Oregon Chapter (consisting of bank and savings accounts) totaling \$14,525 were transferred to the Oregon Trail Chapter.

19. Subsequent Events

Subsequent events have been evaluated through October 29, 2009, which is the date the Region's consolidated financial statements were available to be issued.

**THE PORTLAND REGION
OF THE
AMERICAN NATIONAL RED CROSS**

Supplementary Financial Information

**THE PORTLAND REGION OF
THE AMERICAN NATIONAL RED CROSS**

Consolidating Statement of Financial Position

June 30, 2009

	Oregon Trail Chapter	Oregon Pacific Chapter	Southern Oregon Chapter	Oregon Mountain River Chapter
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,153,720	196,110	\$ 28,660	\$ 10,131
Investments	138,237	82,848	5,511	-
Receivables - net:				
Contributions receivable	138,211	84,243	77,000	-
Inter-Red Cross receivables	37,591	16,465	3,020	14,706
All other receivables	363,222	274,988	11,215	20,830
Inventories	209,752	15,262	4,887	3,663
Prepaid expenses and other assets	16,391	8,568	950	-
Total current assets	2,057,124	678,484	131,243	49,330
Inter-Red Cross receivables	157,539	67,046	358	4,760
Contributions receivable - net of current portion	9,250	-	-	-
Investments	3,903,842	17,845	208,202	345
Property and equipment - net	3,586,223	1,401,867	72,724	10,979
Total assets	\$ 9,713,978	\$ 2,165,242	\$ 412,527	\$ 65,414
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 158,016	\$ 196,768	\$ 1,368	\$ 34,417
Accrued liabilities	336,787	47,005	11,827	9,368
Inter-Red Cross payables	450,738	79,253	46,185	19,117
Other current liabilities	128,244	21,873	1,000	-
Total current liabilities	1,073,785	344,899	60,380	62,902
Net assets:				
Unrestricted:				
Community disaster relief reserve	4,262,734	-	-	-
Childcare food program reserve	-	37,948	-	-
Retired and senior volunteer program	-	41,996	-	-
Designated building reserve	130,000	-	-	-
Designated equipment reserve	115,000	-	-	-
Net investment in property and equipment	3,586,223	1,401,867	72,724	10,979
Undesignated	107,752	222,801	112,819	(28,467)
Total unrestricted	8,201,709	1,704,612	185,543	(17,488)
Restricted:				
Temporarily	288,812	90,293	117,737	20,000
Permanently	149,672	25,438	48,867	-
Total net assets	8,640,193	1,820,343	352,147	2,512
Total liabilities and net assets	\$ 9,713,978	\$ 2,165,242	\$ 412,527	\$ 65,414

	Total	Eliminations	Consolidated Totals
\$	1,388,621	\$ -	\$ 1,388,621
	226,596	-	226,596
			-
	299,454	-	299,454
	71,782	(26,000)	45,782
	670,255		670,255
	233,564	-	233,564
	25,909	-	25,909
	2,916,181	(26,000)	2,890,181
	229,703	-	229,703
	9,250	-	9,250
	4,130,234	-	4,130,234
	5,071,793	-	5,071,793
\$	12,357,161	\$ (26,000)	\$ 12,331,161
\$	390,569	\$ -	\$ 390,569
	404,987	-	404,987
	595,293	(26,000)	569,293
	151,117	-	151,117
	1,541,966	(26,000)	1,515,966
	4,262,734	-	4,262,734
	37,948	-	37,948
	41,996	-	41,996
	130,000	-	130,000
	115,000	-	115,000
	5,071,793	-	5,071,793
	414,905	-	414,905
	10,074,376	-	10,074,376
	516,842	-	516,842
	223,977	-	223,977
	10,815,195	-	10,815,195
\$	12,357,161	\$ (26,000)	\$ 12,331,161