



MCKENNA
LEGACY FOUNDATION



2009

ANNUAL REPORT



Tim Brierty, *President and CEO*
Bill Morton, *Chairman, McKenna System Board of Directors*

From the very beginning, the vision of Howard C. McKenna and other community leaders was to provide New Braunfels with the best health care possible. It started with the building of the New Braunfels Hospital, and over the years evolved into a nationally recognized regional health system that served New Braunfels and Comal County. The McKenna Legacy Foundation represents the next step in the continuation of this vision.

When McKenna Memorial Hospital was sold in February 2008, a significant event in the evolution of healthcare for the New Braunfels community occurred. While quality health care continues to be provided in New Braunfels, net proceeds from the hospital sale are being reinvested in the well-being of the community through the creation of the McKenna Legacy Foundation. This corpus will improve the health of families in New Braunfels for generations through the strategic granting of funds designed to address the community's most pressing needs. The McKenna Legacy Foundation will augment efforts of local nonprofit organizations through grants and also continue the multi-faceted community outreach programs McKenna began many years ago.

Additionally, the hospital sale transaction represented an incredible return on the community's original investment in New Braunfels' first hospital. The McKenna Legacy Foundation is here to stay, and is an exciting next step on the path that Mr. McKenna and others envisioned more than five decades ago.

2009 FOUNDATION HIGHLIGHTS

The McKenna Legacy Foundation was created in 2008 with funds derived from the sale of McKenna Memorial Hospital and related subsidiaries. Our mission is to advance the well-being of the New Braunfels community.

The Foundation is designed to respond to the changing needs of the New Braunfels area, and as a result will establish a strategic focus each year to address defined issues. In 2009 the Board of Trustees responded to the negative effects of the economy on local nonprofit organizations by awarding grants to those with verified losses of funding or an increased demand for services. Grants included funds for operating support, assistance with critical needs and capacity building, which helped the organizations bridge the gap while continuing to provide vital community services.

In 2009, the McKenna Legacy Foundation issued grants to 28 nonprofit organizations for a total of \$2.1 million. The McKenna Institute was introduced to assist nonprofits with training and capacity building, and the McKenna Events Center was provided at no charge to nonprofits for their board meetings, fundraisers, trainings and special events.



GRANT GUIDELINES & APPLICATION PROCEDURES

The 2009 McKenna Legacy Foundation strategic funding priority was to support nonprofit organizations, which either had a loss in funding or an increase in demand for services due to the economic downturn facing the nation and the community.

Grant application procedures were announced in March 2009 at a community meeting held for nonprofit organizations operating in the New Braunfels area focused on well-being, health and education. Application forms were posted online at mckennalegacyfoundation.org for easy review and download. Nonprofit organizations were invited to contact a program director with any questions concerning the application process, and applications were accepted during two cycles in April and October.

McKenna Legacy Foundation Program Directors conducted site visits of all qualified applicants. Applications were reviewed by the Grants Committee and submitted to the McKenna Legacy Foundation Board of Trustees in June and again in December 2009. The Board made all final decisions regarding funding, and each applicant received written notification of their funding decision. Awarded grant payments were issued in June 2009 and again in January 2010.



GRANTS

The McKenna Legacy Foundation's grant making manifests our commitment to well-being in the New Braunfels area. A total of \$999,126.00 was awarded to the following 27 nonprofit agencies to provide strategic support for program initiatives in our community.

Health

Any Baby Can	\$50,000.00	<i>To serve families with children facing serious health or developmental problems.</i>
Hope Hospice	\$81,250.00	<i>To provide exemplary care, comfort and education to all affected by life-limiting illness, grief and loss.</i>
River City Advocacy, Inc.	\$29,060.00	<i>To improve the quality of life for mental health consumers and their family members.</i>
San Antonio Food Bank	\$30,000.00	<i>To fight hunger in New Braunfels through food distribution, programs, education and advocacy.</i>
SART Foundation of Comal County, Inc.	\$24,000.00	<i>To serve the victims and families of sexual violence in Comal County through the compassionate local response of forensic medical professionals and advocates and to educate the community about sexual violence.</i>
Tejas Smiles, Inc.	\$12,000.00	<i>To provide dental health services and relief for the poor, the distressed and underprivileged.</i>
Volunteers in Medicine, New Braunfels Christian Ministries	\$175,000.00	<i>To serve the health and wellness needs of the medically underserved in our community by providing quality, compassionate and personalized care in a faith-based, caring environment.</i>

GRANTS

Children

Big Brothers Big Sisters of South Texas	\$10,000.00	<i>To help children reach their potential through professionally supported one-to-one mentoring relationships with measurable outcomes.</i>
CASA of Central Texas, Inc.	\$20,000.00	<i>To advocate for abused and neglected children in the court system by recruiting, training and supporting community volunteers.</i>
Children's Advocacy Center of Comal County, Inc.	\$10,000.00	<i>To provide a neutral, child-friendly agency to the community that facilitates a multidisciplinary approach in the prevention, detection, investigation and treatment of child abuse.</i>
Communities in Schools	\$26,203.00	<i>To provide school based social services that help students to succeed in school and make positive life choices.</i>
Kids' Club, New Braunfels Christian Ministries	\$25,000.00	<i>To love children and their families in practical, as well as spiritual ways, impacting their whole being – body, mind and soul.</i>
RavenStar Outdoor Education	\$50,000.00	<i>To provide innovative, hands-on education in the field with the purpose of connecting children and families with nature through experiential learning opportunities.</i>
St. Jude's Ranch for Children, Bulverde	\$25,000.00	<i>To rescue abused, abandoned, and neglected children of all races and faiths from the vicious cycle of child abuse.</i>
St. Jude's Ranch for Children, New Braunfels	\$59,573.00	<i>To rescue abused, abandoned, and neglected children of all races and faiths from the vicious cycle of child abuse.</i>
Young Life	\$22,640.00	<i>To help young people develop the skills, assets and attitudes to reach their full potential.</i>



GRANTS

Families

Community Resource and Recreation Center	\$20,000.00	<i>To serve the residents of Canyon Lake by providing vital social service resources as well as life enriching recreational and educational opportunities.</i>
Connections Individual and Family Services, Inc.	\$20,000.00	<i>To provide youth, families and communities of South Central Texas opportunities for a brighter future.</i>
Crisis Center of Comal County	\$50,000.00	<i>To establish within the jurisdiction of Comal County a network of services for the victims or potential survivors of family violence and sexual assault.</i>
Family Life Center	\$69,300.00	<i>To assist the under-resourced and help facilitate an efficient and effective system to properly steward community resources.</i>
Goodwill Industries	\$50,000.00	<i>To help change lives through the power of work.</i>
Habitat for Humanity	\$18,000.00	<i>To build affordable homes for low-income families, one family at a time.</i>
Salvation Army Service Center of Comal County	\$25,500.00	<i>To meet the emergency needs of qualifying clients in the New Braunfels region.</i>
The Gabriel Project	\$4,600.00	<i>To help women in crisis pregnancies and to support families in desperate need who have small children.</i>
Community		
Comal County Senior Citizens' Foundation	\$32,000.00	<i>To offer programs and services to senior adults to enrich the quality of their lives.</i>
Friends for the Preservation of Historic Landa Park	\$10,000.00	<i>To be an advocate for the preservation of Landa Park.</i>
Habitat for Safe Seniors	\$50,000.00	<i>To provide critically needed services, nutrition, home safety repairs, environmental improvement and companionship to seniors in the Canyon Lake/New Braunfels area.</i>



McKENNA SERVICES

For years, McKenna has operated community outreach services in response to needs in the community. In 2009, the McKenna Legacy Foundation granted \$1.1 million to continue the following programs that have reached thousands of individuals and their families since their inception. McKenna Services partners and supports like-minded community organizations and individuals, and it is dedicated to providing the resources necessary to make well-being affordable and accessible to everyone.



The McKenna Legacy Foundation

McKENNA SERVICES

McKENNA CHILDREN'S MUSEUM

The McKenna Children's Museum is a magical place for children of all ages. Our vision is to serve as a community center that unites children and families with different backgrounds through play and programs resulting in foundational knowledge. Our learning experiences are not those normally introduced in a traditional setting, so children are encouraged to imagine, question and experiment to awaken their bodies and stimulate their minds.

<i>Total Attendance for 2009</i>	62,025
<i>Family Memberships</i>	783
<i>Free Passes Distributed</i>	1,624
<i>School Group Attendance</i>	7,384

NEW BRAUNFIT EDUCATION AND OUTREACH

Having the right knowledge, facts and resources is vital to making informed decisions about improving one's well-being. As part of McKenna's mission to help improve and promote community health and wellness, New BraunFit Education and Outreach offers a wide range of free classes, seminars and information. Car seat installation checks, specialized cooking demonstrations, nutrition consultations, and physicians presentations are just a few of these offerings. Everyone walks away from New BraunFit a little bit healthier.

<i>Car Seat Installations</i>	133
<i>Health Screenings</i>	112
<i>Child Care Provider Trainings</i>	338
<i>Nutrition Consults</i>	83
<i>Cooking Demonstration Attendance</i>	520

McKENNA SERVICES

NEW BRAUNFIT GYM

The New BraunFit Gym exists to provide a community setting where all ages can engage in physical activity. Members of the New BraunFit Gym enjoy fitness programming for every age group, a walking track, and daily open gym time for \$12 to \$15 annually. The New BraunFit Gym is also available for private rental on an hourly basis.

Total Gym Entries	27,636
Average Weekly Class Attendance	122
Memberships	1,851

PRESCRIPTION ACCESS

The skyrocketing cost of prescription drugs has kept lifesaving medications out of the hands of many who depend on them. McKenna Prescription Access was created to help those in need find ways to afford and receive necessary prescribed drugs. This free service helps qualified participants access patient assistance programs offered by most major drug companies. The program is open to all qualified Comal County residents with physicians in New Braunfels.

Clients Served	2,105
Average New Clients Each Month	28
Average Cost Per Drug (30-day supply)	\$137
Physician Participants	252
Total Savings Provided to Participants in 2009	\$2,243,976
Total Savings Provided to Participants Since May 2003	\$10,751,160



The McKenna Legacy Foundation

McKENNA SERVICES

PRECIOUS MINDS NEW CONNECTIONS PARENTING PROGRAM

The Precious Minds New Connections Parenting Program offers both group educational classes and one-on-one home based training and intervention at no cost for families with children aged 3 years or younger. The primary goal of the program is to reduce incidents of child abuse and neglect in the community by helping parents reduce or eliminate attitudes or behaviors that may place children at risk. The program also helps children realize their full potential by giving parents the information and support needed to help their children develop optimally during the early years of life. In 2009, this program was partially funded by collaborative partnerships with Kronkosky Charitable Foundation, Comal Independent School District and New Braunfels Independent School District.

Group Based Program: Early Years Program	398 participants
Home Based Program: Parents as Teachers Program	186 families
Percentage of families in home based program with 3 or more high needs indicators	80%
Percentage of parents in home based program showing improvement in at least one high risk category*	99%
Percentage of high risk parents leaving the program with lower risk practices and outlooks*	89%

*Improvement measured by research based objective Adult-Adolescent Parenting Inventory (AAPI) test

McKENNA EVENTS CENTER

The McKenna Events Center is a premiere, state of the art facility that can adapt to be the perfect fit for groups of 7 to 700. McKenna offers the use of Event Center space free of charge to local nonprofit organizations as part of its community outreach. This allows nonprofits to hold their board meetings, fundraisers and educational trainings in a quality environment without incurring large administrative costs. The Events Center is also available for a fee to private groups and individuals.

Total Savings to Nonprofits	\$108,930
------------------------------------	-----------

GRANT SUCCESS STORIES

RAVENSTAR OUTDOOR EDUCATION

RavenStar provides a variety of programs so that every member of our community has the opportunity to learn more about science, conservation and the amazing natural resources just outside their doors. Their priority is to get children and their families outside so that they may enjoy the healthy mental, physical and social benefits of being more connected with nature. In 2009, funding from the McKenna Legacy Foundation provided scholarships for children, as well as an increased budget for operations and staff. The grant also helped RavenStar host their Summer Science Day Camp for kids 8-11 years, in addition to numerous school and summer programs.



The McKenna Legacy Foundation

GRANT SUCCESS STORIES

COMAL COUNTY HABITAT FOR HUMANITY

In January 2009, the Comal County Habitat for Humanity ironically found itself and its ReStore in need of a new home, but could see no way to come up with the money to make it happen. A grant from the McKenna Legacy Foundation changed that. The Foundation funded their original request for a new phone system, a security system and credit card processing to expand sales, and then added more, including office equipment and heat and cooling fans for the warehouse. Proceeds from their ReStore sales are contributing to Habitat homebuilding faster than ever.

SAN ANTONIO FOOD BANK

The San Antonio Food Bank is committed to fighting hunger in southwest Texas through food distribution, programs, education, and advocacy. In the spring of 2009, they identified a need to improve and increase the amount of food being distributed in the Comal County region. With funding from McKenna Legacy Foundation, the San Antonio Food Bank coordinated the pick-up of food donated by several stores, including Wal-Mart, H-E-B and Target. This effort, titled the "Fresh and Perishables Project," focuses on meats, dairy, produce and breads, which in the past have been difficult to secure. To date, the project has distributed over 50,000 pounds of food in Comal County and is set to reach its goal of 92,000 pounds of food by the end of June 2010.

GRANT SUCCESS STORIES

ANY BABY CAN

Any Baby Can opened its office in New Braunfels in 2008 to serve families in Comal County with children between the ages of birth through twelve years who have special health care needs, including chronic illness and/or disability. Social workers provide support and help families make the difficult decisions involved with raising a chronically ill child. In the first year, the budget only accommodated one full-time social worker, sufficient to provide case management services to 110 families. For 2009, however, a grant from the McKenna Legacy Foundation allowed for the hire of a second social worker, and the office now expects to serve 220 families in need per year.

RIVER CITY ADVOCACY, INC.

River City Advocacy provides free services to mental health consumers and their family members. Its primary purpose is to encourage, educate, train and organize people who receive services from mental health systems to advocate for one another and support each other. In addition, River City Advocacy strives to erase the stigma associated with mental illness through education and awareness. River City Advocacy's free programs, computer training, art and creative expression classes, guest speakers and referral service help improve the quality of life of people with mental illness. Funding from the McKenna Legacy Foundation contributed to the budget for these services.



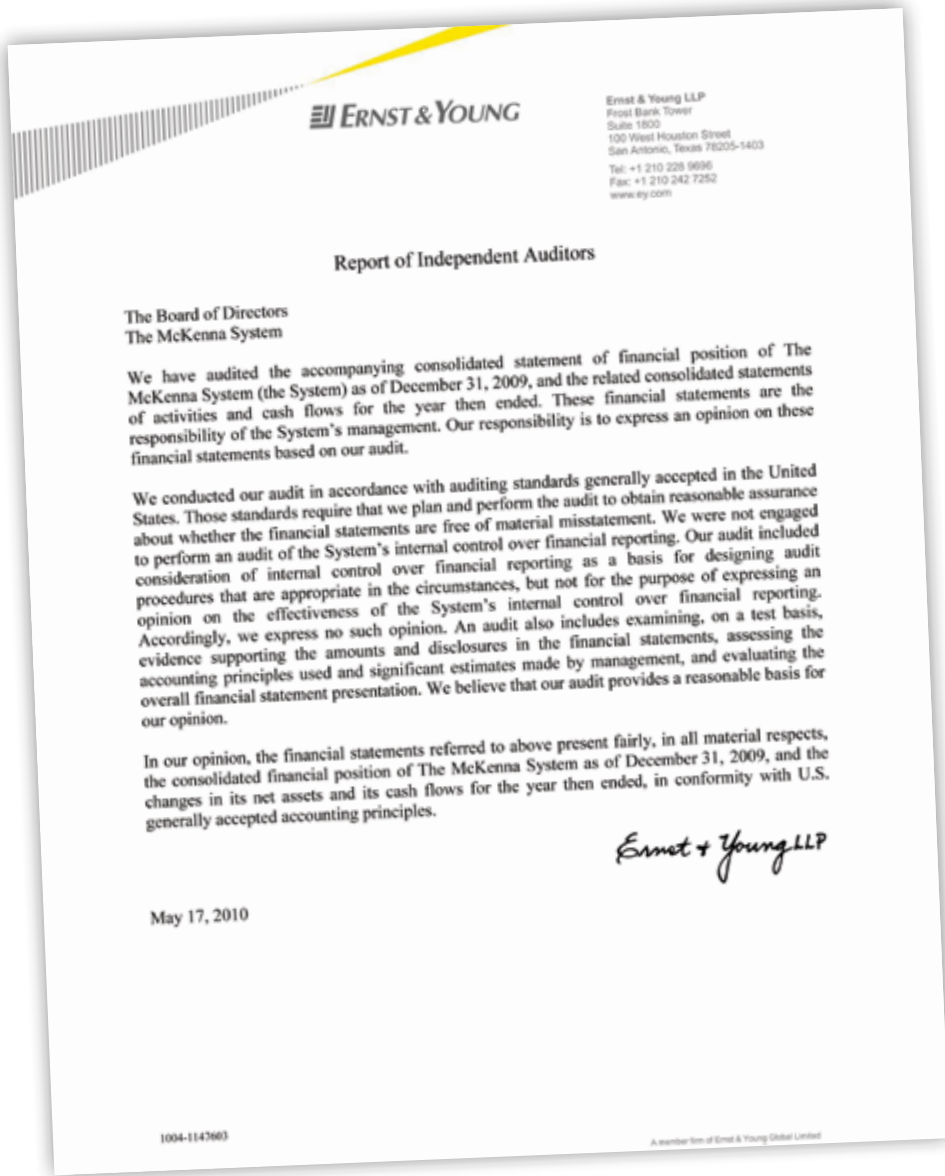
The McKenna Legacy Foundation

GRANT SUCCESS STORIES

VOLUNTEERS IN MEDICINE

New Braunfels Volunteers in Medicine provides support through free medical and dental care to families living in financial crisis, helping to bring them hope for a healthier future. Approximately 18,000 area residents qualify for treatment at the clinic, which requires patients to have no medical insurance and meet income requirements. Without New Braunfels Volunteers in Medicine, these families would have to forgo essential care or face financial struggles due to basic health care costs. The McKenna Legacy Foundation grant helps support the New Braunfels Volunteers in Medicine operations budget. In 2009, the clinic was able to provide free medical and dental services to 874 patients with 3,006 appointments.





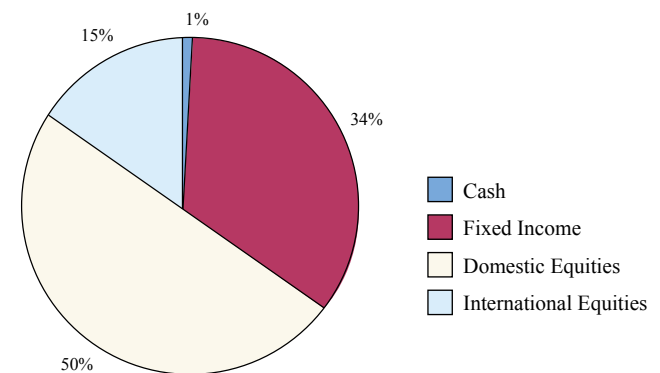
McKenna Legacy Foundation
 Investment Portfolio
 December 31, 2009

The McKenna Legacy Foundation operates under a well defined Investment Policy Statement that reflects the overall investment objectives of the institution. McKenna retains the services on an investment consultant and various professional money managers to help us achieve our overall investment goals. The McKenna Legacy Foundation Investment Committee meets quarterly to review the overall investments of the Foundation and to monitor our progress in achieving our investment goals and objectives.

The financial markets were indeed tumultuous during the past 18 months, experiencing declines not seen since the Great Depression of the 1930's.

Notwithstanding these historic challenges, the Foundation pursued a steady investment program under our investment policy guidelines which allowed us to achieve positive investment results. During the calendar year 2009, McKenna finished the year with approximately \$33.8 million in investable assets and achieved a total return on investments of approximately 16.12% net of investment manager fees. McKenna finished the year with its overall investment allocations in accord with its long-term strategic asset allocation guidelines as established in its Investment Policy Statement.

McKenna Legacy Foundation 12/31/09



FINANCIALS

FINANCIALS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2009

The McKenna Legacy Foundation is the primary subsidiary of the McKenna System. The Assets and Liabilities of the McKenna System are detailed below.

ASSETS	December 31, 2009
Current Assets	
Cash and Cash Equivalents	\$ 3,301,516
Pledges and Accounts Receivable	2,041,924
Prepaid Expenses and Other Current Assets	562,884
Total Current Assets	5,906,324
Other Assets	
Long Term Investments	34,617,722
Assets Limited as to Use	7,347,738
Pledges and Other Receivables	7,868,553
Total Other Assets	49,834,013
Property, Plant and Equipment, less accumulated depreciation of \$3,254,890	40,635,202
Total Assets	96,375,539

LIABILITIES AND NET ASSETS	December 31, 2009
Current Liabilities	
Accounts Payable and Accrued Expenses	435,206
Grants Payable	392,764
Capital Commitments	1,549,740
Current Maturities of Long Term Debt	231,732
Other Liabilities	687,107
Total Current Liabilities	3,296,549
Long Term Debt, less Current Maturities	6,317,767
Net Assets	
Unrestricted	84,267,043
Temporarily or Permanently Restricted	2,494,180
Total Net Assets	86,761,223
Total Liabilities and Net Assets	96,375,539

FINANCIALS

CONSOLIDATED STATEMENT OF ACTIVITIES

December 31, 2009

The McKenna Legacy Foundation is the primary subsidiary of the McKenna System. The Activities of the McKenna System are detailed below.

	December 31, 2009
REVENUES AND GAINS	
Operating income	2,044,726
Investment income and gains	1,180,294
Realized and unrealized gains on investments	5,068,961
Contributions	303,397
Total Revenue and Gains	8,597,378
Expenses	
Grants and program expenses	2,807,809
General Administrative	569,074
Depreciation	1,689,032
Interest	267,049
Other	3,492,353
Total Expenses	8,825,317
Net income from discontinued operations	192,472
Decrease in net assets	(35,467)
Net Assets, Beginning of Year	86,796,689
Net Assets, End of Year	86,761,222

BOARD OF DIRECTORS

MCKENNA SYSTEM BOARD OF DIRECTORS

Bill Morton
Chairman

David Way, M.D.
Vice Chairman

Stephen Ousley, M.D.
Secretary/Treasurer

Maurice Fischer

Mitch Sacco, D.D.S.

Bette Spain

Ray Still

Wes Studdard

Randy Vanstory

MCKENNA LEGACY FOUNDATION BOARD OF TRUSTEES

David Way, M.D.
Chairman

Bill Van Kleef
Vice Chairman

Michael Spain
Secretary/Treasurer

Peter Maddox

Linda McClung

Bill Morton

Mitch Sacco, D.D.S.



McKENNA LEGACY FOUNDATION TEAM MEMBERS

Tim Brierty

President/CEO

Allen Strickland

Chief Financial Officer

Jennifer Collier

Program Director

Chandy Engelke

Director of Accounting

Alice Jewell

Program Director

Dina Vineyard

Support Services Coordinator





MCKENNA
LEGACY FOUNDATION

801 West San Antonio Street • New Braunfels, TX • 830.606.9500
mckennalegacyfoundation.org