

FINANCIAL REPORT
SAN ANTONIO MEDICAL
FOUNDATION
DECEMBER 31, 2009

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CERTIFIED PUBLIC ACCOUNTANTS

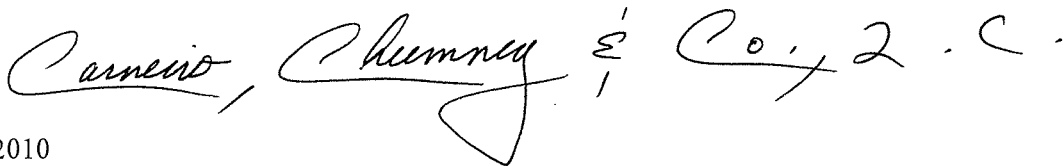
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
San Antonio Medical Foundation
San Antonio, Texas

We have audited the accompanying statements of financial position of San Antonio Medical Foundation (the Foundation) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with United States generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 San Antonio Medical Foundation as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in accordance with United States generally accepted accounting principles.



May 19, 2010

SAN ANTONIO MEDICAL FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
Cash and cash equivalents	346,551	499,994
Investments	2,243,547	1,697,249
Land	7,050,952	7,069,388
Improvements, net of accumulated depreciation of \$183,977 for 2009 and \$167,489 for 2008	2,309,376	1,982,886
Furniture and equipment, net of accumulated depreciation of \$11,129 for 2009 and \$50,350 for 2008	11,010	5,517
	<u>11,961,436</u>	<u>11,255,034</u>
TOTAL ASSETS	<u>11,961,436</u>	<u>11,255,034</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payables	11,431	9,200
Deferred revenue	--	60,932
Total Liabilities	<u>11,431</u>	<u>70,132</u>
Net Assets:		
Unrestricted:		
Board designated for mission related activities	500,000	500,000
Invested in property and equipment	9,371,338	9,057,791
Undesignated	1,300,890	1,036,072
Total Unrestricted	<u>11,172,228</u>	<u>10,593,863</u>
Temporarily restricted	271,522	85,034
Permanently restricted	506,255	506,005
	<u>11,950,005</u>	<u>11,184,902</u>
Total Net Assets	<u>11,950,005</u>	<u>11,184,902</u>
TOTAL LIABILITIES AND NET ASSETS	<u>11,961,436</u>	<u>11,255,034</u>

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

SAN ANTONIO MEDICAL FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	Restated 2008
Changes in Unrestricted Net Assets:		
Revenue, Gains, and Other Support:		
Administrative fee for land and donated land	79,198	51,032
Lease income, net of management fees of \$23,934 for 2009 and \$23,209 for 2008	955,097	899,218
Contributions	71,694	62,367
In-kind contributions	1,091,640	1,090,400
Dividends and interest	9,746	23,490
Realized and unrealized (losses) on investments	(23)	(7)
Donated land - fair value increase	1,172,939	--
Net assets released from restrictions	--	15,578
Total Unrestricted Revenue, Gains, and Other Support	3,380,291	2,142,078
Expenses:		
Program:		
Donated land at fair value	1,212,626	--
Donated in-kind leases at fair value	1,070,000	1,070,000
Other	382,116	330,659
Administrative and general	115,253	100,910
Fundraising	21,931	21,831
Total Expenses	2,801,926	1,523,400
Change in Unrestricted Net Assets	578,365	618,678
Changes in Temporarily Restricted Net Assets:		
Dividends and interest	19,249	38,691
Realized and unrealized gains (losses) on investments	167,239	(342,284)
Net assets released from restrictions	--	(15,578)
Change in Temporarily Restricted Net Assets	186,488	(319,171)
Changes in Permanently Restricted Net Assets -		
Contributions	250	--
Change in Permanently Restricted Net Assets	250	--
Change in Net Assets	765,103	299,507
Net assets at the beginning of the year	11,184,902	10,885,395
NET ASSETS AT END OF YEAR	11,950,005	11,184,902

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

SAN ANTONIO MEDICAL FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

2009	Program	General and Administrative	Fundraising	Total
Compensation	162,085	32,393	13,293	207,771
Consultants	14,481	16,400	--	30,881
Donated in-kind leases for medical organizations	1,070,000	--	--	1,070,000
Donated land	1,212,626	--	--	1,212,626
Depreciation expense	3,133	15,571	--	18,704
Engineer	4,913	--	--	4,913
50th Anniversary Luncheon	23,949	--	--	23,949
Insurance	6,635	2,088	--	8,723
Legal	25,198	--	--	25,198
Miscellaneous	--	100	--	100
Office:				
Other	591	17,786	886	19,263
In-kind office rent	16,446	3,680	1,515	21,641
Promotion	--	12,663	6,237	18,900
Properties maintenance	23,685	--	--	23,685
Special Projects:				
Medical Center Alliance	100,000	--	--	100,000
Scholarships	1,000	--	--	1,000
Trustee meetings	--	14,572	--	14,572
	<u>2,664,742</u>	<u>115,253</u>	<u>21,931</u>	<u>2,801,926</u>
2008	Restated Program	General and Administrative	Fundraising	Total
Compensation	158,434	31,289	12,887	202,610
Consultants	5,340	19,086	--	24,426
Donated in-kind leases for medical organizations	1,070,000	--	--	1,070,000
Depreciation expense	3,929	3,750	--	7,679
Engineer	3,989	--	--	3,989
Insurance	7,446	604	--	8,050
Legal	9,735	--	--	9,735
Miscellaneous	--	200	--	200
Office:				
Other	437	16,590	654	17,681
In-kind office rent	15,504	3,468	1,428	20,400
Promotion	--	14,761	6,862	21,623
Properties maintenance	24,845	--	--	24,845
Special Projects:				
Medical Center Alliance	100,000	--	--	100,000
Scholarships	1,000	--	--	1,000
Trustee meetings	--	11,162	--	11,162
	<u>1,400,659</u>	<u>100,910</u>	<u>21,831</u>	<u>1,523,400</u>

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

SAN ANTONIO MEDICAL FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Cash Flows from Operating Activities:		
Change in net assets	765,103	299,507
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by (Used in) Operating Activities:		
Depreciation	18,704	7,679
Realized and unrealized (gains) losses on investments	(167,216)	342,291
Fair value increase on donation of land	(1,172,939)	--
Noncash donation of land and improvements	1,212,626	--
Decrease in accounts receivable	--	11,272
Increase in accounts payable	2,231	1,561
(Decrease) increase in deferred revenue	(60,932)	8,250
Net Cash Provided by Operating Activities	597,577	670,560
Cash Flows from Investing Activities:		
Proceeds from sale of investments	600,003	16,000
Purchase of investments	(979,084)	(1,149,074)
Purchase of land improvements	(364,229)	--
Purchase of furniture and equipment	(7,710)	(3,767)
Net Cash (Used in) Investing Activities	(751,020)	(1,136,841)
Net (Decrease) in Cash	(153,443)	(466,281)
Cash and cash equivalents, beginning of year	499,994	966,275
CASH AND CASH EQUIVALENTS, END OF YEAR	346,551	499,994

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

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 1: Organization Purpose and Summary of Significant Accounting Policies

Organization Purpose

San Antonio Medical Foundation (the Foundation) is a nonprofit foundation organized under the laws of the State of Texas and operated for charitable, scientific, and educational purposes. The mission of the San Antonio Medical Foundation is to improve health care, advance biomedical science, and enhance community well-being by providing leadership and active stewardship of land and other assets.

Basis of Accounting

The Foundation follows United States generally accepted accounting principles for not-for-profit organizations using the accrual basis of accounting. Significant accruals are included in the financial statements. Other significant accounting policies utilized by the Foundation are explained in these footnotes.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles 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

For purposes of the statement of cash flows, all highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents.

Investments

Investments are recorded at fair value based on quoted market prices within active markets.

Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 1: Organization Purpose and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost, if purchased or at fair value, at the date of contribution. Depreciation on building improvements and furniture, fixtures, and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

Deferred Revenue

Deferred revenue is comprised of rents paid for a future period.

Contributions

The Foundation reports all contributions as unrestricted support unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as restricted support.

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 are reported in the statement of activities as net assets released from restrictions.

Permanently restricted contributions are held in perpetuity. As specified by the donor, earnings from permanently restricted contributions are temporarily restricted until expensed for community health care needs.

Note 2: Cash Credit Risk

On October 3, 2008, the federal government temporarily increased the Federal Deposit Insurance Corporation (FDIC) insured limit to \$250,000 per depositor through December 31, 2013, for interest bearing accounts. Additionally, on October 14, 2008, the FDIC announced its temporary Transaction Account Guarantee Program, which provides full coverage for deposit accounts at FDIC-insured institutions that agree to participate in the program and applies to all personal and business checking deposit accounts that do not earn interest.

This unlimited insurance coverage is temporary, and will remain in effect for institutions which have not opted out of the program until June 30, 2010. The Foundation's financial institutions have not opted out of the Transaction Account Guarantee Program. At December 31, 2009 and 2008, the Foundation did not have uninsured cash balances. Funds in excess of \$40,000 were swept daily into an over-night investment sweep fund consisting of government securities during 2008, there were no uninsured balances during 2009.

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 3: Investments

Carrying amounts and estimated market values of investments at December 31, 2009 and 2008, are summarized as follows:

	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>	<u>Market Value</u>
December 31, 2009:			
San Antonio Area Foundation	1,477,533	(191,037)	1,286,496
Certificates of Deposit	<u>957,051</u>	<u> --</u>	<u>957,051</u>
	<u>2,434,584</u>	<u>(191,037)</u>	<u>2,243,547</u>
December 31, 2008:			
San Antonio Area Foundation	<u>2,055,504</u>	<u>(358,255)</u>	<u>1,697,249</u>

Investments held at the San Antonio Area Foundation (SAAF) include assets held in two separate pooled funds, one including 75% equities and 25% fixed income instruments, and the other including 100% fixed income instruments.

Note 4: Land and Improvements

At December 31, land included the carrying value of remaining acreage held by the Foundation. This land and its improvements represent approximately 289 undeveloped acres acquired from the following:

	<u>2009</u>	<u>2008</u>
Land:		
Five Oaks, Inc.	90,028	90,028
Earl and Gladys Cooper	334,358	334,358
Florence B. McAlpine	49,630	49,630
Boyce Gaskin, Inc.	402,334	402,334
Norman and Avram Jacobson (Fawn Meadow)	2,394,575	2,394,575
RTC	86,178	65,266
Fannie Lee Denman	701,634	701,634
Cinnamon Hill	916,944	916,944
Valley Green Joint Venture (Fawn Meadow)	122,630	122,291
Maness Property	457,904	457,904
Hamilton Wolfe easement	1,576,968	1,576,968
Less: Donation of land	<u>(82,231)</u>	<u>(42,544)</u>
Total Land	<u>7,050,952</u>	<u>7,069,388</u>

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 4: Land and Improvements (Continued)

	<u>2009</u>	<u>2008</u>
Improvements:		
Sewer project	79,375	79,375
Five Oaks	122,798	88,466
Gaskin	196,088	41,595
Landscaping – Ewing Halsell and Wurzbach	9,079	9,079
Cooper	154,153	--
Health Resources Cluster Project	228,645	228,645
Sid Katz Drive extension	154,121	154,121
Access road - Aldo's property improvements	10,379	10,379
Floyd Curl	1,249,105	1,249,105
Depreciable Improvements:		
Maness House	65,300	65,300
Denman House	60,000	60,000
Other - Aldo's property improvements	<u>164,310</u>	<u>164,310</u>
Total Improvements before Depreciation	2,493,353	2,150,375
Less: Accumulated depreciation	<u>183,977</u>	<u>167,489</u>
Total Net Improvements	<u>2,309,376</u>	<u>1,982,886</u>

Note 5: In-Kind Donations and Contributions

The Foundation arranges for leases to strengthen the medical center serving the San Antonio and South Texas community. For purposes of determining the economic effect of these leases, the annual contributory value of ground leases as estimated in a restricted appraisal report prepared by real estate appraisers has been used to determine this economic benefit. For the years ended December 31, 2009 and 2008, this amount totaled \$1,070,000. The estimated value of the leases is revalued every five years.

Land contributions (donated land) made by the Foundation are recorded at fair market value, with the difference between cost and market value recognized as in-kind donated land income.

Note 6: Office Lease

The Foundation pays no rent for its office space, but recognizes the fair value of the rent as in-kind contribution income and as in-kind office rent expense. These amounts totaled \$21,641 in 2009 and \$20,400 in 2008.

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 7: Leases to Others

In addition to leasing its land to various nonprofit institutions at nominal cost to the lessee, the Foundation leases a portion of its land to commercial businesses (some of which are medically affiliated).

The lease agreements contain minimum annual rental payments, with some leases having periodic adjustments based on the consumer price index. One lease generates additional lease payments based on a percentage of sales above a certain threshold. The leases vary in duration from month to month, to thirty years, with most having renewable options. Some permit and zoning costs incurred by certain tenants during construction are refunded to the tenants by credits against future rental payments.

Approximate minimum payments to be received under non-cancelable long-term operating leases for the next five years, net of refundable credits, are as follows:

2010	901,698
2011	846,450
2012	846,450
2013	846,450
2014	846,450

Note 8: Contingencies and Commitments

On July 1, 2002, the Foundation entered into an Infrastructure Participation Agreement (the Agreement) with the Medical Center Alliance for the purpose of planning and managing capital improvement initiatives within the Medical Center. The Agreement had a term of two years and automatically renews through June 30, 2010. A two year advance notice is required for termination of the agreement. In 2009 and 2008, the Foundation paid \$100,000 in each year under the Agreement.

Future maximum assessments due in 2010 and 2011, under the Agreement total \$100,000 for each year.

Note 9: Employee Retirement Plans

The Foundation has a simplified employee pension (SEP) plan available to employees who are at least 18 years old and have completed one year of service. The cost of the plan to the Foundation is a percentage of annual compensation as agreed to by the Board of Directors. Plan expense was \$7,020 and \$27,995 for the years ended December 31, 2009 and 2008, respectively.

The Foundation also provides for participation in a 403(b) defined contribution plan. Contributions are made by the employee only and, therefore, there is no cost to the Foundation.

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 10: Restricted Net Assets

Restricted net assets at December 31 are as follows:

	<u>2009</u>	<u>2008</u>
Temporarily Restricted - Community Health Care Needs	<u>271,522</u>	<u>85,034</u>
Permanently Restricted - Methodist Hospital Foundation Endowment and Other Restricted Contributions for Community Health Care Needs	<u>506,255</u>	<u>506,005</u>

Note 11: Net Assets Released from Restrictions

Temporarily restricted net assets were released for the following purposes at December 31:

	<u>2009</u>	<u>2008</u>
Purpose Restrictions Accomplished - Community Health Care Needs	<u>--</u>	<u>15,578</u>

Note 12: Fair Values of Financial Instruments

The reporting entity uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. For additional information on how the Foundation measures fair value, refer to Note 1: Organization Purpose and Summary of Significant Accounting Policies.

The following description of the valuation methods and assumptions were used by the Foundation in estimating the fair value disclosures for financial assets. There have been no changes in methodologies used at December 31, 2009 and 2008:

Investments – San Antonio Area Foundation – Valued at the fair market value made available in year end statements provided by SAAF (Level 3).

Investments – Certificates of Deposit - Valued at the face value plus interest earned during the year (Level 2).

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 12: Fair Values of Financial Instruments (Continued)

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2009 -				
Investments	--	957,051	1,286,496	2,243,547
Total Assets and Liabilities at Fair Value	<u>--</u>	<u>957,051</u>	<u>1,286,496</u>	<u>2,243,547</u>
2008 -				
Investments	--	--	1,697,249	1,697,249
Total Assets and Liabilities at Fair Value	<u>--</u>	<u>--</u>	<u>1,697,249</u>	<u>1,697,249</u>

Level 3 Gains and Losses

The following tables set forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended December 31, 2009:

Investments:	
Balance, beginning of year	1,697,249
Purchases	22,033
Liquidations	(600,002)
Realized/Unrealized gains	<u>167,216</u>
Balance, End of Year	<u>1,286,496</u>

Note 13: Endowment Funds

General Information

The Foundation maintains approximately \$1,277,953 of endowment funds established for a variety of purposes. These endowments include both donor-restricted endowment contributions and funds designated by the Board of Directors to function as endowments. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the State of Texas with an effective date of September 1, 2007. This policy defines the organization's interpretation of the provisions of this law as it relates to the prudent management of its endowment fund.

Background

In July, 2006, the Uniform Law Commission (ULC) approved UPMIFA as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), which governed the investment and management of donor-restricted endowment funds by not-for-profit organizations. The major change of the new law is that UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund when there are no explicit donor stipulations. These guidelines require the organization to determine what constitutes prudent spending based upon consideration of the donor's intent that the endowment fund continues permanently, the purpose of the fund, and relevant economic factors. UPMIFA emphasizes the perpetuation of the purchasing power of the fund, not just the original dollars contributed to the fund.

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 13: Endowment Funds (Continued)

Background (Continued)

Although the Act does not require that a specified amount be set aside as principal, the Act assumes that an organization will preserve "principal" by maintaining the purchasing power of amounts contributed and, will spend "income" by making distributions using a reasonable spending rate.

Endowment "Principal" Interpretation

The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment (the "Principal"). The remaining portion of the donor-restricted endowment fund, that is not classified as permanently restricted net assets, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Investment Objectives

Endowment investments are managed by the San Antonio Area Foundation (SAAF), based upon the investment policy described in the agreement between the SAAF and the Foundation, and approved by the Board of Trustees of the Foundation.

To satisfy its long-term rate of return objectives, San Antonio Medical Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment "Income" Appropriation (Spending Policy)

The Foundation accrues capital appreciation or depreciation (realized and unrealized gains or losses) on endowment investments. Earned investment income (i.e. dividends and interest) is generally appropriated.

When the fair market value of the fund exceeds the permanently restricted amount, up to 5% of the fair market value may be appropriated in any year. This is calculated on the basis of market values determined at least quarterly, and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is to be made. These funds may only be appropriated and distributed in accordance with donor use restrictions.

In accordance with UPMIFA, in all its endowment spending activity, the Foundation will consider the following factors in making a determination to appropriate (spend), or accumulate donor-restricted endowment funds:

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

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 13: Endowment Funds (Continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	--	271,522	506,255	777,777
Board-designated endowment funds	<u>500,000</u>	<u> --</u>	<u> --</u>	<u>500,000</u>
 Total Funds	 <u>500,000</u>	 <u>271,522</u>	 <u>506,255</u>	 <u>1,277,777</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	500,000	85,034	506,005	1,091,039
Investment Return:				
Interest and dividends	--	19,249	--	19,249
Net appreciation (realized and unrealized)	<u> --</u>	<u>167,239</u>	<u> --</u>	<u>167,239</u>
Total Investment Return	--	186,488	--	186,488
Contributions	--	--	250	250
Appropriations of endowment assets for expenditure	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
 Endowment Net Assets, End of Year	 <u>500,000</u>	 <u>271,522</u>	 <u>506,255</u>	 <u>1,277,777</u>

Total Net Asset Composition for the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds	500,000	271,522	506,255	1,277,777
Non-endowment funds	<u>10,672,653</u>	<u> --</u>	<u> --</u>	<u>10,672,653</u>
 Total Net Assets	 <u>11,172,653</u>	 <u>271,522</u>	 <u>506,255</u>	 <u>11,950,430</u>

Endowment Net Asset Composition by Type of Fund as of December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	--	85,034	506,005	591,039
Board-designated endowment funds	<u>500,000</u>	<u> --</u>	<u> --</u>	<u>500,000</u>
 Total Funds	 <u>500,000</u>	 <u>85,034</u>	 <u>506,005</u>	 <u>1,091,039</u>

SAN ANTONIO MEDICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Note 13: Endowment Funds (Continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	500,000	404,205	506,005	1,410,210
Investment Return:				
Interest and dividends	--	38,691	--	38,691
Net (depreciation) (realized and unrealized)	<u> --</u>	<u>(342,284)</u>	<u> --</u>	<u>(342,284)</u>
Total Investment Return	--	(303,593)	--	(303,593)
Appropriations of endowment assets for expenditure	<u> --</u>	<u>(15,578)</u>	<u> --</u>	<u>(15,578)</u>
Endowment Net Assets, End of Year	<u>500,000</u>	<u>85,034</u>	<u>506,005</u>	<u>1,091,039</u>

Total Net Asset Composition for the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds	500,000	85,034	506,005	1,091,039
Non-endowment funds	<u>10,093,863</u>	<u> --</u>	<u> --</u>	<u>10,093,863</u>
Total Net Assets	<u>10,593,863</u>	<u>85,034</u>	<u>506,005</u>	<u>11,184,902</u>

Note 14: Restatement

2008 in-kind contributions revenue and donated in-kind leases at fair value expense on the statement of activities include an additional donated lease space in the amount of \$439,000. These amounts offset each other and there is no effect upon the total change in net assets for the year.

Note 15: Subsequent Events

Subsequent events have been evaluated through the date of the auditor's report.