Mount Sinai Medical Center Foundation, Inc.

Financial Statements as of and for the
Years Ended December 31, 2009 and 2008, and
Independent Auditors’ Report

MOUNT SINAI MEDICAL CENTER FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mount Sinai Medical Center Foundation, Inc.
Miami Beach, Florida

We have audited the accompanying statements of financial position of Mount Sinai Medical Center Foundation, Inc. (the "Foundation") as of December 31, 2009 and 2008, and the related statements of activities 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, such financial statements present fairly, in all material respects, the financial position of the Foundation at December 31, 2009 and 2008, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

May 18, 2010

MOUNT SINAI MEDICAL CENTER FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009 AND 2008
(Amounts in thousands)

	2009	2008
ASSETS		
CASH AND CASH EQUIVALENTS	$ 4,304	$ 4,309
CERTIFICATES OF DEPOSIT	97	198
PLEDGES RECEIVABLE — Net	26,072	25,775
RECEIVABLES UNDER CONTRIBUTION AGREEMENTS — Net	12,929	9,696
INVESTMENTS	40,742	37,627
ENDOWMENT INVESTMENTS	5,670	5,602
PREPAID EXPENSES AND OTHER ASSETS	114	115
DUE FROM MEDICAL CENTER	19	178
TOTAL	$ 89,947	$ 83,500
LIABILITIES AND NET ASSETS		
LIABILITIES — Accounts payable and other liabilities	$ 686	$ 779
COMMITMENTS (Note 9)		
NET ASSETS:		
Unrestricted	8,509	11,275
Temporarily restricted	75,082	65,844
Permanently restricted	5,670	5,602
Total net assets	89,261	82,721
TOTAL	$ 89,947	$ 83,500

See notes to financial statements.

MOUNT SINAI MEDICAL CENTER FOUNDATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(Amounts in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT:				
Total amounts raised	$ 1,867	$ 13,906	$ -	$ 15,773
Realized and unrealized gains on investments — net	6,716	-	-	6,716
Interest, dividends, and other	794	571	-	1,365
	9,377	14,477	-	23,854
Net assets released from restrictions	5,171	(5,239)	68	-
Total revenue, gains, and other support	14,548	9,238	68	23,854
EXPENSES:				
Operating	(5,701)	-	-	(5,701)
Transfers to Medical Center	(11,613)	-	-	(11,613)
Total expenses	(17,314)	-	-	(17,314)
(DECREASE) INCREASE IN NET ASSETS	(2,766)	9,238	68	6,540
NET ASSETS — January 1, 2009	11,275	65,844	5,602	82,721
NET ASSETS — December 31, 2009	$ 8,509	$ 75,082	$ 5,670	$ 89,261

See notes to financial statements.

MOUNT SINAI MEDICAL CENTER FOUNDATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(Amounts in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT:				
Total amounts raised	$ 112	$ 10,414	$ -	$ 10,526
Realized and unrealized losses on investments — net	(12,636)	-	-	(12,636)
Interest, dividends, and other	624	563	-	1,187
	(11,900)	10,977	-	(923)
Net assets released from restrictions	7,417	(6,417)	(1,000)	-
Total revenue, losses, and other support	(4,483)	4,560	(1,000)	(923)
EXPENSES:				
Operating	(7,024)	-	-	(7,024)
Transfers to Medical Center	(13,693)	-	-	(13,693)
Total expenses	(20,717)	-	-	(20,717)
(DECREASE) INCREASE IN NET ASSETS	(25,200)	4,560	(1,000)	(21,640)
NET ASSETS — January 1, 2008	36,475	61,284	6,602	104,361
NET ASSETS — December 31, 2008	$ 11,275	$ 65,844	$ 5,602	$ 82,721

See notes to financial statements.

MOUNT SINAI MEDICAL CENTER FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Amounts in thousands)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 6,540	$ (21,640)
Adjustments to reconcile net assets to net cash used in operating activities:		
Provision for doubtful contributions, pledges, and bequests	2,764	3,316
Realized and unrealized (gains) losses on investments	(6,716)	12,636
Increase in present value of life insurance policies	(220)	-
Donated investments	(451)	(4,068)
Increase in pledges receivable	(3,061)	(1,737)
(Increase) decrease in receivables under contribution agreements	(3,233)	937
Decrease (increase) in amount due from Medical Center	159	(94)
Decrease (increase) in prepaid expenses and other assets	1	(25)
Decrease in accounts payable and other liabilities	(93)	(64)
Net cash used in operating activities	(4,310)	(10,739)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemptions of certificates of deposit	100	-
Purchases of investments	(8,102)	(22,579)
Proceeds from sales of investments	12,307	33,034
Net cash provided by investing activities	4,305	10,455
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5)	(284)
CASH AND CASH EQUIVALENTS — Beginning of year	4,309	4,593
CASH AND CASH EQUIVALENTS — End of year	$ 4,304	$ 4,309
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES — Receipt of securities in satisfaction of pledges receivable and receivables under contribution agreements	$ 119	$ 163

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — The Mount Sinai Medical Center Foundation, Inc. (the "Foundation") was incorporated in 1976 for the purpose of raising funds for the Mount Sinai Medical Center of Florida, Inc. (the "Medical Center"), a not-for-profit acute care teaching and research facility. The Foundation derives its revenue primarily through contributions from individuals and charitable foundations.

Income Taxes — The Foundation has received an exemption from income taxes as a charitable organization under Sections 501(c)(3) and 501(c)(2) of the Internal Revenue Code and is treated as a publicly supported organization of the type described in Sections 509(a)(1) and 170(b)(1)(A)(vi). The Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC or the "Codification") 740, *Income Taxes*, effective January 1, 2007. As of December 31, 2009 and 2008, the Foundation had no material unrecognized tax benefits and no adjustments to its financial statements were required. The Foundation does not expect that unrecognized tax benefits will materially increase within the next 12 months.

Basis of Presentation — The financial statements are prepared using the accrual basis of accounting and in accordance with ASC 958, *Not-for-Profit Entities*. ASC 958 requires net assets, revenues, gains, and losses to be classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. The three net asset categories as reflected in the accompanying financial statements are as follows:

Unrestricted — Net assets which are free of donor-imposed restrictions; all revenues, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted — Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.

Permanently Restricted — Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

ASC 958 establishes standards for transactions in which a donor makes a contribution to a recipient not-for-profit organization on behalf of another entity that is specified by the donor. Pursuant to ASC 958, the Medical Center and the Foundation are financially interrelated organizations. If the recipient and beneficiary are financially interrelated organizations, this statement requires a recipient not-for-profit organization that accepts cash or other financial assets from a donor, on behalf of a specified affiliated beneficiary, to recognize the fair value of those assets it receives as a contribution received.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. The Foundation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of contributions; valuation of accounts receivables, including pledges and receivables under contribution agreements; and valuation of investments. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ from those estimates.

Cash and Cash Equivalents — Cash equivalents include short-term investments with original maturities of three months or less.

Certificates of Deposit — Certificates of deposit purchased by the Foundation are reported at cost, which approximates fair market value.

Investments — Investments in equity securities with readily determinable fair values and all investments in debt securities are classified as available for sale and measured at fair value in the statement of financial position. Realized and unrealized gains and losses, interest, and dividends are recognized in the statement of activities, unless the income or loss is restricted by donor or law. The Foundation's investments are professionally managed by third-party portfolio managers who have the unrestricted authority to buy and sell investments in accordance with board approved investment policies and strategies, without prior management approval.

On January 1, 2008, management adopted the fair value measures of ASC 825*, Financial Instruments*. Management elected the fair value option for all investments in donated life insurance policies which were acquired during 2008 and 2009. Fair value adjustments to this investment will be recorded in the statement of activities at each reporting period. The life insurance policy investments have been categorized by management as level 3 investments under the financial instrument disclosure category (see note 4).

Contributions — Contributions received and made, including unconditional promises to give, are recognized as revenue and expenses, respectively, in the period received or made at their net realizable value. Conditional promises to give are recognized when the conditions are substantially met. Contributions with donor-imposed restrictions are reported as restricted support.

Unconditional promises to give cash and other assets to be collected within one year are reported at net realizable value at the date the pledge is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in total amounts raised. Pledges which are to be received in future periods are reported as temporarily restricted support by the Foundation. When cash is collected on these pledges, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from temporary restrictions.

Liabilities — Liabilities at December 31, 2009 and 2008, primarily represent the present value of distributions to be made in the future by the Foundation, which relate to charitable gift annuities received by the Foundation.

Transactions With the Medical Center — The Medical Center periodically requests funds from the Foundation for capital or other needs. Such requests are received by the Foundation and, if approved, funds are transferred to the Medical Center. Such transfers are reported as operating expenses in the statements of activities and represent a reduction of net assets of the Foundation.

During 2009 and 2008, the Foundation contributed approximately $1.6 million and $3.7 million, respectively, to the Medical Center for reimbursement of expenditures incurred, specifically related to temporarily restricted purposes. Of such amounts, approximately $894,000 and $843,000, respectively, represent reimbursement for operating expenses and $719,000 and $2.8 million, respectively, represent reimbursement for capital expenditures. In addition to the contributions made by the Foundation in the ordinary course of business, the Foundation contributed $10.0 million to the Medical Center during fiscal 2009 and 2008 to assist the Medical Center with its working capital needs. The Foundation has additionally committed to contribute up to $10.0 million for the Medical Center's working capital needs for the year ending December 31, 2010.

During 2000, the Medical Center established a defined contribution plan (the "Plan") with employer matching based upon each employee's contributions and years of service. Vesting in the Plan is based upon years of service. Foundation employees are eligible to participate in the Plan. Employer matching contributions for Foundation employees are made to the Plan by the Foundation.

Contributed Services — The Foundation pays for most services requiring specific expertise. Thus, no amounts have been reflected in the financial statements for contributed services. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with various programs.

New Accounting Pronouncements — In June 2009, the FASB issued ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Codification as the primary source of authoritative accounting principles generally accepted in the United States of America recognized by the FASB. The adoption of ASC 105 and the Codification on December 31, 2009 did not have a material impact on the Foundation's financial statements.

In May 2009, the FASB issued ASC 855, *Subsequent Events*. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or available to be issued. The Foundation adopted ASC 855 as of December 31, 2009. Accordingly, the Foundation has evaluated events and transactions occurring after December 31, 2009 through May 18, 2010, the date the financial statements were available for issuance and concluded that there were no additional disclosures required.

In April 2009, FASB issued ASC 958-805, *Not-for-Profit Entities — Business Combinations*, provides guidance on accounting for a combination of not-for-profit entities. ASC 958-805 is effective for mergers for which the merger date is on or after the beginning of an initial reporting period beginning on or after December 15, 2009, and acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. ASC 958-805 is required to be adopted prospectively with no early adoption permitted. The Foundation is currently evaluating the potential impact of ASC 958-805.

In January 2010, FASB issued ASC 958-810, *Not-for-Profit Entities — Consolidation*. ASC 958-810 provides guidance for reporting relationships between a not-for-profit and not-for-profit that potentially result in consolidation. It also provides implementation guidance for reporting relationships between a not-for-profit and a for-profit entity. ASC 958-810 is effective for the fiscal period beginning on or after December 15, 2009. The Foundation is currently evaluating the potential impact of ASC 958-810.

During 2008, the Foundation adopted FASB ASC 820, *Fair Value Measurements and Disclosures*, and ASC 825, *Financial Instruments*. ASC 825 gives entities the irrevocable option to measure many financial assets and liabilities at fair value (the "fair value option") with changes in unrealized gains and losses recorded in the statements of activities. ASC 820 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. There was no change in the fair value of any financial instrument resulting from the adoption of ASC 820.

ASC 820 creates a hierarchy of techniques used to determine fair value based on the types of inputs. Level 1 inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that are available as of the measuring date. Level 2 inputs include quoted prices for similar assets other than quoted prices in Level 1 or other inputs that are observable either directly or indirectly. Level 3 inputs are unobservable inputs that are supported by little or no market activity and are significant to the fair value of the asset or liability. Unobservable inputs reflect management's own judgment about the assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies or similar techniques, or for which the determination of fair value requires significant management judgment or estimation. The Foundation has implemented and addressed the expanded disclosure requirements of ASC 820 in Note 4 to the financial statements.

In August 2008, FASB issued ASC 958-205, *Not-for-Profit Entities — Presentation of Financial Statements*. ASC 958-205 provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. ASC 958-205 also requires additional disclosures about endowments for both donor-restricted funds and board-designated funds for all organizations, including those that are not yet subject to an enacted version of UPMIFA. ASC 958-205 was effective for fiscal years ending after December 15, 2008 and did not have a material effect on the financial statements of the Foundation.

2. PLEDGES RECEIVABLE — NET

Outstanding pledges receivable are from various corporations, foundations, and individuals. The discounted present values of pledges receivable are computed using estimated payout periods, an average risk-free interest rate in effect as of the date of the pledge, and an estimated allowance for uncollectible pledges. Pledges receivable as of December 31, 2009 and 2008, are summarized as follows (in thousands):

	2009	**2008**
Pledges receivable:		
In less than one year	$ 9,131	$ 7,987
In one to five years	17,444	17,551
In more than five years	15,271	13,594
	41,846	39,132
Present value discount on pledges receivable greater than one year	(8,773)	(8,900)
Allowance for doubtful pledges	(7,001)	(4,457)
	$ 26,072	$ 25,775

3. RECEIVABLES UNDER CONTRIBUTION AGREEMENTS

The Foundation has entered into certain agreements to receive contributions at future dates. The discounted present values of receivables under contribution agreements have been calculated using the estimated payout periods, an average risk-free interest rate of 3.2% and 3.4% as of December 31, 2009 and 2008, respectively, and an estimated allowance for uncollectible pledges. Receivables under contribution agreements as of December 31, 2009 and 2008, are as follows (in thousands):

	2009	2008
Receivables under contribution agreements	$ 21,978	$ 18,412
Present value discount on contribution agreements	(8,799)	(8,466)
Allowance for doubtful contribution agreements	(250)	(250)
	$ 12,929	$ 9,696

At December 31, 2009 and 2008, included in receivables under contribution agreements are approximately $5.0 million and $2.2 million, respectively, due to the Foundation under charitable remainder annuity trusts, charitable remainder unitrusts, and retained life estates at discounted present values. Generally, under the terms of the various trusts, donors have placed assets with a trustee, and the trustee makes periodic distributions under the terms of the trust to beneficiaries over the trust's term, generally the lifetime of the beneficiary. The Foundation receives the remaining assets of the trust at the time of the trust's termination. The Foundation records trusts received at their actuarially determined present values based on the terms of the trust, standard mortality tables, and an average discount rate of 3.2% for 2009 and 3.4% for 2008. Included in total amounts raised in the statements of activities are reductions of approximately $333,000 and $482,000 related to the change in present value of existing trusts for the years ended December 31, 2009 and 2008, respectively.

4. INVESTMENTS

Investments as of December 31, 2009, are comprised of the following (in thousands):

		Fair Value Measurement at Reporting Date		
Description	December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 97	$ -	$ 97	$ -
U.S. agency obligations	14	14	-	-
Corporate bonds	305	305	-	-
Equities	12,869	12,869	-	-
Israel bonds	2,175	2,175	-	-
Preferred stock	265	265	-	-
Bond mutual funds	20,373	20,373	-	-
Financial instruments	5,106	-	-	5,106
Alternative investments	5,305	-	-	5,305
Total	$ 46,509	$ 36,001	$ 97	$ 10,411

Investments as of December 31, 2008, are comprised of the following (in thousands):

		Fair Value Measurement at Reporting Date		
Description	**December 31, 2008**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates of deposit	$ 198	$ -	$ 198	$ -
U.S. agency obligations	31	31	-	-
Corporate bonds	250	250	-	-
Equities	13,821	12,170	1,651	-
Israel bonds	2,217	2,217	-	-
Preferred stock	169	169	-	-
Bond mutual funds	17,642	17,642	-	-
Financial instruments	4,559	-	-	4,559
Alternative investments	4,540	-	-	4,540
Total	$ 43,427	$ 32,479	$ 1,849	$ 9,099

The Foundation accounted for its Level 1 investments through the use of quoted market prices for those investments in debt and equity securities with readily determinable market values.

The Foundation accounted for its Level 2 investments at fair value based on investment valuations provided by the external investment managers. The Foundation reviewed and evaluated the valuations received from third parties. Fair value is the net realizable value of holdings priced at quoted market value (where market quotations are available), historical costs including appraisals or other estimates. The Foundation has included the certificates of deposit in the 2008 fair value measurements table above in order to be comparable to 2009.

The Foundation accounted for its Level 3 investments at their estimated fair value. The fair value of the financial instruments, which is mainly comprised of investments in donated life insurance policies contributed to the Foundation, was determined using a model based on the present value of the face amount of the policy amount less the present value of the Foundation's expected premium payments. These investments are recorded in contribution revenue in the year they are donated to the Foundation. The amount recorded in contribution revenue is approximately $327,000 and $4.1 million for the years ended December 31, 2009 and 2008, respectively. The Foundation estimated the fair value of the alternative investments, which are held in private hedge funds, primarily using information provided by the fund managers and using a model based on information provided by the fund manager and historical audited financial results of the asset.

The reconciliation of the beginning and ending balances of Level 3 investments (by major asset class) for the fiscal year ended December 31, 2009 is set forth below (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Financial Instruments	Alternative Investments	Total
Balance - January 1, 2009	$ 4,559	$ 4,540	$ 9,099
Realized and unrealized gains	-	765	765
Donated financial instruments	327	-	327
Change in valuation of financial instruments	220	-	220
Balance - December 31, 2009	$ 5,106	$ 5,305	$ 10,411
Total amount of gains for the period included in earnings attributable to the change in unrealized gains relating to assets still held as of December 31, 2009	$ -	$ 765	$ 765

The frequency and required notice period for redemptions of alternative investments as of December 31, 2009 are set forth below (in thousands):

	Alternative Investments (Level 3)			
Description	Fair value (in thousands)	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds [(a)]	$ 5,305	$ -	Quarterly	90 days
Total	$ 5,305	$ -		

(a) This category includes investments in hedge funds which employ a diversified multi-manager, multi-strategy approach; the objective of which is to reduce volatility. The majority of the investments are targeted at long/short equity, arbitrage and event-driven strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

5. ENDOWMENT INVESTMENTS

The Foundation's endowment consists of approximately 50 individual funds established for a variety of purposes. The endowment consists of donor-restricted funds that have been limited by donors to specific time period or purpose. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act 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, the Foundation classifies as permanently restricted net assets at the original value of gifts donated to the permanent endowment, the income derived from which is expendable to support the various programs sponsored by the Medical Center in accordance with the donor's wishes. The remaining portion of the donor-restricted endowment funds 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 consistent with the donor's wishes.

On an annual basis, the Medical Center requests funds from the Foundation for reimbursement of expenditures incurred specifically related to temporarily restricted purposes.

The Foundation has developed an investment policy for all its investable assets whose general purpose is to preserve the capital and purchasing power of the Foundation and to produce sufficient investment earnings for current and future spending needs through a professionally managed investment program. The Foundation has adopted a total return strategy whose asset allocation is designed to give balance to the overall structure of the Foundation's investment program over a long-term horizon.

The endowment net asset composition by fund type as of December 31, 2009, is comprised of the following (in thousands):

	Endowment Net Asset Composition by Fund Type		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Alzheimer's program	$ -	$ 6,134	$ -
Melanoma research	-	5,730	-
Cancer lifeline	-	1,457	-
Cancer research	-	1,794	-
Other programs	-	12,317	5,670
Total funds	$ -	$ 27,432	$ 5,670

The endowment net asset composition by fund type as of December 31, 2008, is comprised of the following (in thousands):

	Endowment Net Asset Composition by Fund Type		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Alzheimer's program	$ -	$ 6,123	$ -
Melanoma research	-	5,666	-
Cancer lifeline	-	1,455	-
Cancer research	-	1,097	-
Other programs	-	9,996	5,602
Total funds	$ -	$ 24,337	$ 5,602

Changes in endowment net assets for the year ended December 31, 2009, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets — January 1, 2009	$ -	$ 24,337	$ 5,602	$ 29,939
Investment return — investment income	-	571	-	571
Contributions	-	4,008	68	4,076
Appropriations of endowment assets for expenditure	-	(893)	-	(893)
Other changes:				
Pledge write-offs	-	(86)	-	(86)
Operational expenditures	-	(505)	-	(505)
Endowment net assets — December 31, 2009	$ -	$ 27,432	$ 5,670	$ 33,102

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose.

Temporarily restricted net assets as of December 31, 2009 and 2008 are available for the following purposes (in thousands):

	2009	2008
Pledges receivable and receivables under contribution agreements	$ 47,650	$ 41,507
Alzheimer's program	6,134	6,123
Melanoma research	5,730	5,666
Cancer lifeline	1,457	1,455
Cancer research	1,794	1,097
Other programs (47 for 2009 and 46 for 2008)	12,317	9,996
	$ 75,082	$ 65,844

The total net assets that were released from temporary restrictions were $5.2 million and $6.4 million during 2009 and 2008, respectively.

7. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are reported at fair value and are restricted to investment and reinvestment in perpetuity, the income from which is expendable to support various programs sponsored by the Medical Center in the areas of research, oncology, and medical education. The total net assets that were released from permanent restrictions were $0 and 1.0 million during 2009 and 2008, respectively. In 2008, the Foundation released $1.0 million from the permanent endowment of the Alzheimer's and memory disorder program based on the wishes of the donor to help underwrite the cost of capital equipment purchased by the Medical Center.

8. FUNCTIONAL EXPENSES

The Foundation engages in fund-raising activities throughout the year and provides services for several fund-raising events each year. Functional expenses as of December 31, 2009 and 2008, are as follows (in thousands):

	2009	2008
Fund-raising	$ 3,811	$ 4,696
Program expenses for grants to the Medical Center	11,613	13,693
General and administrative	1,890	2,328
Total	$ 17,314	$ 20,717

9. COMMITMENTS

Pursuant to guaranty and security agreements between the Foundation and the Miami Beach Health Facilities Authority, the Foundation has guaranteed the payment of all principal (totaling approximately $258 million and $263 million at December 31, 2009 and 2008, respectively,) and interest due on the Medical Center's Hospital Revenue Refunding Bonds, Series 2004 ("Series 2004"); Hospital Revenue Bonds, Series 2001A ("Series 2001"); and Hospital Revenue Bonds, Series 1998 ("Series 1998") (collectively, the "Bonds"). The Bonds have semiannual interest payments and maturity dates ranging from November 15, 2011 through November 15, 2031.

In the event of a default as indicated in Section 2.4 of the amended and restated Guaranty and Security Agreement, the obligations of the Foundation under the guaranty with respect to the Series 1998, Series 2001, and Series 2004 payments shall be absolute and unconditional and shall remain in full force and effect until the entire amount payable under the Series 1998, Series 2001, and Series 2004 loan agreement shall have been paid in full or provided for in accordance with the Series 1998, Series 2001, and Series 2004 loan agreement and the entire principal premium, if any, and interest on the bond have been paid or sufficient funds for such payment shall have been deposited with the bond trustee for such purpose as provided for in each respective indenture.

These commitments are guaranteed by a security interest in substantially all the Foundation's assets and revenues. The guarantee is subject to a financial covenant which requires the Foundation to maintain less than $1.0 million in liabilities. As of December 31, 2009, the Foundation was in compliance with such covenant.

In accordance with ASC 460-10, *Guarantees*, the Foundation has not recorded any liability for the fair value of the obligation undertaken in issuing its guarantee of the Series 2004 bonds. ASC 460-10 requires the recognition of a liability for certain guarantee obligations issued or modified after December 31, 2002. As described in Note 1, the Medical Center and the Foundation are financially interrelated entities. Guarantees issued between such related parties would be eliminated in consolidation and are not subject to the fair value measurement provisions of ASC 460-10.

Pursuant to the Master Trust Indenture, as amended and restated, the Medical Center, exclusive of certain subsidiaries and inclusive of the Foundation (collectively, the "Combined Group"), is subject to financial and nonfinancial covenants for its long-term debt. As of December 31, 2009, the Combined Group was in compliance with all financial and nonfinancial covenants under the terms of the Master Trust Indenture.

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