



**AMERICAN HEART ASSOCIATION  
WESTERN STATES AFFILIATE**

**Annual Budget  
For the Fiscal Year Beginning  
January, 1 2007**

**Prepared By the Financial Office**

**Krisada Tawee  
Chief of the Financial Office**

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THE WESTERN STATES AFFILIATE

Board of Trustees

December 17, 2007

Ladies and Gentlemen:

The proposed budget for 2007-08 covers the Affiliate office in Los Angeles, twenty-one field offices, and support services departments in Burlingame.

I am pleased to announce that the American Heart Association Western States Affiliate's proposed 2007-08 budget was well developed in accordance with the organizational policies and program priorities, with shared effort on the part of volunteers and staff.

In developing this proposal, the Board provided the guideline for the 2006-08 budget in pursuing our mission, "Building healthier lives, free of cardiovascular diseases and stroke." And we also insisted in our main policy that the American Heart Association aims at broader benefits of the public as a whole by spending about three-fourths of our funds on research and educational programs. At the same time, we control our costs for management and general and fund-raising purposes.

The overall proposed budget indicates that budgeted 2007-08 incomes of \$62,265,842 will exceed expenditures of \$60,638,797 for \$1,627,045. Following is a general summary of changes from last year's budget.

**Highlights of the proposed 2007-08 budget include:**

*Income Highlights:* To pursue our goals of building lives with healthy hearts, we need to increase the revenue from the 2006-07 estimated budget by 10.7%. These aggregated revenues come from an increase of revenues from Field Campaign 10%, Other Campaign 2.3% and Other Revenue (Investment Income 5%, Perpetual Revenue 22.6% and Miscellaneous Revenue 10%).

*Expense Highlights:* The total expenditures will increase by 8.5% from the last year's budget in which the major increases and decreases are:

- An increase of Salaries 15%;
- An increase of Printing 15%;

- An increase of Research 10%;
- An increase of Allocation to National 12%; and
- A decrease of Conf, Travel, Awards and Equipment proportionately.

On behalf of the staff of the Western States Affiliate Office of the Budget, I would like to thank all Board members in providing guidance to accomplish this proposal. And we are looking for close cooperation for its approval.

Sincerely

Krisada Tawee

Chief of the Financial Office

### **Overview of Jurisdiction**

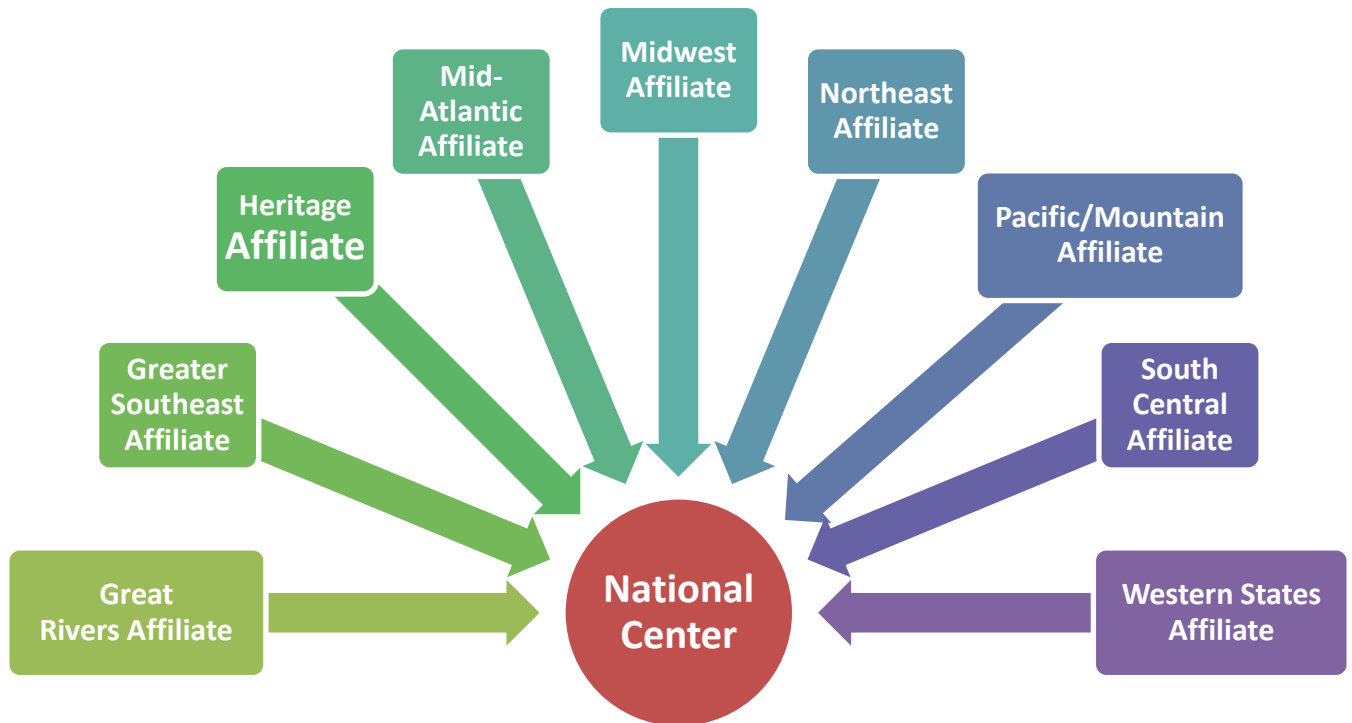
The American Heart Association (AHA) is a non-profit organization that encourages an attempt to prevent and reduce disability and deaths caused by cardiovascular disease and stroke. There are seven main areas of its operations: 1. Administration 2. Public Advocacy 3. Corporate Operations 4. Field Operations and Development such as Heart Walk and Annual Campaign Planning 5. Healthcare Markets 6. Science Operations 7. Technology and Customer Strategies. The overall organization is composed with the National Center (located in Dallas, Texas) and nine affiliate offices covering the United States and Puerto Rico, one of which is the American Heart Association Western States Affiliate.

The Western States Affiliate encompasses the Affiliate office in Los Angeles, twenty-one field offices, and support services departments in Burlingame, providing public services as mentioned above to the western part of the US. Its main revenues come from four sources: 1. Affiliate-wide unrestricted and restricted field campaign (Major Gifts, Social events, Heart walk, Youth Markets activities, Galas, and other Social Events); 2. Other Campaign (Memorials, Teleparty, United Way, Dear Neighbor, and Direct Mails); 3. Other Revenue; and 4. Restricted

Funds. Meanwhile, the major expenditures are: 1. Unrestricted programs and operations such as Salaries and Printing & Postage; 2. Research; and 3. Allocation to National.

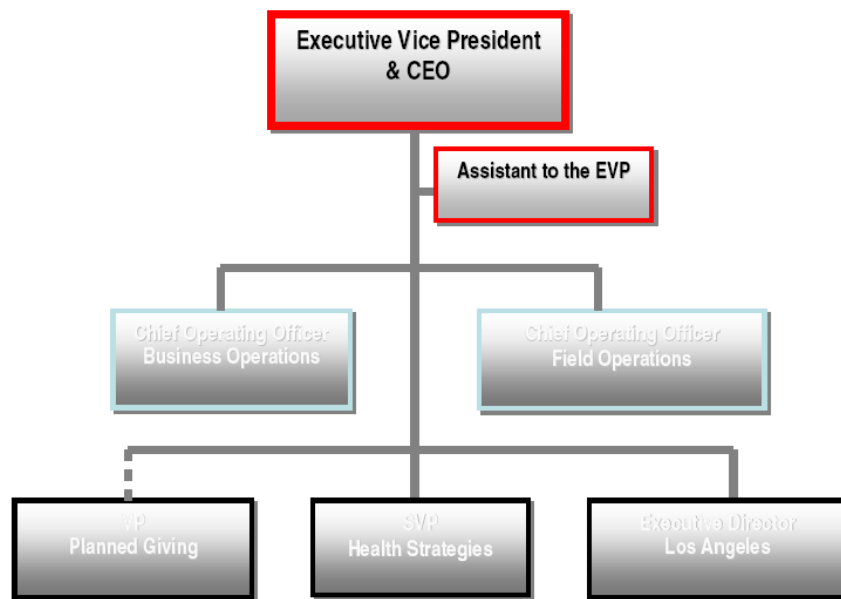
The organizational fiscal year begins January 1 and ends December 31. For this proposal, the overall emphasis in developing the budget is to invest in efficient fund-raising activities and ensure adequate funds for critical programs. The revenues will increase from the 2006-07 estimated budget by 10.7% as well as the expenditures will increase by 8.5%. These positions are based on the assumption that the overall economics for our area is normally stable. Therefore, projected revenues would be achieved if we spend more in resources and staffs.

### Organizational Charts



## Organizational Charts

### WESTERN STATES AFFILIATE – EVP Direct Reports



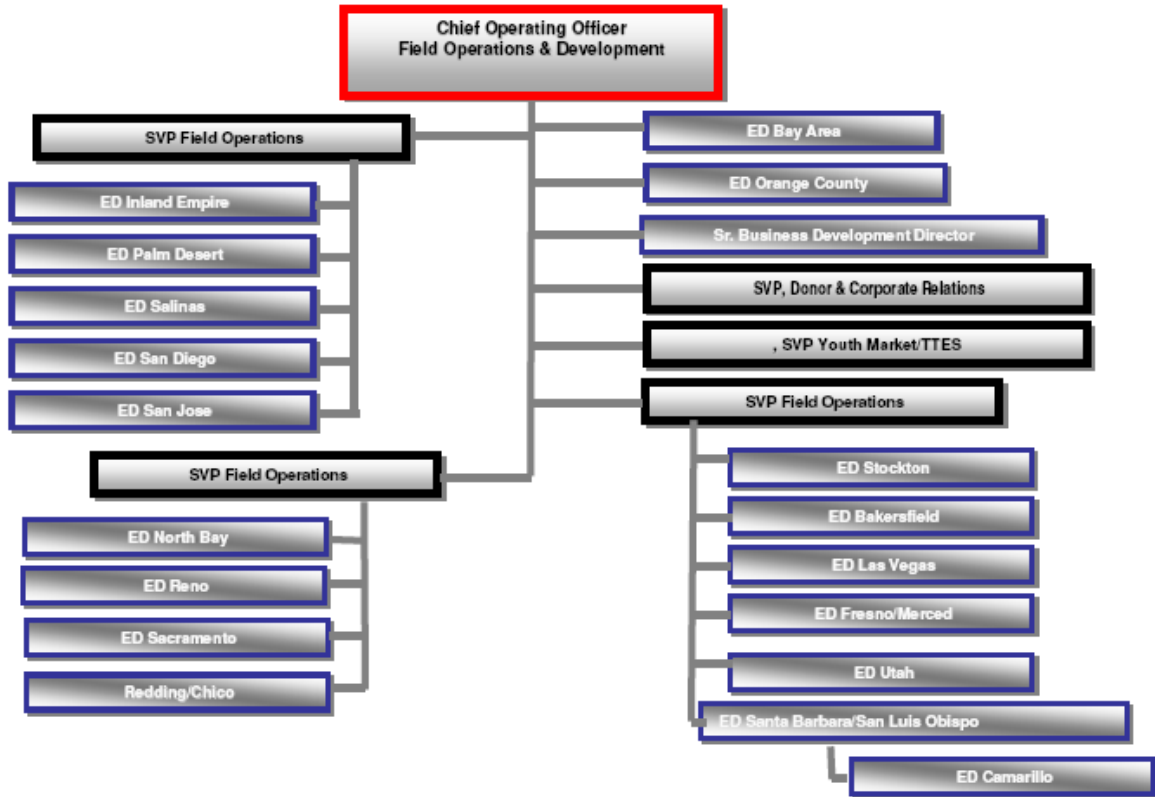
# Organizational Charts

## WESTERN STATES AFFILIATE *Business Operations*



# Organizational Charts

## WESTERN STATES AFFILIATE *COO Field Operations & Development*



# Overview of the Proposed Budget

## Proposed Budget American Heart Association

	Year 2005 Budgeted	Year 2005 Actual	Year 2006 Budgeted	Year 2006 Actual	Year 2007 Budgeted	Year 2007 Estimated	Year 2008 Proposed	% Change to Year 2007 Estimated
<b>Revenues</b>								
<b>Field Campaign</b>								
Outright Gifts	1,725,000	683,000	1,898,000	2,464,000	2,581,000	2,421,000	2,615,000	8.0
<b>Special Events</b>								
Heart Walk	8,189,000	8,301,000	9,000,000	8,953,000	12,766,000	8,144,220	9,061,442	11.3
Gala	5,421,000	4,698,000	6,040,000	6,498,000	9,105,000	4,174,000	4,590,000	10.0
Youth Market	4,217,000	4,147,000	4,553,000	4,500,000	4,886,000	3,686,000	4,050,000	9.9
Other	2,179,000	1,106,000	750,000	816,000	902,000	907,000	949,000	4.6
<b>Total Special Events</b>	<b>20,006,000</b>	<b>18,252,000</b>	<b>20,343,000</b>	<b>20,767,000</b>	<b>27,659,000</b>	<b>16,911,220</b>	<b>18,650,442</b>	<b>10.3</b>
<b>Total Field Campaign</b>	<b>21,731,000</b>	<b>18,935,000</b>	<b>22,241,000</b>	<b>23,231,000</b>	<b>30,240,000</b>	<b>19,332,220</b>	<b>21,265,442</b>	<b>10.0</b>
<b>Other Campaign</b>								
Direct Mail	5,492,000	5,306,000	5,400,000	5,637,000	6,102,000	5,974,000	6,150,000	2.9
Dear Neighbor	1,184,000	1,435,000	1,386,000	1,345,000	1,386,000	1,275,000	1,275,000	0.0
National & Affiliate Corporate Relations		440,000	179,000	1,118,000	1,423,000	885,000	899,000	1.6
United Way/CFC	685,000	721,000	570,000	825,000	600,000	316,000	340,000	7.6
Memorials	1,188,000	1,156,000	1,150,000	1,200,000	1,000,000	1,300,000	1,310,000	0.8
Other	70,000	50,000	50,000	125,000	60,000	115,000	115,000	0.0
<b>Total Other Campaign</b>	<b>8,619,000</b>	<b>9,108,000</b>	<b>8,735,000</b>	<b>10,250,000</b>	<b>10,571,000</b>	<b>9,865,000</b>	<b>10,089,000</b>	<b>2.3</b>
<b>Total Campaign</b>	<b>30,350,000</b>	<b>28,043,000</b>	<b>30,976,000</b>	<b>33,481,000</b>	<b>40,811,000</b>	<b>29,197,220</b>	<b>31,354,442</b>	<b>7.4</b>
Planned Giving	13,500,000	14,500,000	15,500,000	9,826,000	7,500,000	9,600,000	12,500,000	30.2
<b>Total Public Support</b>	<b>43,850,000</b>	<b>42,543,000</b>	<b>46,476,000</b>	<b>43,307,000</b>	<b>48,311,000</b>	<b>38,797,220</b>	<b>43,854,442</b>	<b>13.0</b>
<b>Other Revenue</b>								
Investment Income, Net of Fees	646,000	700,000	750,000	1,338,000	1,300,000	1,338,000	1,400,000	4.6
Unrealized Gains/(Losses) on Investments		(242,000)		(721,000)		2,141,000		
Realized Gains/(Losses) on Investments		463,000		1,916,000		171,000		
Perpetual Trusts Revenue	711,000	660,000	680,000	993,000	990,000	1,223,000	1,500,000	22.6
Miscellaneous Income	968,000	899,000	3,360,000	3,180,000	900,000	1,374,000	1,511,400	10.0
<b>Total Other Revenue</b>	<b>2,325,000</b>	<b>2,480,000</b>	<b>4,790,000</b>	<b>6,706,000</b>	<b>3,190,000</b>	<b>6,247,000</b>	<b>4,411,400</b>	<b>-29.4</b>
<b>Total Public Support and Other revenue</b>	<b>46,175,000</b>	<b>45,023,000</b>	<b>51,266,000</b>	<b>50,013,000</b>	<b>51,501,000</b>	<b>45,044,220</b>	<b>48,265,842</b>	<b>7.2</b>
Funding from Restricted Funds	8,670,000	10,353,000	11,310,000	8,302,000	8,295,000	11,202,000	14,000,000	25.0
<b>Total Income</b>	<b>54,845,000</b>	<b>55,376,000</b>	<b>62,576,000</b>	<b>58,315,000</b>	<b>59,796,000</b>	<b>56,246,220</b>	<b>62,265,842</b>	<b>10.7</b>
<b>Expenditures</b>								
<b>Unrestricted Programs and Operations</b>								
Salaries	14,624,410	14,658,350	14,495,310	15,270,260	15,240,840	15,455,220	17,773,503	15.0
Taxes	1,350,270	1,354,150	1,353,700	1,376,860	1,420,810	1,301,630	1,389,830	6.8
Benefits	2,282,910	2,382,710	2,473,960	2,319,060	2,487,730	2,405,860	2,551,920	6.1
Occupancy	1,009,390	1,485,160	1,545,430	1,766,650	1,654,280	1,813,280	1,799,060	-0.8
Telephone	396,160	362,960	380,450	354,050	402,890	403,760	410,000	1.5
Supplies	193,470	187,990	186,000	220,340	225,300	210,810	211,530	0.3
Rent/Maint	341,090	290,840	319,000	271,620	296,290	284,200	295,310	3.9
Printing	2,909,710	3,006,580	3,351,250	3,162,130	3,112,550	3,270,700	3,761,305	15.0
Postage	1,692,930	1,657,260	1,617,480	1,795,600	1,733,900	2,120,210	2,292,969	8.1
NC Initiatives	1,876,340	2,042,850	2,042,850	2,484,530	2,484,530	2,377,610	3,000,000	26.2
Conf/Mtings	355,420	369,560	349,480	477,590	406,860	484,570	424,900	-12.3
Travel	881,020	953,300	789,120	916,610	901,570	1,001,130	990,660	-1.0
Prof Fees	1,056,660	1,139,980	950,490	978,140	1,031,300	1,222,420	1,207,410	-1.2
Awards	12,960	15,500	19,650	8,810	8,000	510,930	10,650	-97.9
Other Exp	961,110	900,770	1,204,450	1,577,020	1,372,880	795,330	744,470	-6.4
Prop/Equip	186,820	491,930	623,760	941,440	714,300	1,138,160	387,280	-66.0
<b>Sub-Total</b>	<b>30,130,670</b>	<b>31,299,890</b>	<b>31,702,380</b>	<b>33,920,710</b>	<b>33,494,030</b>	<b>34,795,820</b>	<b>37,250,797</b>	<b>7.1</b>
<b>Other Expenses</b>								
Research	8,617,000	9,831,000	10,432,000	9,820,000	10,322,000	9,080,000	9,988,000	10.0
Depreciation	1,597,000	1,450,000	1,500,000	900,000	900,000	846,000	900,000	6.4
Allocation to National	12,688,000	14,397,000	15,728,000	12,122,000	12,914,000	11,180,000	12,500,000	11.8
<b>Total Other Expenses</b>	<b>22,902,000</b>	<b>25,678,000</b>	<b>27,660,000</b>	<b>22,842,000</b>	<b>24,136,000</b>	<b>21,106,000</b>	<b>23,388,000</b>	<b>10.8</b>
<b>Total Expenditures</b>	<b>53,032,670</b>	<b>56,977,890</b>	<b>59,362,380</b>	<b>56,762,710</b>	<b>57,630,030</b>	<b>55,901,820</b>	<b>60,638,797</b>	<b>8.5</b>
<b>Net Revenues Over Expenditures</b>	<b>1,812,330</b>	<b>(1,601,890)</b>	<b>3,213,620</b>	<b>1,552,290</b>	<b>2,165,970</b>	<b>344,400</b>	<b>1,627,045</b>	<b>372.4</b>

## **Details of the Proposed Budget**

For the revenue side, there are three main lines in every year of budget proposals. First, the field campaign encompasses special events such as Major Gifts, Galas, Heart Walk, Youth Markets activities, and other Social Events. This category is more than 50% of the total revenues particularly in year 2007 budgeted. The second one is Other Campaign including Memorials, Teleparty, United Way, Dear Neighbor, and Direct Mails. This portion contains around 15-18% of the total revenues in each year. Meanwhile, the last one is Other Revenue including Investment Income, Net of Fees, Unrealized and Realized Gains on Investments, Perpetual Trusts Revenue, and Miscellaneous Income. This category is about 5-8% of the total revenues in each year. These three categories cover 80% of the total revenue the organization receives.

In the Proposed Budget, the Affiliate-wide unrestricted and restricted field campaigns are projected to come in at 110% of the previous year level. Special Events especially Heart Walk, Galas, Youth Markets activities are expected to show strong growth. Other Campaign (Memorials, Teleparty, United Way, Dear Neighbor, and Direct Mails) is projected to come in close to last year's level. Meanwhile, Investment Income, Perpetual Revenue and Miscellaneous Revenue in Other Revenue category are projected to come in at 105%, 122.6% and 110% of the previous year level.

For the expenditure side, there are two main lines to be considered. First, Unrestricted Program and Operations encompasses Salaries, Taxes, Benefits, Prop/Equip, etc. This portion contains more than 50% of total expenditures in each year. The other one is Other Expenses including Research, Depreciation and Allocation to National. This category is about 42- 47% of the total expenditures.

In this Proposed Budget, we aim to invest in efficient fund-raising activities and ensure adequate funds for critical programs. Therefore, Staff costs (salaries, taxes and benefits) are budgeted to increase (15%, 6.8% and 6.1%) over the last year's budget. At the same time we also expect the costs of Printing and Postage will increase 15% and 8.1% from the last year's budget. Meanwhile, we will increase donations to Research and Allocation to National by 10% and 11.8%. Finally, we will decrease the expenditures of Conf, Travel, Awards and Equipment proportionately

Overall, the revenues will increase from the 2006-07 estimated budget by 10.7% as well as the expenditures will increase by 8.5%. Therefore, the budgeted 2007-08 incomes of \$62,265,842 will exceed expenditures of \$60,638,797 for \$1,627,045.

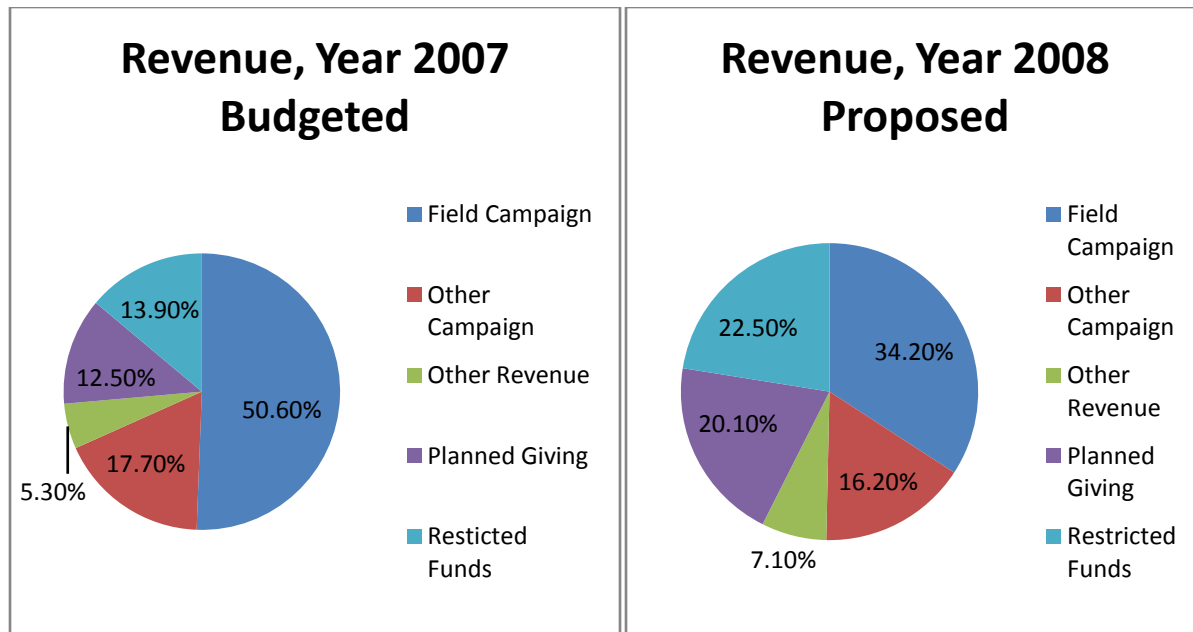
### **Programmatic Budget Justifications**

#### The Revenue Side

1. The Affiliate-wide unrestricted and restricted field campaigns are projected to increase since the proposed budget expects to see growing revenues from our core market activities such as Major Gifts, Heart walk, Galas, Youth Markets activities, and other Social Events.

2. Other Campaign (Memorials, Teleparty, United Way, Dear Neighbor, and Direct Mails) is projected to come in close to last year's level.

3. Investment Income, Perpetual Revenue and Miscellaneous Revenue in Other Revenue category are projected to increase since this coming year we will have more staffs to manage leasing and investment income.



The Expenditure Side

1. Staff costs (salaries, taxes and benefits) in 2006-07 reflect vacant positions so in the proposed budget, we then fill the gap of personnel to ensure achievement of our organizational goals and to generate sufficient revenues to support Research and the National. Therefore, in the coming year we will have more staffs to fill the following vacant and new positions:

5 Heart Walk Directors

3 Go Red For Women Directors

1 Work Place Giving Director

2 Marketing Directors

1 State Health alliance Director

1 Latino program Director

2 Administrative Assistances

1 Receptionist

1 Director/Consultant (part-time)

1 Advocacy Director

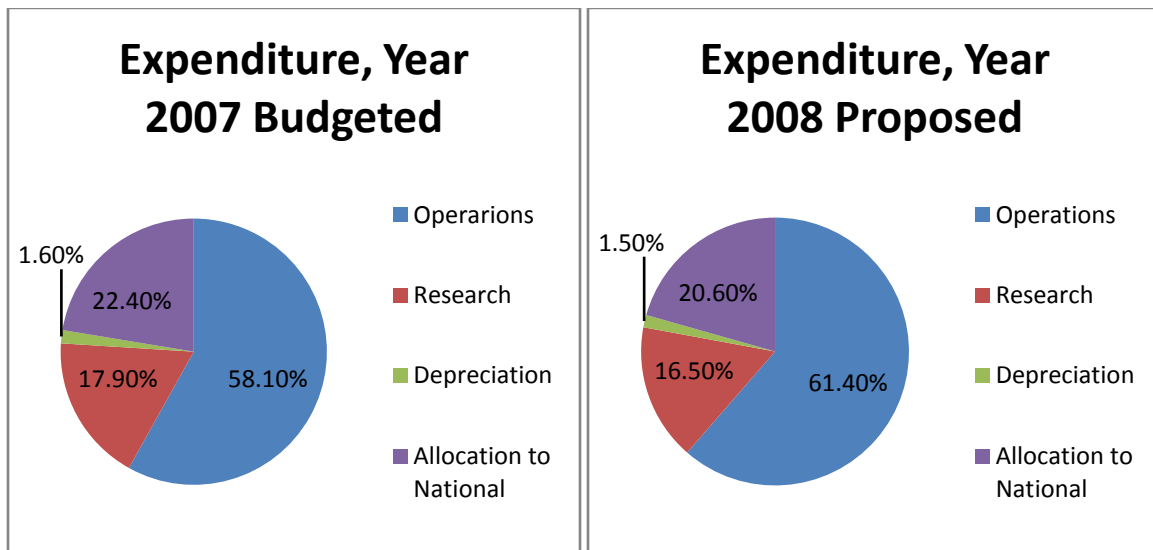
2. The Printing and Publications budget provides for literature, pamphlets, booklets and other printed materials used in program, fund raising and management activities. Therefore, its expenditures will also increase due to the increasing staffs.

3. The Postage and Shipping is expected to increase along with the increasing staffs.

4. The Awards and Grants is a budget including awards other than research awards. From the 2006-07 budget, we spent this category much more because we had unexpected awards. Therefore, the proposed budget will decrease this category substantially.

5. The Property and Equipment budget shows a decrease because of lower investment in computer hardware (our laptops are not due to be refreshed). Also the 2006-7 budget overage is due to renovation of 29 computers, purchase of new telephone/ voicemail systems and Blackberries for exempt staff. It also includes needed maintenance for owned buildings.

6. Research and Allocations to National will increase because our main objective is to support Research and the AHA (National). Therefore, we will donate more to both of them to fulfill our organizational purposes.



# Trend Analysis

## American Heart Association Budgetary Trend--Year 2005 & 2006, 2006 & 2007

	Year 2005 Actual	Year 2006 Actual	Year 2005- 2006 \$ Difference	Year 2005- 2006 % Difference	Year 2006 Actual	Year 2007 Estimated	Year 2006- 2007 \$ Difference	Year 2006- 2007 % Difference
<b>Revenues</b>								
<b>Field Campaign</b>								
Outright Gifts	683,000	2,464,000	1,781,000	260.8%	2,464,000	2,421,000	(43,000)	-1.7%
<b>Special Events</b>								
Heart Walk	8,301,000	8,953,000	652,000	7.9%	8,953,000	8,144,220	(808,780)	-9.0%
Gala	4,698,000	6,498,000	1,800,000	38.3%	6,498,000	4,174,000	(2,324,000)	-35.8%
Youth Market	4,147,000	4,500,000	353,000	8.5%	4,500,000	3,686,000	(814,000)	-18.1%
Other	1,106,000	816,000	(290,000)	-26.2%	816,000	907,000	91,000	11.2%
<b>Total Special Events</b>	<b>18,252,000</b>	<b>20,767,000</b>	<b>2,515,000</b>	<b>13.8%</b>	<b>20,767,000</b>	<b>16,911,220</b>	<b>(3,855,780)</b>	<b>-18.6%</b>
<b>Total Field Campaign</b>	<b>18,935,000</b>	<b>23,231,000</b>	<b>4,296,000</b>	<b>22.7%</b>	<b>23,231,000</b>	<b>19,332,220</b>	<b>(3,898,780)</b>	<b>-16.8%</b>
<b>Other Campaign</b>								
Direct Mail	5,306,000	5,637,000	331,000	6.2%	5,637,000	5,974,000	337,000	6.0%
Dear Neighbor	1,435,000	1,345,000	(90,000)	-6.3%	1,345,000	1,275,000	(70,000)	-5.2%
National & Affiliate Corporate Relations	440,000	1,118,000	678,000	154.1%	1,118,000	885,000	(233,000)	-20.8%
United Way/CFC	721,000	825,000	104,000	14.4%	825,000	316,000	(509,000)	-61.7%
Memorials	1,156,000	1,200,000	44,000	3.8%	1,200,000	1,300,000	100,000	8.3%
Other	50,000	125,000	75,000	150.0%	125,000	115,000	(10,000)	-8.0%
<b>Total Other Campaign</b>	<b>9,108,000</b>	<b>10,250,000</b>	<b>1,142,000</b>	<b>12.5%</b>	<b>10,250,000</b>	<b>9,865,000</b>	<b>(385,000)</b>	<b>-3.8%</b>
<b>Total Campaign</b>	<b>28,043,000</b>	<b>33,481,000</b>	<b>5,438,000</b>	<b>19.4%</b>	<b>33,481,000</b>	<b>29,197,220</b>	<b>(4,283,780)</b>	<b>-12.8%</b>
Planned Giving	14,500,000	9,826,000	(4,674,000)	-32.2%	9,826,000	9,600,000	(226,000)	-2.3%
<b>Total Public Support</b>	<b>42,543,000</b>	<b>43,307,000</b>	<b>764,000</b>	<b>1.8%</b>	<b>43,307,000</b>	<b>38,797,220</b>	<b>(4,509,780)</b>	<b>-10.4%</b>
<b>Other Revenue</b>								
Investment Income, Net of Fees	700,000	1,338,000	638,000	91.1%	1,338,000	1,338,000	0	0.0%
Unrealized Gains/(Losses) on Investments	(242,000)	(721,000)	(479,000)	197.9%	(721,000)	2,141,000	2,862,000	-396.9%
Realized Gains/(Losses) on Investments	463,000	1,916,000	1,453,000	313.8%	1,916,000	171,000	(1,745,000)	-91.1%
Perpetual Trusts Revenue	660,000	993,000	333,000	50.5%	993,000	1,223,000	230,000	23.2%
Miscellaneous Income	899,000	3,180,000	2,281,000	253.7%	3,180,000	1,374,000	(1,806,000)	-56.8%
<b>Total Other Revenue</b>	<b>2,480,000</b>	<b>6,706,000</b>	<b>4,226,000</b>	<b>170.4%</b>	<b>6,706,000</b>	<b>6,247,000</b>	<b>(459,000)</b>	<b>-6.8%</b>
<b>Total Public Support and Other revenue</b>	<b>45,023,000</b>	<b>50,013,000</b>	<b>4,990,000</b>	<b>11.1%</b>	<b>50,013,000</b>	<b>45,044,220</b>	<b>(4,968,780)</b>	<b>-9.9%</b>
Funding from Restricted Funds	10,353,000	8,302,000	(2,051,000)	-19.8%	8,302,000	11,202,000	2,900,000	34.9%
<b>Total Income</b>	<b>55,376,000</b>	<b>58,315,000</b>	<b>2,939,000</b>	<b>5.3%</b>	<b>58,315,000</b>	<b>56,246,220</b>	<b>(2,068,780)</b>	<b>-3.5%</b>
<b>Expenditures</b>								
<b>Unrestricted Programs and Operations</b>								
Salaries	14,658,350	15,270,260	611,910	4.2%	15,270,260	15,455,220	184,960	1.2%
Taxes	1,354,150	1,376,860	22,710	1.7%	1,376,860	1,301,630	(75,230)	-5.5%
Benefits	2,382,710	2,319,060	(63,650)	-2.7%	2,319,060	2,405,860	86,800	3.7%
Occupancy	1,485,160	1,766,650	281,490	19.0%	1,766,650	1,813,280	46,630	2.6%
Telephone	362,960	354,050	(8,910)	-2.5%	354,050	403,760	49,710	14.0%
Supplies	187,990	220,340	32,350	17.2%	220,340	210,810	(9,530)	-4.3%
Rent/Maint	290,840	271,620	(19,220)	-6.6%	271,620	284,200	12,580	4.6%
Printing	3,006,580	3,162,130	155,550	5.2%	3,162,130	3,270,700	108,570	3.4%
Postage	1,657,260	1,795,600	138,340	8.3%	1,795,600	2,120,210	324,610	18.1%
NC Initiatives	2,042,850	2,484,530	441,680	21.6%	2,484,530	2,377,610	(106,920)	-4.3%
Conf/Mtings	369,560	477,590	108,030	29.2%	477,590	484,570	6,980	1.5%
Travel	953,300	916,610	(36,690)	-3.8%	916,610	1,001,130	84,520	9.2%
Prof Fees	1,139,980	978,140	(161,840)	-14.2%	978,140	1,222,420	244,280	25.0%
Awards	15,500	8,810	(6,690)	-43.2%	8,810	510,930	502,120	5699.4%
Other Exp	900,770	1,577,020	676,250	75.1%	1,577,020	795,330	(781,690)	-49.6%
Prop/Equip	491,930	941,440	449,510	91.4%	941,440	1,138,160	196,720	20.9%
<b>Sub-Total</b>	<b>31,299,890</b>	<b>33,920,710</b>	<b>2,620,820</b>	<b>8.4%</b>	<b>33,920,710</b>	<b>34,795,820</b>	<b>875,110</b>	<b>2.6%</b>
<b>Other Expenses</b>								
Research	9,831,000	9,820,000	(11,000)	-0.1%	9,820,000	9,080,000	(740,000)	-7.5%
Depreciation	1,450,000	900,000	(550,000)	-37.9%	900,000	846,000	(54,000)	-6.0%
Allocation to national	14,397,000	12,122,000	(2,275,000)	-15.8%	12,122,000	11,180,000	(942,000)	-7.8%
<b>Total Other Expenses</b>	<b>25,678,000</b>	<b>22,842,000</b>	<b>(2,836,000)</b>	<b>-11.0%</b>	<b>22,842,000</b>	<b>21,106,000</b>	<b>(1,736,000)</b>	<b>-7.6%</b>
<b>Total Expenditures</b>	<b>56,977,890</b>	<b>56,762,710</b>	<b>(215,180)</b>	<b>-0.4%</b>	<b>56,762,710</b>	<b>55,901,820</b>	<b>(860,890)</b>	<b>-1.5%</b>
<b>Net Revenues Over Expenditures</b>	<b>(1,601,890)</b>	<b>1,552,290</b>	<b>3,154,180</b>	<b>-196.9%</b>	<b>1,552,290</b>	<b>344,400</b>	<b>(1,207,890)</b>	<b>-77.8%</b>

## **Trend Analysis**

### Budgetary Trend—Year 2005 & 2006, 2006 & 2007

This trend analysis compares the movements and shifts of actual expenditures for year 2005 & 2006 and 2006 & 2007 of the American Heart Association Western States Affiliate. An examination of the total of the difference between year 2006 & 2007 shows that the revenues have a large decrease by \$2,068,780 or -3.5%. Meanwhile, the expenditures experience a small decrease by \$860,890 or -1.5%. If we look in the detailed table, we will find that on the revenue side there are eleven line items show extreme decreases, mainly from Field campaign, Other Campaign and Other Revenue. This incident tells us that our organization is experiencing the lack of staffs in leading and managing our main market activities. Meanwhile in year 2005 & 2006, we had enough creative staffs in handling financial situations.

On the expenditure side between year 2006 & 2007, most line items experience increases, particularly in Awards and Prop/Equip. This is because our organization has unexpected awards other than research awards. At the same time, we spend a lot of money in the renovation of 29 computers, purchase of new telephone/ voicemail systems and Blackberries for exempt staffs. It also includes needed maintenance for owned buildings.

# Share Analysis

## American Heart Association Share Analysis on the Year 2005, 2006 and 2007 Budget Data

	Year 2005 Budgeted	% of Total Year 2005	Year 2006 Budgeted	% of Total Year 2006	Year 2007 Budgeted	% of Total Year 2007	Year 2008 Proposed	% of Total Year 2008
<b>Revenues</b>								
<b>Field Campaign</b>								
Outright Gifts	1,725,000	3.1%	1,898,000	3.0%	2,581,000	4.3%	2,615,000	4.2%
<b>Special Events</b>								
Heart Walk	8,189,000	14.9%	9,000,000	14.4%	12,766,000	21.3%	9,061,442	14.6%
Gala	5,421,000	9.9%	6,040,000	9.7%	9,105,000	15.2%	4,590,000	7.4%
Youth Market	4,217,000	7.7%	4,553,000	7.3%	4,886,000	8.2%	4,050,000	6.5%
Other	2,179,000	4.0%	750,000	1.2%	902,000	1.5%	949,000	1.5%
<b>Total Special Events</b>	<b>20,006,000</b>	<b>36.5%</b>	<b>20,343,000</b>	<b>32.5%</b>	<b>27,659,000</b>	<b>46.3%</b>	<b>18,650,442</b>	<b>30.0%</b>
<b>Total Field Campaign</b>	<b>21,731,000</b>	<b>39.6%</b>	<b>22,241,000</b>	<b>35.5%</b>	<b>30,240,000</b>	<b>50.6%</b>	<b>21,265,442</b>	<b>34.2%</b>
<b>Other Campaign</b>								
Direct Mail	5,492,000	10.0%	5,400,000	8.6%	6,102,000	10.2%	6,150,000	9.9%
Dear Neighbor	1,184,000	2.2%	1,386,000	2.2%	1,386,000	2.3%	1,275,000	2.0%
National & Affiliate Corporate Relations			179,000	0.3%	1,423,000	2.4%	899,000	1.4%
United Way/CFC	685,000	1.2%	570,000	0.9%	600,000	1.0%	340,000	0.5%
Memorials	1,188,000	2.2%	1,150,000	1.8%	1,000,000	1.7%	1,310,000	2.1%
Other	70,000	0.1%	50,000	0.1%	60,000	0.1%	115,000	0.2%
<b>Total Other Campaign</b>	<b>8,619,000</b>	<b>15.7%</b>	<b>8,735,000</b>	<b>14.0%</b>	<b>10,571,000</b>	<b>17.7%</b>	<b>10,089,000</b>	<b>16.2%</b>
<b>Total Campaign</b>	<b>30,350,000</b>	<b>55.3%</b>	<b>30,976,000</b>	<b>49.5%</b>	<b>40,811,000</b>	<b>68.3%</b>	<b>31,354,442</b>	<b>50.4%</b>
Planned Giving	13,500,000	24.6%	15,500,000	24.8%	7,500,000	12.5%	12,500,000	20.1%
<b>Total Public Support</b>	<b>43,850,000</b>	<b>80.0%</b>	<b>46,476,000</b>	<b>74.3%</b>	<b>48,311,000</b>	<b>80.8%</b>	<b>43,854,442</b>	<b>70.4%</b>
<b>Other Revenue</b>								
Investment Income, Net of Fees	646,000	1.2%	750,000	1.2%	1,300,000	2.2%	1,400,000	2.2%
Unrealized Gains/(Losses) on Investments								
Realized Gains/(Losses) on Investments								
Perpetual Trusts Revenue	711,000	1.3%	680,000	1.1%	990,000	1.7%	1,500,000	2.4%
Miscellaneous Income	968,000	1.8%	3,360,000	5.4%	900,000	1.5%	1,511,400	2.4%
<b>Total Other Revenue</b>	<b>2,325,000</b>	<b>4.2%</b>	<b>4,790,000</b>	<b>7.7%</b>	<b>3,190,000</b>	<b>5.3%</b>	<b>4,411,400</b>	<b>7.1%</b>
<b>Total Public Support and Other revenue</b>	<b>46,175,000</b>	<b>84.2%</b>	<b>51,266,000</b>	<b>81.9%</b>	<b>51,501,000</b>	<b>86.1%</b>	<b>48,265,842</b>	<b>77.5%</b>
Funding from Restricted Funds	8,670,000	15.8%	11,310,000	18.1%	8,295,000	13.9%	14,000,000	22.5%
<b>Total Income</b>	<b>54,845,000</b>	<b>100.0%</b>	<b>62,576,000</b>	<b>100.0%</b>	<b>59,796,000</b>	<b>100.0%</b>	<b>62,265,842</b>	<b>100.0%</b>
<b>Expenditures</b>								
<b>Unrestricted Programs and Operations</b>								
Salaries	14,624,410	27.6%	14,495,310	24.4%	15,240,840	26.4%	17,773,503	29.3%
Taxes	1,350,270	2.5%	1,353,700	2.3%	1,420,810	2.5%	1,389,830	2.3%
Benefits	2,282,910	4.3%	2,473,960	4.2%	2,487,730	4.3%	2,551,920	4.2%
Occupancy	1,009,390	1.9%	1,545,430	2.6%	1,654,280	2.9%	1,799,060	3.0%
Telephone	396,160	0.7%	380,450	0.6%	402,890	0.7%	410,000	0.7%
Supplies	193,470	0.4%	186,000	0.3%	225,300	0.4%	211,530	0.3%
Rent/Maint	341,090	0.6%	319,000	0.5%	296,290	0.5%	295,310	0.5%
Printing	2,909,710	5.5%	3,351,250	5.6%	3,112,550	5.4%	3,761,305	6.2%
Postage	1,692,930	3.2%	1,617,480	2.7%	1,733,900	3.0%	2,292,969	3.8%
NC Initiatives	1,876,340	3.5%	2,042,850	3.4%	2,484,530	4.3%	3,000,000	4.9%
Conf/Mtings	355,420	0.7%	349,480	0.6%	406,860	0.7%	424,900	0.7%
Travel	881,020	1.7%	789,120	1.3%	901,570	1.6%	990,660	1.6%
Prof Fees	1,056,660	2.0%	950,490	1.6%	1,031,300	1.8%	1,207,410	2.0%
Awards	12,960	0.0%	19,650	0.0%	8,000	0.0%	10,650	0.0%
Other Exp	961,110	1.8%	1,204,450	2.0%	1,372,880	2.4%	744,470	1.2%
Prop/Equip	186,820	0.4%	623,760	1.1%	714,300	1.2%	387,280	0.6%
<b>Sub-Total</b>	<b>30,130,670</b>	<b>56.8%</b>	<b>31,702,380</b>	<b>53.4%</b>	<b>33,494,030</b>	<b>58.1%</b>	<b>37,250,797</b>	<b>61.4%</b>
<b>Other Expenses</b>								
Research	8,617,000	16.2%	10,432,000	17.6%	10,322,000	17.9%	9,988,000	16.5%
Depreciation	1,597,000	3.0%	1,500,000	2.5%	900,000	1.6%	900,000	1.5%
Allocation to National	12,688,000	23.9%	15,728,000	26.5%	12,914,000	22.4%	12,500,000	20.6%
<b>Total Other Expenses</b>	<b>22,902,000</b>	<b>43.2%</b>	<b>27,660,000</b>	<b>46.6%</b>	<b>24,136,000</b>	<b>41.9%</b>	<b>23,388,000</b>	<b>38.6%</b>
<b>Total Expenditures</b>	<b>53,032,670</b>	<b>100.0%</b>	<b>59,362,380</b>	<b>100.0%</b>	<b>57,630,030</b>	<b>100.0%</b>	<b>60,638,797</b>	<b>100.0%</b>
<b>Net Revenues Over Expenditures</b>	<b>1,812,330</b>		<b>3,213,620</b>		<b>2,165,970</b>		<b>1,627,045</b>	

## **Share Analysis**

### Share Analysis on the Year 2005, 2006 and 2007 Budgeted Data

This share analysis focuses on the share of the budget shown by each revenue and expenditure item, and it could be part of a budget request and presentation. This analysis is based on the Year 2005, 2006 and 2007 of budgeted data of American Heart Association Western States Affiliate.

From the table especially in Year 2007, we can see that the majority of revenues come from four main sources:

1. Affiliate-wide unrestricted and restricted field campaign (Major Gifts, Social events, Heart walk, Youth Markets activities, Galas, and other Social Events) covering 50.6% of the total revenue;

2. Other Campaign (Memorials, Teleparty, United Way, Dear Neighbor, and Direct Mails) covering 17.7% of the total revenue;

3. Other Revenue covering 5.3% of the total revenue; and

4. Restricted Funds covering 13.9% of the total revenue.

Meanwhile, the major expenditures are: 1. Unrestricted programs and operations such as Salaries and Printing & Postage covering 26.4% of the total expenditure; 2. Research covering 17.9%; and 3. Allocation to National covering 22.4 of the total expenditure.

This indicates our programmatic and budgetary priorities, which are based on the policy that we will raise donations from core activities to fund research organization and the AHA.

**American Heart Association**  
**Variance Analysis with the Budgeted and Actual Data for Year 2005, 2006 and 2007**

	Year 2005 Budgeted	Year 2005 Actual	Dollar Difference	Percent Difference	Year 2006 Budgeted	Year 2006 Actual	Dollar Difference	Percent Difference	Year 2007 Budgeted	Year 2007 Estimated	Dollar Difference	Percent Difference
<b>Revenues</b>												
<b>Field Campaign</b>												
Outright Gifts	1,725,000	683,000	1,042,000	60.4%	1,898,000	2,464,000	(566,000)	-29.8%	2,581,000	2,421,000	160,000	6.2%
<b>Special Events</b>												
Heart Walk	8,189,000	8,301,000	(112,000)	-1.4%	9,000,000	8,953,000	47,000	0.5%	12,766,000	8,144,220	4,621,780	36.2%
Gala	5,421,000	4,698,000	723,000	13.3%	6,040,000	6,498,000	(458,000)	-7.6%	9,105,000	4,174,000	4,931,000	54.2%
Youth Market	4,217,000	4,147,000	70,000	1.7%	4,553,000	4,500,000	53,000	1.2%	4,886,000	3,686,000	1,200,000	24.6%
Other	2,179,000	1,106,000	1,073,000	49.2%	750,000	816,000	(66,000)	-8.8%	902,000	907,000	(5,000)	-0.6%
<b>Total Special Events</b>	<b>20,006,000</b>	<b>18,252,000</b>	<b>1,754,000</b>	<b>8.8%</b>	<b>20,343,000</b>	<b>20,767,000</b>	<b>(424,000)</b>	<b>-2.1%</b>	<b>27,659,000</b>	<b>16,911,220</b>	<b>10,747,780</b>	<b>38.9%</b>
<b>Total Field Campaign</b>	<b>21,731,000</b>	<b>18,935,000</b>	<b>2,796,000</b>	<b>12.9%</b>	<b>22,241,000</b>	<b>23,231,000</b>	<b>(990,000)</b>	<b>-4.5%</b>	<b>30,240,000</b>	<b>19,332,220</b>	<b>10,907,780</b>	<b>36.1%</b>
<b>Other Campaign</b>												
Direct Mail	5,492,000	5,306,000	186,000	3.4%	5,400,000	5,637,000	(237,000)	-4.4%	6,102,000	5,974,000	128,000	2.1%
Dear Neighbor	1,184,000	1,435,000	(251,000)	-21.2%	1,386,000	1,345,000	41,000	3.0%	1,386,000	1,275,000	111,000	8.0%
National & Affiliate Corporate Relations		440,000	(440,000)		179,000	1,118,000	(939,000)	-524.6%	1,423,000	885,000	538,000	37.8%
United Way/CFC	685,000	721,000	(36,000)	-5.3%	570,000	825,000	(255,000)	-44.7%	600,000	316,000	284,000	47.3%
Memorials	1,188,000	1,156,000	32,000	2.7%	1,150,000	1,200,000	(50,000)	-4.3%	1,000,000	1,300,000	(300,000)	-30.0%
Other	70,000	50,000	20,000	28.6%	50,000	125,000	(75,000)	-150.0%	60,000	115,000	(55,000)	-91.7%
<b>Total Other Campaign</b>	<b>8,619,000</b>	<b>9,108,000</b>	<b>(489,000)</b>	<b>-5.7%</b>	<b>8,735,000</b>	<b>10,250,000</b>	<b>(1,515,000)</b>	<b>-17.3%</b>	<b>10,571,000</b>	<b>9,865,000</b>	<b>706,000</b>	<b>6.7%</b>
<b>Total Campaign</b>	<b>30,350,000</b>	<b>28,043,000</b>	<b>2,307,000</b>	<b>7.6%</b>	<b>30,976,000</b>	<b>33,481,000</b>	<b>(2,505,000)</b>	<b>-8.1%</b>	<b>40,811,000</b>	<b>29,197,220</b>	<b>11,613,780</b>	<b>28.5%</b>
Planned Giving	13,500,000	14,500,000	(1,000,000)	-7.4%	15,500,000	9,826,000	5,674,000	36.6%	7,500,000	9,600,000	(2,100,000)	-28.0%
<b>Total Public Support</b>	<b>43,850,000</b>	<b>42,543,000</b>	<b>1,307,000</b>	<b>3.0%</b>	<b>46,476,000</b>	<b>43,307,000</b>	<b>3,169,000</b>	<b>6.8%</b>	<b>48,311,000</b>	<b>38,797,220</b>	<b>9,513,780</b>	<b>19.7%</b>
<b>Other Revenue</b>												
Investment Income, Net of Fees	646,000	700,000	(54,000)	-8.4%	750,000	1,338,000	(588,000)	-78.4%	1,300,000	1,338,000	(38,000)	-2.9%
Unrealized Gains/(Losses) on Investments		(242,000)	242,000			(721,000)	721,000			2,141,000	(2,141,000)	
Realized Gains/(Losses) on Investments		463,000	(463,000)			1,916,000	(1,916,000)			171,000	(171,000)	
Perpetual Trusts Revenue	711,000	660,000	51,000	7.2%	680,000	993,000	(313,000)	-46.0%	990,000	1,223,000	(233,000)	-23.5%
Miscellaneous Income	968,000	899,000	69,000	7.1%	3,360,000	3,180,000	180,000	5.4%	900,000	1,374,000	(474,000)	-52.7%
<b>Total Other Revenue</b>	<b>2,325,000</b>	<b>2,480,000</b>	<b>(155,000)</b>	<b>-6.7%</b>	<b>4,790,000</b>	<b>6,706,000</b>	<b>(1,916,000)</b>	<b>-40.0%</b>	<b>3,190,000</b>	<b>6,247,000</b>	<b>(3,057,000)</b>	<b>-95.8%</b>
<b>Total Public Support and Other revenue</b>	<b>46,175,000</b>	<b>45,023,000</b>	<b>1,152,000</b>	<b>2.5%</b>	<b>51,266,000</b>	<b>50,013,000</b>	<b>1,253,000</b>	<b>2.4%</b>	<b>51,501,000</b>	<b>45,044,220</b>	<b>6,456,780</b>	<b>12.5%</b>
Funding from Restricted Funds	8,670,000	10,353,000	(1,683,000)	-19.4%	11,310,000	8,302,000	3,008,000	26.6%	8,295,000	11,202,000	(2,907,000)	-35.0%
<b>Total Income</b>	<b>54,845,000</b>	<b>55,376,000</b>	<b>(531,000)</b>	<b>-1.0%</b>	<b>62,576,000</b>	<b>58,315,000</b>	<b>4,261,000</b>	<b>6.8%</b>	<b>59,796,000</b>	<b>56,246,220</b>	<b>3,549,780</b>	<b>5.9%</b>
<b>Expenditures</b>												
<b>Unrestricted Programs and Operations</b>												
Salaries	14,624,410	14,658,350	(33,940)	-0.2%	14,495,310	15,270,260	(774,950)	-5.3%	15,240,840	15,455,220	(214,380)	-1.4%
Taxes	1,350,270	1,354,150	(3,880)	-0.3%	1,353,700	1,376,860	(23,160)	-1.7%	1,420,810	1,301,630	119,180	8.4%
Benefits	2,282,910	2,382,710	(99,800)	-4.4%	2,473,960	2,319,060	154,900	6.3%	2,487,730	2,405,860	81,870	3.3%
Occupancy	1,009,390	1,485,160	(475,770)	-47.1%	1,545,430	1,766,650	(221,220)	-14.3%	1,654,280	1,813,280	(159,000)	-9.6%
Telephone	396,160	362,960	33,200	8.4%	380,450	354,050	26,400	6.9%	402,890	403,760	(870)	-0.2%
Supplies	193,470	187,990	5,480	2.8%	186,000	220,340	(34,340)	-18.5%	225,300	210,810	14,490	6.4%
Rent/Maint	341,090	290,840	50,250	14.7%	319,000	271,620	47,380	14.9%	296,290	284,200	12,090	4.1%
Printing	2,909,710	3,006,580	(96,870)	-3.3%	3,351,250	3,162,130	189,120	5.6%	3,112,550	3,270,700	(158,150)	-5.1%
Postage	1,692,930	1,657,260	35,670	2.1%	1,617,480	1,795,600	(178,120)	-11.0%	1,733,900	2,120,210	(386,310)	-22.3%
NC Initiatives	1,876,340	2,042,850	(166,510)	-8.9%	2,042,850	2,484,530	(441,680)	-21.6%	2,484,530	2,377,610	106,920	4.3%
Conf/Mtings	355,420	369,560	(14,140)	-4.0%	349,480	477,590	(128,110)	-36.7%	406,860	484,570	(77,710)	-19.1%
Travel	881,020	953,300	(72,280)	-8.2%	789,120	916,610	(127,490)	-16.2%	901,570	1,001,130	(99,560)	-11.0%
Prof Fees	1,056,660	1,139,980	(83,320)	-7.9%	950,490	978,140	(27,650)	-2.9%	1,031,300	1,222,420	(191,120)	-18.5%
Awards	12,960	15,500	(2,540)	-19.6%	19,650	8,810	10,840	55.2%	8,000	510,930	(502,930)	-6286.6%
Other Exp	961,110	900,770	60,340	6.3%	1,204,450	1,577,020	(372,570)	-30.9%	1,372,880	795,330	577,550	42.1%
Prop/Equip	186,820	491,930	(305,110)	-163.3%	623,760	941,440	(317,680)	-50.9%	714,300	1,138,160	(423,860)	-59.3%
<b>Sub-Total</b>	<b>30,130,670</b>	<b>31,299,890</b>	<b>(1,169,220)</b>	<b>-3.9%</b>	<b>31,702,380</b>	<b>33,920,710</b>	<b>(2,218,330)</b>	<b>-7.0%</b>	<b>33,494,030</b>	<b>34,795,820</b>	<b>(1,301,790)</b>	<b>-3.9%</b>
<b>Other Expenses</b>												
Research	8,617,000	9,831,000	(1,214,000)	-14.1%	10,432,000	9,820,000	612,000	5.9%	10,322,000	9,080,000	1,242,000	12.0%
Depreciation	1,597,000	1,450,000	147,000	9.2%	1,500,000	900,000	600,000	40.0%	900,000	846,000	54,000	6.0%
Allocation to National	12,688,000	14,397,000	(1,709,000)	-13.5%	15,728,000	12,122,000	3,606,000	22.9%	12,914,000	11,180,000	1,734,000	13.4%
<b>Total Other Expenses</b>	<b>22,902,000</b>	<b>25,678,000</b>	<b>(2,776,000)</b>	<b>-12.1%</b>	<b>27,660,000</b>	<b>22,842,000</b>	<b>4,818,000</b>	<b>17.4%</b>	<b>24,136,000</b>	<b>21,106,000</b>	<b>3,030,000</b>	<b>12.6%</b>
<b>Total Expenditures</b>	<b>53,032,670</b>	<b>56,977,890</b>	<b>(3,945,220)</b>	<b>-7.4%</b>	<b>59,362,380</b>	<b>56,762,710</b>	<b>2,599,670</b>	<b>4.4%</b>	<b>57,630,030</b>	<b>55,901,820</b>	<b>1,728,210</b>	<b>3.0%</b>
<b>Net Revenues Over Expenditures</b>	<b>1,812,330</b>	<b>(1,601,890)</b>	<b>3,414,220</b>	<b>188.4%</b>	<b>3,213,620</b>	<b>1,552,290</b>	<b>1,661,330</b>	<b>51.7%</b>	<b>2,165,970</b>	<b>344,400</b>	<b>1,821,570</b>	<b>84.1%</b>

## **Variance Analysis**

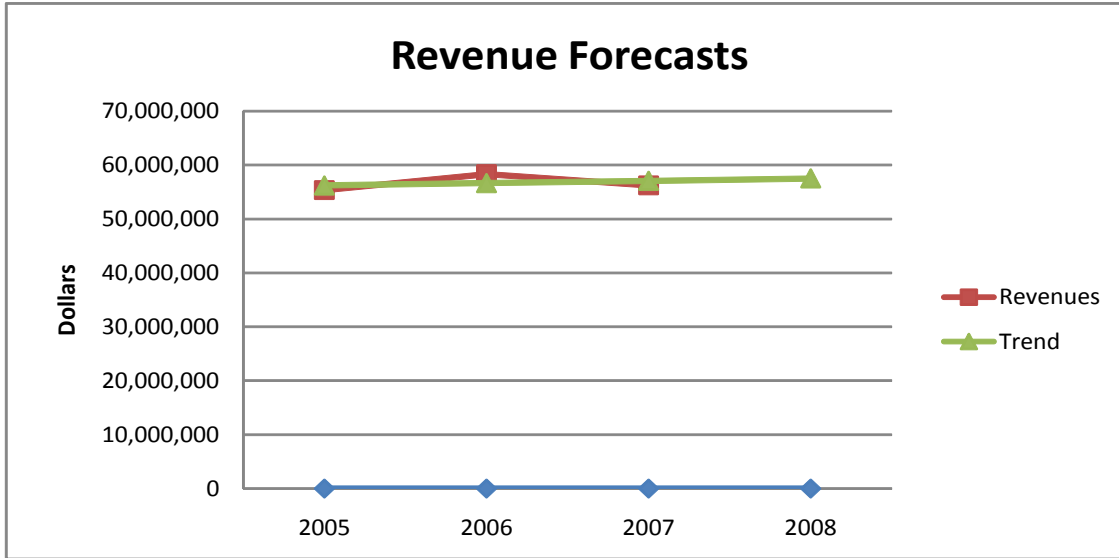
### Variance Analysis with the Budgeted and Actual Expenditures Data for Year 2005, 2006 and 2007

This analysis is to evaluate how the budget is being used. By comparing the budgeted and actual revenues and expenditures, we can tell how much money is left to spend or how much money we have to add more. From the table, positive and big deviations occur in the line items of Special Events and Other campaign on the revenue side. This can be seen that the unfavorable variances show that the actual results are worse than expected results. Therefore, we should have a big improvement in those two areas.

Also, there are negative deviations in most of the expenditure side, indicating that the organization should examine what went wrong with those line items, especially in Postage, Conf/Mtings, Prof Fees, Awards and Prop/Equip. These negative numbers imply an unfavorable budgetary development.

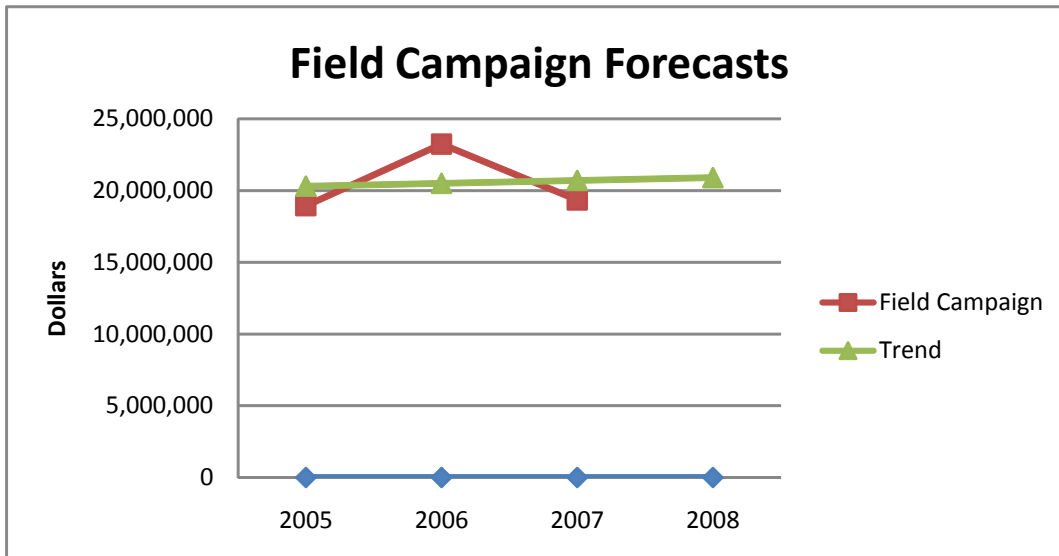
## Revenue Projections

Revenue Forecasting		
Periods	Revenues	Trend
2005	55,376,000	56,210,630
2006	58,315,000	56,645,740
2007	56,246,220	57,080,850
2008		57,515,960



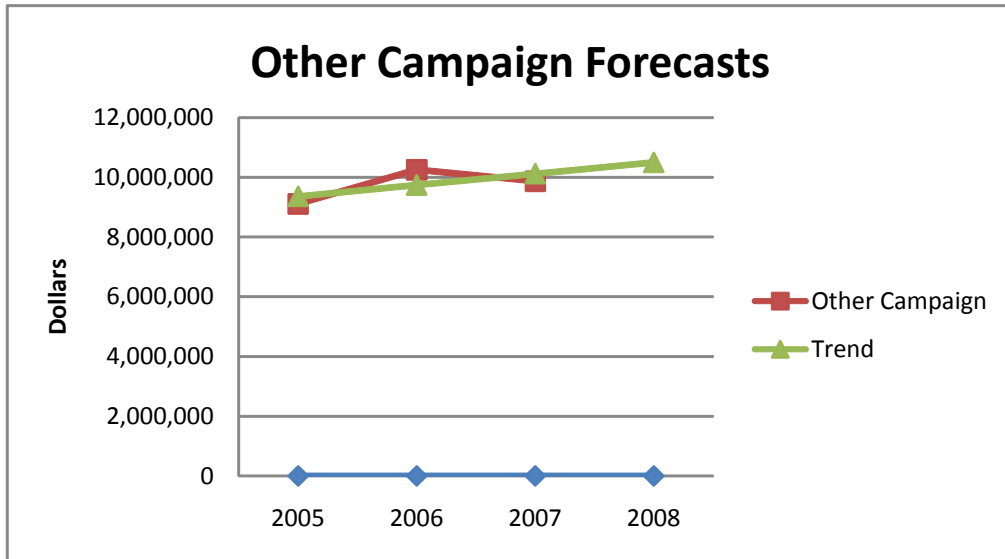
## Program Projections

Program Forecasting		
Periods	Field Campaign	Trend
2005	18,935,000	20,300,797
2006	23,231,000	20,499,407
2007	19,332,220	20,698,017
2008		20,896,627

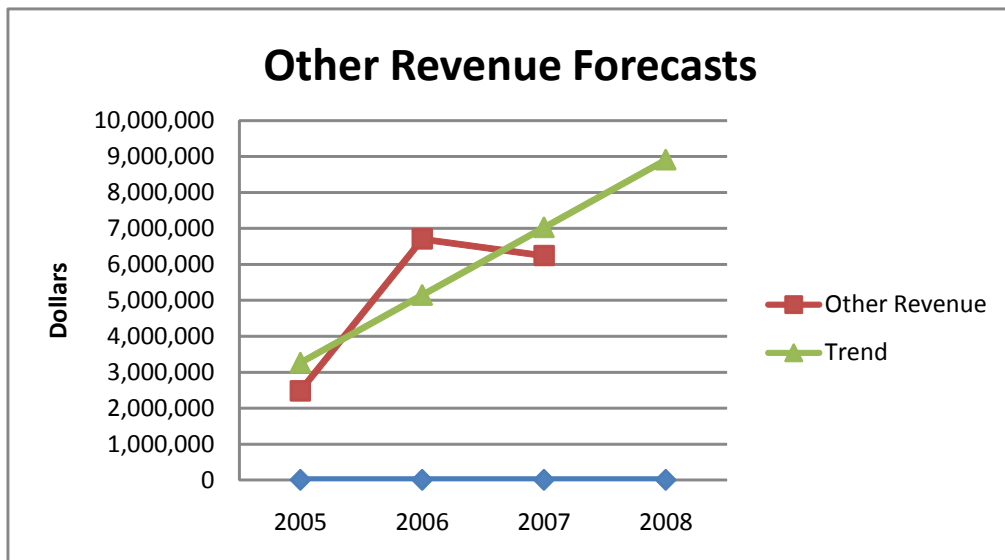


## Program Projections

Program Forecasting		
Periods	Other Campaign	Trend
2005	9,108,000	9,362,500
2006	10,250,000	9,741,000
2007	9,865,000	10,119,500
2008		<b>10,498,000</b>

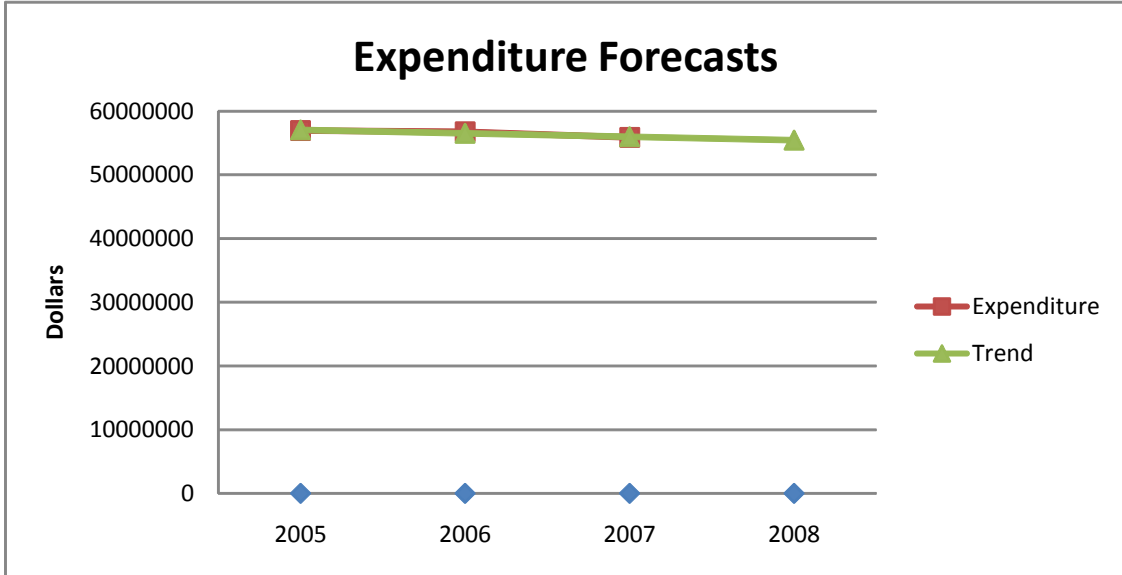


Program Forecasting		
Periods	Other Revenue	Trend
2005	2,480,000	3,260,833
2006	6,706,000	5,144,333
2007	6,247,000	7,027,833
2008		<b>8,911,333</b>

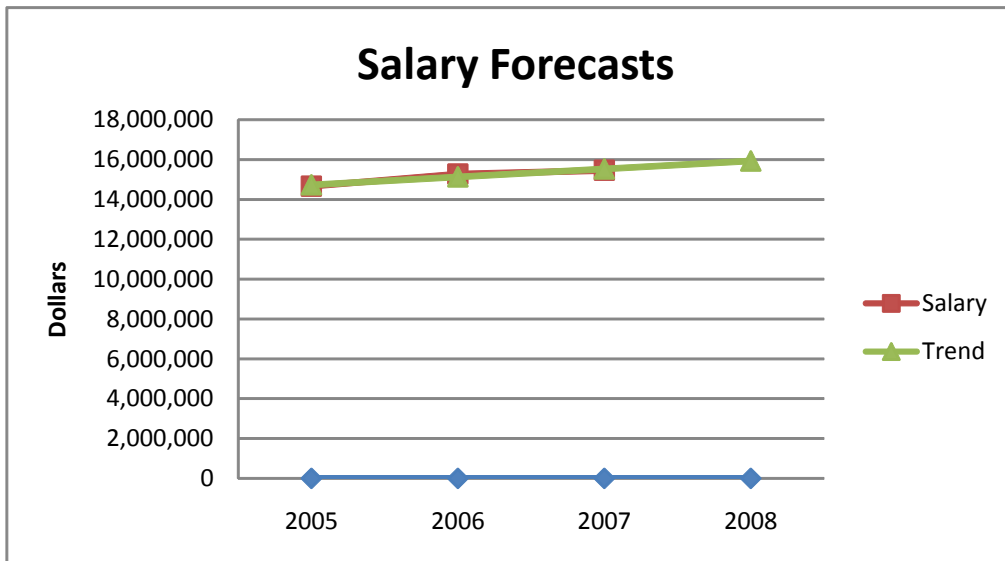


## Expenditure Projections

Expenditure Forecasting		
Periods	Expenditure	Trend
2005	56,977,890	57,085,508
2006	56,762,710	56,547,473
2007	55,901,820	56,009,438
2008		<b>55,471,403</b>



Expenditure Forecasting		
Periods	Salary	Trend
2005	14,658,350	14,729,508
2006	15,270,260	15,127,943
2007	15,455,220	15,526,378
2008		<b>15,924,813</b>



From revenue and program projections, we will get the trend of each line item as the following:

Revenue Forecasts	=	\$57,515,960
Field Campaign	=	\$20,896,627
Other Campaign	=	\$10,498,000
Other Revenue	=	\$8,911,333

Meanwhile expenditure and salary projections are:

Expenditure Forecasts	=	\$55,471,960
Salary Forecasts	=	\$15,924,813

However, in this budget proposal, we also apply the information from trend, share and variance analyses to make our budget practical and responsive to our policy. Therefore, we put more effort to generate revenues through increasing project staffs. At the same time we decrease some expenditure categories to save more money. As a result, our proposed budget will be:

Revenue	=	\$62,265,842
Field Campaign	=	\$21,265,442
Other Campaign	=	\$10,089,000
Other Revenue	=	\$4,411,400 (not include Unrealized and Realized

Gains on Investment)

Expenditure	=	\$60,638,797
Salary Forecasts	=	\$17,773,503