

LUIS G MEDELES

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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, 2008 and 2007, 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, 2008 and 2007, 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
May 13, 2009

Statements of Financial Position

Fundacion Teleton Mexamerica
December 31,

	December 31,	
	2008	2007
Assets		
Current assets		
Cash and cash equivalents	\$ 4,014,298	\$ 4,443,437
Short term investments	-	519,783
Total current assets	<u>4,014,298</u>	<u>4,963,220</u>
Other assets		
Software, net of accumulated amortization of \$4,989 and \$713	7,839	12,115
Deposit	500	-
Total other assets	<u>8,339</u>	<u>12,115</u>
 Total Assets	 <u>\$ 4,022,637</u>	 <u>\$ 4,975,335</u>
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 248,938	\$ 272,236
Total current liabilities	<u>248,938</u>	<u>272,236</u>
Total liabilities	<u>248,938</u>	<u>272,236</u>
Net assets		
Unrestricted	3,773,699	4,703,099
Total net assets	<u>3,773,699</u>	<u>4,703,099</u>
 Total liabilities and net assets	 <u>\$ 4,022,637</u>	 <u>\$ 4,975,335</u>

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

Statements of Activities

Fundacion Teleton Mexamerica
Year Ended December 31,

	2008	2007
Changes in unrestricted net assets		
Public support and revenue		
Direct public support		
Teleton program, net of provision for uncollectibles	\$ 4,679,252	\$ 4,791,263
Total direct public support	<u>4,679,252</u>	<u>4,791,263</u>
Revenue		
Investment income	22,880	39,071
Total revenue	<u>22,880</u>	<u>39,071</u>
Total public support and revenue	<u>4,702,132</u>	<u>4,830,334</u>
Expenses		
Program services	<u>1,785,226</u>	<u>571,779</u>
Supporting services		
Management and general	334,730	107,209
Fundraising	111,577	35,736
Total supporting services	<u>446,306</u>	<u>142,945</u>
Total functional expenses	<u>2,231,532</u>	<u>714,724</u>
Total expenses	<u>2,231,532</u>	<u>714,724</u>
Increase (decrease) in unrestricted net assets	<u>2,470,600</u>	<u>4,115,610</u>
Net assets (deficit), beginning of year		
Unrestricted	4,703,099	587,489
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets (deficit), beginning of year	<u>4,703,099</u>	<u>587,489</u>
Transfer, unrestricted	<u>3,400,000</u>	-
Net assets (deficit), end of year		
Unrestricted	3,773,699	4,703,099
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets (deficit), end of year	<u>\$ 3,773,699</u>	<u>\$ 4,703,099</u>

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

Statements of Functional Expenses

Fundacion Teleton Mexamerica
Year Ended December 31,

	Supporting Services			Totals	
	Program Services	Management and General	Fundraising	(Memorandum Only)	
				2008	2007
Professional fees	38,400	7,200	2,400	48,000	56,139
Donor expenses	24,498	4,593	1,531	30,622	16,338
Production	1,574,261	295,174	98,391	1,967,826	580,952
Printing and publications	50,276	9,427	3,142	62,845	24,285
Postage and shipping	40,043	7,508	2,503	50,054	1,201
Interest expense	-	-	-	-	99
Service charges and fees	54,327	10,186	3,395	67,909	34,997
Total expenses before amortization	1,781,805	334,088	111,363	2,227,256	714,011
Amortization	3,421	641	214	4,276	713
Total functional expenses	\$ 1,785,226	\$ 334,730	\$ 111,577	\$ 2,231,532	\$ 714,724

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

Statements of Cash Flows

Fundacion Teleton Mexamerica
Year Ended December 31,

	December 31,	
	2008	2007
Cash flows from operating activities		
Change in net assets	\$ 2,470,600	\$ 4,115,610
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Amortization	4,276	713
Investment return	-	(18,752)
(Increase) decrease in operating assets		
Deposit	(500)	-
Increase (decrease) in operating liabilities		
Accounts payable	(23,298)	272,236
Net cash provided (used) by operating activities	<u>2,451,078</u>	<u>4,369,807</u>
Cash flows from investing activities		
Purchase of software	-	(12,828)
Net activities from short-term investments	519,783	(69,247)
Net cash provided (used) by investing activities	<u>519,783</u>	<u>(82,075)</u>
Cash flows from financing activities		
Payments to Fundacion Teleton, A.C.	(3,400,000)	-
Net cash used by financing activities	<u>(3,400,000)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(429,139)	4,287,732
Cash and cash equivalents, beginning of year	4,443,437	155,705
Cash and cash equivalents, end of year	<u>\$ 4,014,298</u>	<u>\$ 4,443,437</u>

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

Notes to Financial Statements

Fundacion Teleton Mexamerica

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 Organization have donated significant amounts of time in furthering the Organization's programs and objectives. No amounts have been included in the financial statements for donated member of volunteer services since they did not meet the criteria for recognition under FASB 116.

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, 2008 and 2007, 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, 2008 and 2007, 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.

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 \$519,783 at December 31, 2008 and 2007, respectively, in U.S. government securities with original maturity dates of less than three months. Short-term investments are stated at fair value.

Fair values and unrealized appreciation at December 31, 2007 is summarized as follows:

	Cost	Fair Value	Unrealized appreciation
US Treasury Securities	\$ 519,683	\$ 519,783	\$ 100
Total	\$ 519,683	\$ 519,783	\$ 100

Note 3: Concentrations of Credit Risk

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, 2008, the Organization's uninsured cash balances totaled \$3,348,291.

Note 4: Pledges Receivable

The Organization holds fundraising campaigns to fulfill the primary objectives and for the general operations of the Organization. Unconditional promises to give as of December 31, 2008 are as follows:

	<u>Totals</u>
Pledges receivable	\$ 206,149
Less allowance for uncollectible promises to give	<u>(206,149)</u>
Net pledges receivable	<u>\$ -</u>

Note 5: Contributions

A summary of significant grants and/or contributions for the years ended December 31, 2008 and 2007 are summarized below:

Programa Teleton – Various individuals and businesses provided contributions totaling \$4,284,591 and \$4,772,181 in cash contributions during 2008 and 2007, respectively.