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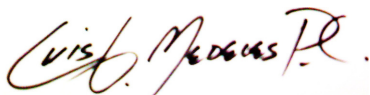
INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Fundacion Teleton Mexamerica
6320 Canoga Avenue, Suite 1500-54
Woodland Hills, California

I have audited the accompanying statements of financial position of Fundacion Teleton Mexamerica, (a Texas not-for-profit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that our audits provide a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundacion Teleton Mexamerica, as of December 31, 2010 and 2009, 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.



McAllen, TX
June 30, 2011

Statements of Financial Position

Fundacion Teleton Mexamerica
December 31,

	December 31,	
Assets	2010	2009
Current assets		
Cash and cash equivalents	\$ 8,338,528	\$ 3,880,648
Investments	-	2,670,000
Prepaid expenses	3,862	-
Total current assets	<u>8,342,390</u>	<u>6,550,648</u>
Other assets		
Software, net of accumulated amortization of \$12,737 and \$9,174	-	3,563
Deposit	500	500
Total other assets	<u>500</u>	<u>4,063</u>
Total Assets	<u>\$ 8,342,890</u>	<u>\$ 6,554,711</u>
Liabilities and Net Assets		
Current liabilities		
Refunds payable	\$ 160,430	\$ 58,940
Total current liabilities	<u>160,430</u>	<u>58,940</u>
Total liabilities	<u>160,430</u>	<u>58,940</u>
Net assets		
Unrestricted	8,182,460	6,495,771
Total net assets	<u>8,182,460</u>	<u>6,495,771</u>
Total liabilities and net assets	<u>\$ 8,342,890</u>	<u>\$ 6,554,711</u>

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

Statements of Activities

Fundacion Teleton Mexamerica
Years Ended December 31,

	December 31,	
	2010	2009
Changes in unrestricted net assets		
Public support and revenue		
Direct public support		
Teleton program, net of provision for uncollectibles	\$ 4,066,771	\$ 4,415,176
Total direct public support	<u>4,066,771</u>	<u>4,415,176</u>
Revenue		
Investment income	122,139	65,982
Total revenue	<u>122,139</u>	<u>65,982</u>
Total public support and revenue	4,188,910	4,481,158
Expenses		
Program services	1,654,710	517,632
Supporting services		
Management and general	38,959	74,905
Fundraising	808,552	269,995
Total supporting services	<u>847,511</u>	<u>344,900</u>
Total functional expenses	<u>2,502,221</u>	<u>862,532</u>
Total expenses	<u>2,502,221</u>	<u>862,532</u>
Increase (decrease) in unrestricted net assets	<u>1,686,689</u>	<u>3,618,626</u>
Net assets (deficit), beginning of year		
Unrestricted	6,495,771	3,773,699
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets (deficit), beginning of year	<u>6,495,771</u>	<u>3,773,699</u>
Transfer, unrestricted	-	896,554
Net assets (deficit), end of year		
Unrestricted	8,182,460	6,495,771
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets (deficit), end of year	<u>\$ 8,182,460</u>	<u>\$ 6,495,771</u>

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

Statements of Functional Expenses

Fundacion Teleton Mexamerica
Years Ended December 31,

	Program Services	Supporting Services		Totals (Memorandum Only)	
		Management and General	Fundraising	2010	2009
Call center and collection fees	17,201	17,201	137,609	172,011	319,599
Advertising and promotion	-	-	534,541	534,541	248,834
Printing and publications	37,290	6,992	2,331	46,613	118,000
Professional fees	58,400	10,950	3,650	73,000	85,701
Service charges and credit card fees	22,871	263	129,237	152,371	48,294
Information technology	11,838	2,220	740	14,798	32,193
Office expenses	4,260	799	266	5,325	5,635
Community services and grants	1,500,000	-	-	1,500,000	-
Total expenses before amortization	1,651,860	38,425	808,374	2,498,659	858,256
Amortization	2,850	534	178	3,562	4,276
Total functional expenses	\$ 1,654,710	\$ 38,959	\$ 808,552	\$ 2,502,221	\$ 862,532

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

Statements of Cash Flows

Fundacion Teleton Mexamerica
Years Ended December 31,

	December 31,	
	2010	2009
Cash flows from operating activities		
Change in net assets	\$ 1,686,689	\$ 3,618,626
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Amortization	3,562	4,276
(Increase) decrease in operating assets		
Deposit	-	-
Prepaid expenses	(3,862)	-
Increase (decrease) in operating liabilities		
Refunds payable	101,491	(189,998)
Net cash provided (used) by operating activities	<u>1,787,880</u>	<u>3,432,904</u>
Cash flows from investing activities		
Net activities from investments	2,670,000	(2,670,000)
Net cash provided (used) by investing activities	<u>2,670,000</u>	<u>(2,670,000)</u>
Cash flows from financing activities		
Payments to Fundacion Teleton, A.C.	-	(896,554)
Net cash used by financing activities	<u>-</u>	<u>(896,554)</u>
Net increase (decrease) in cash and cash equivalents	4,457,880	(133,650)
Cash and cash equivalents, beginning of year	3,880,648	4,014,298
Cash and cash equivalents, end of year	<u>\$ 8,338,528</u>	<u>\$ 3,880,648</u>

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

Notes to Financial Statements

Fundacion Teleton Mexamerica
December 31, 2010

Note 1: Nature of Activities and Summary of Significant Accounting Principles

Fundacion Teleton Mexamerica (the "Organization") is a nonprofit organization is a wholly-owned subsidiary of Fundacion Teleton Mexico, A.C., (the "Parent") a Mexican company. The Parent and Organization are mainly engaged in the raising of funds for the design, construction, installation, and operation of care and rehabilitation centers for low-income individuals with physical and mental disabilities. At present, the Organization has no centers in operation in the United States of America.

Basis of financial statement presentation

The financial statements of the Plan are prepared using the accrual method of accounting, in conformity with accounting principles generally accepted in the United State of America. In preparing the financial statements, the Organization is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributions and Promises to give

Contributions are considered to be available for unrestricted use unless specifically restricted as to use by the donor, or by specific policy adopted by the Governing Board with regard to certain contributions. Generally, contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values. Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. When a donor restriction expires (i.e. 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. The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-live assets with explicit restrictions that specify how the assets are to e used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained for, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years experience and management's analysis of specific promises made.

Donated goods and services

Donated property, marketable securities and other non cash donations are recorded as contributions at their fair market value at the date of donation. Some members of the Governing Board have donated significant amounts of time in furthering the Organization's programs and objectives. Donated services are recognized as contributions in accordance with FASB 116. Paragraph 9, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skill, and would otherwise be purchased by the Organization. Many volunteers provide services throughout the year that are no recognized as contributions in the financial statements, because the recognition criteria under FASB 116 were not met. It is impracticable to determine the fair value of all donated services by the volunteers of the Organization beyond those required to be recognized as income.

Functional allocation of expense

The functional allocations of expenses that are not directly attributable to specific functions are allocated based upon the time studies conducted by the Organization.

Financial statement presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net asset; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2010 and 2009, the Organization has no temporarily or permanently restricted net assets.

Income taxes

The Organization is not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue and classified by the Internal Revenues Service as other than a private foundation.

Property and equipment

Purchased property and equipment is capitalized at historical cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line methods based on the estimated useful lives of the respective assets. At December 31, 2010 and 2009, the Organization held no property and equipment.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restriction are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and cash equivalents

For purposes of the statement of cash flow, the Organization considers all highly liquid investment available for current use with an initial maturity of three months or less to be cash equivalents.

The Organization has entered into a cash sweep agreement with one of its depository banks. Under the agreement, the bank has been appointed as the Organization's agent for the purposes of transferring cash from the deposit account into a repurchase agreement investment. Securities purchased under the agreement are securities issued by the United States Treasury and any agency of the United States Government. Included in cash and cash equivalents at December 31, 2010 is \$69,052 that has been transferred and secured under the agreement.

Memorandum only totals for Functional Expenses

Total columns on the financial statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

Reclassifications

Certain amounts in the prior year's presentation have been reclassified to conform to the current year's presentation. These reclassifications have no effect on previously reported changes in net assets.

Note 2: Investments

The Organization held zero and \$2,670,000 at December 31, 2010 and 2009, respectively, in United Mexican States Bond Issues with original maturities of January 14, 2012. Investments are stated at fair value.

Fair values at December 31, 2010 totaled zero. Fair values and unrealized appreciation at December 31, 2009 is summarized as follows:

	Cost	Fair Value	Unrealized appreciation
United Mexican States Bond Issues	\$ 2,588,165	\$ 2,670,000	\$ 81,835
Total	\$ 2,588,165	\$ 2,670,000	\$ 81,835

Proceeds from the sales of securities in 2010 totaled \$2,663,998. Losses on the sales of securities in 2010 totaled \$6,002.

Note 3: Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include deposits with banks and pledges receivables from donors. The Organization maintains cash balances at several financial institutions located in California, Kansas and Texas. The Federal Deposit Insurance Corporation insures accounts up to \$250,000 at each institution. During the business day of December 31, 2010, the Organization's uninsured cash balances totaled zero.

The Organization also maintains money market accounts held at several brokerage companies that are insured by the Securities Investor Protections Corporation up to \$250,000. Additional insurance is provided by the brokerage companies to reduce the risk. At December 31, 2010, the Organization does not have unprotected cash balances in the money market accounts.

Note 4: Pledges Receivable

The Organization holds fundraising campaigns to fulfill the primary objectives and for the general operations of the Organization. Unconditional promises at December 31, 2010 totaled zero.

Note 5: Contributions

A summary of significant grants and/or contributions for the years ended December 31, 2010 and 2009 are summarized below:

Programa Teleton – Various individuals and businesses provided contributions totaling \$4,066,771 and \$3,723,390 in cash contributions during 2010 and 2009, respectively.

Note 6: Fair Value Measurements

The estimated fair values of the Organization's financial instruments at December 31, 2010 and the methods and assumptions used to determine the estimated fair values are set forth below for the Organization's financial instruments:

December 31, 2010	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Short term investments	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
December 31, 2009				
Financial assets				
Short term investments	\$ 2,588,165	\$ 2,588,165	\$ -	\$ -
Total	\$ 2,588,165	\$ 2,588,165	\$ -	\$ -