

**SOUTH CENTRAL MICHIGAN CHAPTER
AMERICAN RED CROSS
JACKSON, MICHIGAN**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
South Central Michigan Chapter American Red Cross
Jackson, Michigan

We have audited the accompanying statements of financial position of the South Central Michigan Chapter American Red Cross (the "Chapter") as of June 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Chapter's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audits provide 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 South Central Michigan Chapter American Red Cross as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

CERTIFIED PUBLIC ACCOUNTANTS

August 20, 2007

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS
STATEMENTS OF FINANCIAL POSITION
YEAR ENDED JUNE 30,

ASSETS	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 31,158.	\$ 42,991.
Accounts receivable	8,104.	7,364.
Contributions receivable	0.	75.
Inventories	4,120.	16,373.
Prepaid expenses	2,174.	2,212.
Investments	<u>824,462.</u>	<u>1,078,445.</u>
Total Current Assets	870,018.	1,147,460.
Long-term contributions receivable	0.	4,350.
Property and Equipment, Net	<u>313,166.</u>	<u>26,875.</u>
Total Assets	<u><u>\$1,183,184.</u></u>	<u><u>\$1,178,685.</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 16,432.	\$ 2,958.
Accrued and withheld payroll taxes	5,271.	4,739.
Accrued compensation	16,175.	12,881.
Deferred revenue	6,999.	16,275.
Capital lease - current portion	<u>2,870.</u>	<u>2,870.</u>
Total Current Liabilities	<u>47,747.</u>	<u>39,723.</u>
CAPITAL LEASE - LONG TERM	<u>1,198.</u>	<u>4,068.</u>
NET ASSETS		
Unrestricted	946,624.	672,461.
Temporarily restricted	175,226.	450,383.
Permanently restricted	<u>12,389.</u>	<u>12,050.</u>
Total Net Assets	<u>1,134,239.</u>	<u>1,134,894.</u>
Total Liabilities and Net Assets	<u><u>\$1,183,184.</u></u>	<u><u>\$1,178,685.</u></u>

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS
STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2007				Year Ended June 30, 2006			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions, Revenue & Gains								
Contributions:								
Federated - United Way	\$ 31,596.	\$ 0.	\$ 0.	\$ 31,596.	\$ 8,383.	\$ 0.	\$ 0.	\$ 8,383.
Monetary contributions	96,116.	25,982.	0.	122,098.	295,528.	21,715.	0.	317,243.
Net special events revenue	12,759.	0.	0.	12,759.	49,715.	0.	0.	49,715.
In-kind contributions	37,895.	0.	0.	37,895.	6,735.	1,000.	0.	7,735.
Grants	<u>123.</u>	<u>3,491.</u>	<u>0.</u>	<u>3,614.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>
Total Contributions	<u>178,489.</u>	<u>29,473.</u>	<u>0.</u>	<u>207,962.</u>	<u>360,361.</u>	<u>22,715.</u>	<u>0.</u>	<u>383,076.</u>
Revenue & Gains:								
Investment income	129,506.	0.	0.	129,506.	57,515.	0.	0.	57,515.
Sales of products & services	98,969.	0.	0.	98,969.	92,176.	0.	0.	92,176.
Blood Services	24,483.	0.	0.	24,483.	23,236.	0.	0.	23,236.
Other	3,261.	0.	0.	3,261.	4,635.	0.	0.	4,635.
Gain on Sale	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>2,000.</u>	<u>0.</u>	<u>0.</u>	<u>2,000.</u>
Total Revenue & Gains	<u>256,219.</u>	<u>0.</u>	<u>0.</u>	<u>256,219.</u>	<u>179,562.</u>	<u>0.</u>	<u>0.</u>	<u>179,562.</u>
Satisfaction of time & usage restrictions:	<u>304,291.</u>	<u>(304,630.)</u>	<u>339.</u>	<u>0.</u>	<u>16,476.</u>	<u>(16,634.)</u>	<u>158.</u>	<u>0.</u>
Total Contributions, Revenue & Gains	<u>738,999.</u>	<u>(275,157.)</u>	<u>339.</u>	<u>464,181.</u>	<u>556,399.</u>	<u>6,081.</u>	<u>158.</u>	<u>562,638.</u>
Expenses								
Program services:								
Health & safety	177,104.	0.	0.	177,104.	165,184.	0.	0.	165,184.
Emergency Services	142,621.	0.	0.	142,621.	154,783.	0.	0.	154,783.
Blood Services	<u>55,136.</u>	<u>0.</u>	<u>0.</u>	<u>55,136.</u>	<u>64,631.</u>	<u>0.</u>	<u>0.</u>	<u>64,631.</u>
Total Program Services	<u>374,861.</u>	<u>0.</u>	<u>0.</u>	<u>374,861.</u>	<u>384,598.</u>	<u>0.</u>	<u>0.</u>	<u>384,598.</u>
Supporting services:								
Fund raising	37,920.	0.	0.	37,920.	27,417.	0.	0.	27,417.
Management & general	<u>52,055.</u>	<u>0.</u>	<u>0.</u>	<u>52,055.</u>	<u>39,290.</u>	<u>0.</u>	<u>0.</u>	<u>39,290.</u>
Total Supporting Services	<u>89,975.</u>	<u>0.</u>	<u>0.</u>	<u>89,975.</u>	<u>66,707.</u>	<u>0.</u>	<u>0.</u>	<u>66,707.</u>
Total Expenses	<u>464,836.</u>	<u>0.</u>	<u>0.</u>	<u>464,836.</u>	<u>451,305.</u>	<u>0.</u>	<u>0.</u>	<u>451,305.</u>
Increase (Decrease) in Net Assets	274,163.	(275,157.)	339.	(655.)	105,094.	6,081.	158.	111,333.
Net assets, beginning of year	<u>672,461.</u>	<u>450,383.</u>	<u>12,050.</u>	<u>1,134,894.</u>	<u>567,367.</u>	<u>444,302.</u>	<u>11,892.</u>	<u>1,023,561.</u>
Net assets, end of year	<u>\$946,624.</u>	<u>\$175,226.</u>	<u>\$12,389.</u>	<u>\$1,134,239.</u>	<u>\$ 672,461.</u>	<u>\$ 450,383.</u>	<u>\$12,050.</u>	<u>\$1,134,894.</u>

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2006

	Program Services				Supporting Services			Total Expenses
	Health & Safety	Emergency Services	Blood Services	Total Program Services	Fund Raising	Management And General	Total Supporting Services	
Salaries and wages	\$ 77,416.	\$ 50,532.	\$44,124.	\$172,072.	\$14,313.	\$11,592.	\$25,905.	\$197,977.
Employee benefits	<u>12,657.</u>	<u>9,232.</u>	<u>9,591.</u>	<u>31,480.</u>	<u>2,350.</u>	<u>2,415.</u>	<u>4,765.</u>	<u>36,245.</u>
Total Salaries & Related Expenses	90,073.	59,764.	53,715.	203,552.	16,663.	14,007.	30,670.	234,222.
Travel	1,665.	1,145.	558.	3,368.	286.	2,596.	2,883.	6,251.
Financial & material assistance	0.	38,328.	0.	38,328.	0.	0.	0.	38,328.
Supplies & materials	38,911.	6,144.	5,028.	50,083.	3,215.	3,346.	6,561.	56,644.
Equipment maintenance & rental	6,608.	3,481.	305.	10,394.	193.	221.	414.	10,808.
Professional fees & contracted services	14,209.	8,425.	4,366.	27,000.	5,440.	14,180.	19,620.	46,620.
Inter-Red Cross	2,682.	2,079.	97.	4,858.	55.	512.	567.	5,425.
Depreciation	3,318.	1,304.	562.	5,184.	633.	583.	1,216.	6,400.
National Sector - chapter assessment	<u>7,718.</u>	<u>34,113.</u>	<u>0.</u>	<u>41,831.</u>	<u>932.</u>	<u>3,845.</u>	<u>4,777.</u>	<u>46,608.</u>
Total Expenses	<u>\$165,184</u>	<u>\$154,783.</u>	<u>\$64,631.</u>	<u>\$384,598.</u>	<u>\$27,417.</u>	<u>\$39,290.</u>	<u>\$66,707.</u>	<u>\$451,305.</u>

The accompanying notes are in integral part of these financial statements.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2007

	Program Services				Supporting Services			Total Expenses
	Health & Safety	Emergency Services	Blood Services	Total Program Services	Fund Raising	Management And General	Total Supporting Services	
Salaries and wages	\$ 72,907.	\$ 45,911.	\$34,208.	\$153,026.	\$20,154.	\$23,053.	\$43,207.	\$196,233.
Employee benefits	<u>12,158.</u>	<u>9,340.</u>	<u>8,493.</u>	<u>29,991.</u>	<u>2,834.</u>	<u>2,093.</u>	<u>4,927.</u>	<u>34,918.</u>
Total Salaries & Related Expenses	85,065.	55,251.	42,701.	183,017	22,988.	25,146.	48,134.	231,151.
Travel	1,473.	1,362.	359.	3,194.	287.	2,170.	2,457.	5,651.
Financial & material assistance	0.	24,230.	0.	24,230.	0.	0.	0.	24,230.
Supplies & materials	55,111.	8,254.	5,211.	68,576.	6,152.	3,920.	10,072.	78,648.
Equipment maintenance & rental	4,884.	4,485.	220.	9,589.	272.	962.	1,234.	10,823.
Professional fees & contracted services	12,940.	7,801.	6,025.	26,766.	7,024.	16,615.	23,639.	50,405.
Inter-Red Cross	4,463.	810	140.	5,413.	125.	139.	264.	5,677.
Depreciation	3,940.	1,456.	480.	5,876.	560.	546.	1,106.	6,982.
National Sector - chapter assessment	<u>9,228.</u>	<u>38,972.</u>	<u>0.</u>	<u>48,200.</u>	<u>512.</u>	<u>2,557.</u>	<u>3,069.</u>	<u>51,269.</u>
 Total Expenses	 <u>\$177,104.</u>	 <u>\$142,621.</u>	 <u>\$55,136.</u>	 <u>\$374,861.</u>	 <u>\$37,920.</u>	 <u>\$52,055.</u>	 <u>\$89,975.</u>	 <u>\$464,836.</u>

The accompanying notes are in integral part of these financial statements.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (655.)	\$111,333.
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,982.	6,400.
Investment (gain) loss	0.	(2,000.)
Changes in operating assets and liabilities which provided (used) cash		
Accounts receivable	(740.)	3,180.
Contributions receivable	4,424.	19,210.
Inventories	12,253.	5,092.
Prepaid expenses	38.	(1,412.)
Accounts payable	13,474.	(4,362.)
Accrued expenses	3,826.	5,276.
Deferred revenue	<u>(9,276.)</u>	<u>6,557.</u>
Net Cash Provided by Operating Activities	<u>30,326.</u>	<u>149,274.</u>
Cash Flows From Investing Activities		
Purchases of equipment and building	(293,272.)	(17,239.)
Net (increase) decrease in investments	253,983.	(150,475.)
Proceeds from sales of assets	<u>0.</u>	<u>2,000.</u>
Net Cash Used by Investing Activities	<u>(39,289.)</u>	<u>(165,714.)</u>
Cash Flows from Financing Activities		
Net increase (decrease) in capital lease	<u>(2,870.)</u>	<u>(2,870.)</u>
Net Cash Provided (Used) by Financing Activities	<u>(2,870.)</u>	<u>(2,870.)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(11,833.)	(19,310.)
Cash and cash equivalents, beginning of year	<u>42,991.</u>	<u>62,301.</u>
Cash and Cash Equivalents, End of Year	<u>\$ 31,158</u>	<u>\$ 42,991.</u>

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

South Central Michigan Chapter American Red Cross, a non-profit organization (the “Chapter”) is one of the chapters and regions comprising a single corporate legal entity, the American Red Cross. The Chapter provides various programs and services within Jackson and Hillsdale County, Michigan and the surrounding area and in conjunction with the national organization, the American Red Cross. These activities include emergency assistance for military personnel and veterans, disaster preparedness and assistance locally and worldwide, blood collection and safety activities, health and safety education, and community volunteer development. The Chapter is supported primarily through donor contributions and other revenues.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles adopted by the American Red Cross. Net assets of the Chapter and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Chapter and/or the passage of time. When a 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 subject to donor-imposed stipulations that they be maintained permanently by the Chapter. Generally, the donor of these assets permit the Chapter to use only the income earned on any related investments for general (unrestricted) or specific (temporarily restricted) purposes.

Use of Estimates

The preparation of 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits held in a bank.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continues)

Products, Services and Special Events Revenue Recognition

Revenue from sales of products and services includes revenue that the Chapter earns through fees for holding training classes (CPR, first aid, babysitting, etc.), and from sales of related course materials and other safety related products (such as first aid kits). The Chapter also earns revenue from sales of blood that it collects through periodic blood drives to a regional blood collecting organization. The Chapter recognizes revenue from training classes and from sales of materials and collected blood when such classes and sales occur. The Chapter also holds special events (such as golf outings and events honoring local individuals) throughout the year and earns revenue from such events by charging fees to participants and/or soliciting donations from sponsors and individuals. The Chapter recognizes revenue from special events when such events occur.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Chapter provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on management's assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for doubtful accounts recorded at June 30, 2007 and 2006.

Contributions

Contributions are recognized as revenues in the period the associated pledges are received. All contributions are considered to be available for the general programs of the Chapter unless specifically restricted by the donor. The Chapter reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions are recorded in the temporarily restricted class for restrictions expiring during the current fiscal year, and then reclassified to the unrestricted class. Contributions received by the Chapter are shared with national headquarters. Contributions receivable represented amounts pledged by various corporations and board members. Pledges due in more than one year are recorded as long-term contributions receivable. Contributions receivable are reflected net of an allowance for uncollectible pledges. The balance in the allowance account as of June 30, 2007 and 2006 is \$ -0-.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continues)

Donated Materials and Services

Donated assets are reflected as contributions in the accompanying statements of activities, when material in amount, at their estimated values at date of receipt. Volunteers donate their time to assist the Chapter with its program services and with general office administration. As these services do not meet the criteria for recognition, no amounts have been recorded in the accompanying financial statements for donated services.

Marketable Securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Fair values were determined using June 30, 2007 and 2006 quoted market prices. Investment income (which includes realized and unrealized gains and losses on investments and interest and dividends, reduced by related fees) is included in the change in unrestricted net assets unless the income or loss is restricted by donors or by law. All investments are in available-for-sale securities and as such are recorded as current assets.

Property and Equipment and Depreciation

Property and equipment having a unit cost in excess of \$2,500 and an estimated useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value of the asset at the time of receipt. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally range from 3 to 40 years. It is not American Red Cross' 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.

Inventories

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

Income Taxes

The Chapter is exempt from federal income taxes pursuant to Internal Revenue Code Section 501 (c)(3) and, accordingly, no income taxes are reported in these financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on the functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - INVESTMENTS

The composition of investments held by the Chapter is summarized as follows as of June 30:

	<u>2007</u>	<u>2006</u>
Investments		
Common stocks	\$ 0.	\$ 200,498.
Money market fund	52,895.	113,711.
Other mutual fund	<u>128,259.</u>	<u>194,202.</u>
	181,154.	508,411.
Mutual fund - American Red Cross	632,569.	559,757.
Certificate of deposit	<u>10,739.</u>	<u>10,277.</u>
	<u>\$824,462.</u>	<u>\$1,078,445.</u>

Investments are comprised of funds from the following sources as of June 30:

	<u>2007</u>	<u>2006</u>
Martin bequest	\$181,154.	\$ 508,411.
American Red Cross endowment	632,569.	559,757.
De Vlieg endowment	<u>10,739</u>	<u>10,277.</u>
Endowment Investments	<u>\$824,462.</u>	<u>\$1,078,455.</u>

Net investment income (losses) reported in the accompanying statements of activities is comprised of the following amounts for the year ended June 30:

	<u>2007</u>	<u>2006</u>
Interest and dividend income	\$ 37,237.	\$27,827.
Realized gains (losses) from sales of investments	(1,257.)	(1,453.)
Net unrealized appreciation (depreciation) in fair values of investments	98,982.	36,138.
Other losses and fees	<u>(5,456.)</u>	<u>(4,998.)</u>
	<u>\$129,506.</u>	<u>\$57,514.</u>

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment is comprised of the following assets as of June 30:

	<u>2007</u>	<u>2006</u>
Building	\$289,139.	\$ 0.
Equipment	72,530.	68,397.
Less accumulated depreciation	<u>48,503.</u>	<u>41,522.</u>
Property and Equipment, Net	<u>\$313,166.</u>	<u>\$26,875.</u>

NOTE 4 - PENSION PLAN

The Chapter participates in a defined benefit retirement plan administered by the American Red Cross Retirement System that covers substantially all employees. While chapter participation in the retirement system is voluntary, many chapters with paid employees have elected to join the plan. 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. Voluntary contributions may be made by active members to fund an optional annuity benefit. Defined benefits are based on years of service, age, and the employee's final average compensation, which is calculated using the highest consecutive 48 months of the last 120 months service before retirement. During the years ended June 30, 2007 and 2006, the Chapter made payments to the Retirement System of the American Red Cross of \$6,418 and \$6,920 respectively.

The American Red Cross is a single corporate legal entity composed of approximately 1,000 operating units, which include chapters, blood service regions, tissue service areas, stations on military bases and in military hospitals worldwide, a national headquarters, regional and area offices, and the national biomedical testing and research laboratories. Accordingly, the retirement system includes numerous participating chapters and blood service regions. It is not practicable for the actuary to compute accumulated and projected benefit obligations for individual chapters or regional blood services. Accumulated and projected benefit obligation and other required disclosures for the entire American Red Cross are presented in the consolidated financial statements of the American Red Cross.

NOTE 5 - 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 purchased by the American Red Cross. Annual post retirement benefit expenses paid by the Chapter were \$600 and \$769 for the years ended June 30, 2007 and 2006.

SOUTH CENTRAL MICHIGAN CHAPTER AMERICAN RED CROSS

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - POST RETIREMENT BENEFITS (Continues)

The American Red Cross accrues post-retirement benefits over the period that employees provide services to the organization. Because 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 or blood services regions is not practicable. Annual post retirement benefit expenses are recorded and disclosed for the entire American Red Cross in its consolidated financial statements.

NOTE 6 - NET ASSETS

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

	<u>2007</u>	<u>2006</u>
<u>Robert A. Sr. & Annetta I. Martin Fund</u> - Originally received as a restricted bequest. The restriction requires that the original principal be maintained by the Chapter as part of its reserves, unless deemed necessary for the acquisition of extraordinary capital items, or the provision of services to residents of Jackson County following any major disaster occurring in the County. The funds are maintained in a trust account at Citizens Bank	\$138,947.	\$423,487.
Miscellaneous contributions with restrictions	<u>36,279.</u>	<u>26,896.</u>
Total Temporarily Restricted Net Assets	<u>\$175,226.</u>	<u>\$450,383.</u>

Permanently restricted net assets were created by the following endowment gifts at June 30:

	<u>2007</u>	<u>2006</u>
<u>Charles DeVlieg Recognition Program</u> - Established during 1998 through a grant received from the Charles DeVlieg Foundation. The grant principal \$10,000 is to be maintained intact, with interest from investments used for annual volunteer recognition awards. The funds are currently invested in a certificate of deposit with Flagstar Bank.	\$10,000.	\$10,000.

