

**SOVEREIGN MILITARY HOSPITALLER ORDER OF
ST. JOHN OF JERUSALEM OF RHODES AND OF MALTA,
FEDERAL ASSOCIATION, U.S.A.**

WASHINGTON, D.C.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2009



Independent Auditors' Report

Board of Directors
Sovereign Military Hospitaller Order of
St. John of Jerusalem of Rhodes and of Malta,
Federal Association, U.S.A.
Washington, D.C.

We have audited the accompanying statement of financial position of Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes and of Malta, Federal Association, U.S.A., as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Order's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Order's 2008 financial statements and, in our report dated April 9, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 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. We believe that our audit provides 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 Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes and of Malta, Federal Association, U.S.A., as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
August 11, 2010

Certified Public Accountants

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Statement of Financial Position
December 31, 2009
(With Comparative Totals as of December 31, 2008)**

	2009	2008
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 439,670	\$ 756,300
Promises to Give	246,795	180,875
Accounts Receivable	15,655	7,122
Interest Receivable	12,614	12,163
Inventory	7,973	8,186
Prepaid Expenses	100,056	76,943
Total Current Assets	822,763	1,041,589
Investments	3,267,998	2,998,252
Charitable Remainder Trusts	76,897	67,223
Furniture and Equipment (Net of Accumulated Depreciation of \$63,903)	5,080	8,567
Total Assets	\$ 4,172,738	\$ 4,115,631
Liabilities and Net Assets		
Current Liabilities		
Project Grants Payable	\$ 338,162	\$ 203,837
Accounts Payable	42,485	282,035
Deferred Revenue	412,893	473,180
Total Current Liabilities	793,540	959,052
Net Assets		
Unrestricted	2,155,653	2,168,838
Temporarily Restricted	973,545	737,741
Permanently Restricted	250,000	250,000
Total Net Assets	3,379,198	3,156,579
Total Liabilities and Net Assets	\$ 4,172,738	\$ 4,115,631

See accompanying Notes to Financial Statements.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Statement of Activities
For the Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)**

	2009			Total	2008 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support					
Contributions					
Dues	\$ 732,333	\$ -	\$ -	\$ 732,333	\$ 741,353
Annual Appeal	679,064	-	-	679,064	849,029
Testamentary and Memorial Contribution	-	255,000	-	255,000	56,641
Change in Value of Charitable Trusts	-	9,674	-	9,674	(38,899)
Domestic/International Programs	-	88,957	-	88,957	126,589
Net Assets Released from Restrictions	205,891	(205,891)	-	-	-
Total Support	<u>1,617,288</u>	<u>147,740</u>	<u>-</u>	<u>1,765,028</u>	<u>1,734,713</u>
Revenues					
Lourdes Pilgrimage	735,180	-	-	735,180	707,933
Annual Investiture	148,020	-	-	148,020	140,105
Investment Revenue	80,053	18,655	-	98,708	117,348
Office	11,718	-	-	11,718	4,817
Spiritual - Special Events	72,197	-	-	72,197	52,824
Other Revenue	-	-	-	-	44,928
Total Revenues	<u>1,047,168</u>	<u>18,655</u>	<u>-</u>	<u>1,065,823</u>	<u>1,067,955</u>
Total Support and Revenues	<u>\$ 2,664,456</u>	<u>\$ 166,395</u>	<u>\$ -</u>	<u>\$ 2,830,851</u>	<u>\$ 2,802,668</u>

See accompanying Notes to Financial Statements.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Statement of Activities
For the Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)**

	2009			2008 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
Expenses					
Office	\$ 737,377	\$ -	\$ -	\$ 737,377	\$ 711,020
Spiritual - Special Events	103,754	-	-	103,754	68,480
Hospitaller Committee	2,764	-	-	2,764	3,598
Lourdes Pilgrimage	718,949	-	-	718,949	732,645
Investiture	159,646	-	-	159,646	138,427
Admissions/Formation	23,293	-	-	23,293	19,365
Assessment to Rome	116,988	-	-	116,988	120,322
Communications	44,066	-	-	44,066	30,296
Federal Auxiliary	1,693	-	-	1,693	1,473
Malta House	9,150	-	-	9,150	5,900
Foreign Currency Exchange Loss	-	-	-	-	14,138
Total Expenses	1,917,680	-	-	1,917,680	1,845,664
Increase in Net Assets from Operations Before In-Kind Contributions and Grants	746,776	166,395	-	913,171	957,004
In-Kind Contributions Support	1,782,530	-	-	1,782,530	764,243
Project Development Grants Committee Expense	(2,898,390)	-	-	(2,898,390)	(2,085,225)
Increase (Decrease) in Net Assets Before Gains (Losses) on Investments	(369,084)	166,395	-	(202,689)	(363,978)
Net Realized and Unrealized Gains (Losses) on Investments	355,899	69,409	-	425,308	(766,712)
Increase (Decrease) in Net Assets	(13,185)	235,804	-	222,619	(1,130,690)
Net Assets, Beginning of Year	2,168,838	737,741	250,000	3,156,579	4,287,269
Net Assets, End of Year	\$ 2,155,653	\$ 973,545	\$ 250,000	\$ 3,379,198	\$ 3,156,579

See accompanying Notes to Financial Statements.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Statement of Cash Flows
For the Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)**

	2009	2008
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 222,619	\$ (1,130,690)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Net Realized and Unrealized (Gains) Losses on Investments	(425,308)	766,712
Depreciation	3,487	8,731
Change in Charitable Trusts	(9,674)	38,899
Investments Acquired Through Donation	-	(5,330)
<u>(Increase) Decrease in Assets</u>		
Promises to Give	(65,920)	395,224
Accounts Receivable	(8,533)	(4,638)
Interest Receivable	(451)	1,765
Inventory	213	159
Prepaid Expenses	(23,113)	(38,253)
<u>Increase (Decrease) in Liabilities</u>		
Project Grants Payable	134,325	(33,708)
Accounts Payable	(239,550)	206,096
Deferred Revenue	(60,287)	(48,103)
	(472,192)	156,864
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Investing Activities		
Purchases of Investments	(654,745)	(1,136,067)
Redemptions and Sales of Investments	810,307	902,097
Purchases of Furniture and Equipment	-	(1,550)
	155,562	(235,520)
Net Cash Provided by (Used in) Investing Activities		
Decrease in Cash and Cash Equivalents	(316,630)	(78,656)
Cash and Cash Equivalents, Beginning of Year	756,300	834,956
Cash and Cash Equivalents, End of Year	\$ 439,670	\$ 756,300

See accompanying Notes to Financial Statements.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

1. ORGANIZATION

Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes and of Malta, Federal Association, U.S.A., (the "Order") is incorporated as a nonprofit organization in the District of Columbia. The Order traces its origins to a hospital established in Jerusalem in the eleventh century. Its purpose is to provide aid and assistance to the ill and the poor in the United States and in underdeveloped countries throughout the world. The Order relies mainly on support through various contributions provided by its members located throughout the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Order considers all cash accounts and secured investment accounts collateralized by obligations of the U.S. government or its agencies to be cash and cash equivalents.

Promises to Give

Promises to give are expected to be realized in one year or less and are classified as unrestricted support in the statement of activities. Promises to give amounted to \$246,795 at December 31, 2009.

Inventory

Inventory consists of merchandise held for sale to members. The inventory is stated at the lower of cost or market using the first-in, first-out (FIFO) method.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are carried in the aggregate at fair value. All unrealized and realized gains and losses, interest, and dividends, including amounts earned on permanently restricted net assets, are recorded as unrestricted or temporarily restricted revenues. The Order considers investment dividends and interest as operating amounts and realized and unrealized gains and losses on investments as nonoperating amounts in its statement of activities.

Furniture and Equipment

Furniture and equipment are capitalized if unit costs exceed \$500. Otherwise the items are expensed when paid. Depreciation is computed on the straight-line method over the estimated useful lives ranging from five to ten years.

Deferred Revenue

Deferred revenue consists primarily of dues received that relate to future periods, and deposits received from members for attendance at meetings to be held in the next year. Deferred dues from lifetime members are amortized over the estimated life expectancies and adjusted annually.

Restricted and Unrestricted Support and Revenues

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 reported in the statement of activities as net assets released from restrictions.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

The Order records the value of contributed goods based on fair values established from published price lists or other sources to determine an objective value. Substantial goods (primarily food, medicines, medical equipment, and other equipment) have been contributed by various companies and/or individuals. Such items have been reflected as both unrestricted in-kind contributions support and project development grants committee expense.

Income Taxes

The Order is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Order's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

3. CONCENTRATION OF CREDIT RISK

The Order maintains its cash and cash equivalent balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2009, the Order's bank balances were approximately \$411,000, of which approximately \$191,000 was in a secured investment account and \$220,000 was covered by FDIC insurance.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

4. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2009, are as follows:

	<u>Fair Value</u>	Level 1 <u>Inputs</u>	Level 3 <u>Inputs</u>
U.S. Government Obligations	\$ 346,872	\$ 346,872	\$ -
Stocks	1,854,388	1,854,388	-
Corporate Bonds	902,648	902,648	-
Cash/Money Funds	164,090	164,090	-
Charitable Remainder Trusts	<u>76,897</u>	<u>-</u>	<u>76,897</u>
	<u>\$ 3,344,895</u>	<u>\$ 3,267,998</u>	<u>\$ 76,897</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Financial assets valued using Level 3 inputs are valued using unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs are developed based on the best information available in the circumstances, which might include the Order's own data and assumptions. Fair value for the beneficial interest in a charitable remainder trust (Level 3) is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables and a 4.85% discount rate.

The change in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2009, was as follows:

January 1, 2009	\$ 67,223
Total Realized and Unrealized Gains Included in Changes in Net Assets	<u>9,674</u>
December 31, 2009	<u>\$ 76,897</u>

The change in value of the charitable remainder trusts included in the change in temporarily restricted net assets on the statement of activities is attributable to unrealized gains on the investments held in the charitable remainder trusts and amortization of the present value discount.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

5. INVESTMENTS

The following is a summary of the Order's investments at December 31, 2009:

	<u>Fair Value</u>
Investments at Merrill Lynch U.S.	
Government Obligations	\$ 346,872
Stocks	1,854,388
Corporate Bonds	902,648
Cash/Money Funds	<u>164,090</u>
	<u>\$ 3,267,998</u>

The investments are held by the various net asset classes as follows:

	<u>Fair Value</u>
Unrestricted	
Operating	\$ 11,605
Blessed Gerard	2,303,300
Temporarily Restricted	
Malta House Fund	94,498
Lourdes Fund	<u>858,595</u>
	<u>\$ 3,267,998</u>

The components of total investment return for 2009 are reflected below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Dividends and Interest	\$ 80,053	\$ 18,655	\$ 98,708
Net Realized and Unrealized Gains and Losses	<u>355,899</u>	<u>69,409</u>	<u>425,308</u>
Total Investment Return	<u>\$ 435,952</u>	<u>\$ 88,064</u>	<u>\$ 524,016</u>

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

6. CHARITABLE REMAINDER UNITRUSTS

The Order has been named as a remainderman in several charitable remainder unitrusts (CRUTs) created by a former member. Under the terms of the CRUTs, the Order is to receive 15% of the value of the trusts after the children of the member have passed on. The financial institution holding the assets of the trusts provides the Order with copies of year-end investment statements for its use in computing the increase or decrease in the investments during the year. The Order includes in its statement of financial position its pro rata share of the present value of future cash flows using a discount rate of 4.85% based on guidelines established by the Internal Revenue Service that use the life expectancies of the beneficiaries. The increase or decrease in the present values of the trusts are reflected in the statement of activities.

7. NET ASSETS

Temporarily restricted net assets as of December 31, 2009, are restricted for the following purposes:

Malta House Fund - For enhancement to and support of volunteer projects and other activities at Malta House in Hyattsville, Maryland	\$ 94,524
Lourdes Fund - Restricted for defraying expenses incurred in the annual pilgrimage to Lourdes	609,411
Charitable Remainder Trusts - Implied time restriction as remainderman beneficiary	76,897
Hurricane Relief Fund - To rebuild areas damaged by Hurricane Katrina	144,426
International Projects - Restricted for use on the Cite Soleil Project	<u>48,287</u>
Total Temporarily Restricted	<u>\$ 973,545</u>
Permanently Restricted Net Assets - Funds contributed for the Lourdes annual pilgrimage, of which \$250,000 must be maintained in perpetuity	<u>\$ 250,000</u>

8. OPERATING LEASE

The Order leases office space for its operations under an operating lease expiring in January 2010. The lease provides for minimum lease payments of \$3,742 per month and contingent rents based on a percentage of increases in the Consumer Price Index, real estate taxes, and operating expenses.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

8. OPERATING LEASE (CONTINUED)

During 2009, the Order executed a new lease expiring in April 2015. The new lease provides for minimum monthly lease payments of \$5,743, with an annual escalation of 2.5%, plus contingent rents based on a percentage of increases in the Consumer Price Index, real estate taxes, and operating expenses.

Future minimum lease payments for the existing and new leases at December 31, 2009, are as follows:

<u>For the Years Ending December 31,</u>	
2010	\$ 67,307
2011	70,499
2012	72,262
2013	74,068
2014	75,920
2015	<u>25,834</u>
Total	<u>\$ 385,890</u>

Rental expense for the year ended December 31, 2009, was \$63,174.

9. RETIREMENT PLAN

The Order has a 401(k) profit sharing plan covering all employees. Employees may elect to contribute up to 5% of their wages. The Order will match employee contributions up to 5% of gross wages. Retirement expense for 2009 was \$16,943.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

10. FUNCTIONAL CLASSIFICATIONS OF EXPENSES

The following is the breakdown of expenses by functional classification:

Program Services		
Grants Committee	\$ 3,013,220	
Spiritual - Special Events	161,314	
Hospitaller Committee	74,715	
Lourdes Pilgrimage	833,779	
Federal Auxiliary	1,693	
Malta House	<u>9,150</u>	\$ 4,093,871
Management and General		
Office	205,503	
Investiture	159,646	
Admissions	23,293	
Assessment to Rome	116,988	
Communications	<u>44,066</u>	549,496
Fund-Raising		<u>172,703</u>
Total Expenses		<u>\$ 4,816,070</u>

11. ENDOWMENT FUND

The Order's endowment consists of a \$250,000 contribution established as a donor-restricted fund. Net assets associated with this endowment fund are classified and reported based on the existence of donor-imposed restrictions.

Investment returns of the endowment fund are recorded as increases or decreases in temporarily restricted net assets and are restricted for the Lourdes Pilgrimage as directed by the donors.

Investment Policy

The Order invests the endowment with the objective of prudently managing the investments to protect the principal from decrease in actual terms. Recognizing the impact of inflation, the asset portfolio manager shall make every effort to protect the purchasing power of these assets. The general philosophy for the management of these funds is to maximize returns while minimizing risk.

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

11. ENDOWMENT FUND (CONTINUED)

Investment Policy (Continued)

The investments will consist of high quality securities from the equity and fixed income markets. Fixed income investments will be confined to instruments rated AA or better. Equity investments can be either those listed on any major domestic stock exchange or over-the-counter issues. Assets not currently committed to fixed income or equity investments will be invested in high quality short-term securities and/or high quality money market funds.

The allocation of assets in the common stock position, including domestic and international equities, shall not exceed 65% of the entire investment portfolio at market. Equity securities in any single industry shall not exceed 25% of the investment portfolio. The equity securities of any single company shall not exceed 10% (at market), 5% (cost) of the equity portfolio and the ten largest holdings shall not exceed 50% of the aggregate equity portfolio.

The Order commingles the endowment assets with other investments that are temporarily restricted for the Lourdes Pilgrimage. The Order has not maintained records of the accumulated earnings of the endowment that are now temporarily restricted for the Lourdes Pilgrimage. In accordance with the donor's instructions, the Order allocates 100% of the endowment returns, which includes earnings and gains and losses, directly to temporarily restricted net assets. Endowment returns were approximately \$30,000 for the year ended December 31, 2009.

The Order considers the needs of the Lourdes Pilgrimage and the preservation of the endowment fund when using these assets to offset the costs of the pilgrimage.

Interpretation of Relevant Law

The board has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the Order classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. In accordance with UPMIFA, the Order considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The long and short-term needs of the Order in carrying out its purpose
- (2) The Order's present and anticipated financial requirements
- (3) Expected total return on investments
- (4) Price level trends
- (5) General economic conditions

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Notes to Financial Statements
December 31, 2009**

11. ENDOWMENT FUND (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	Permanently Restricted
Donor-Restricted Endowment Fund	\$ 250,000

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

The endowment fund did not receive any contributions for the year ended December 31, 2009. Investment return on the endowment fund net assets is commingled with the return on the Order's other investment assets for the Lourdes Pilgrimage. The investment return on the permanently restricted net assets is available for expenditure as needed to support the Lourdes Pilgrimage expenses.

12. SUBSEQUENT EVENTS

The Order has evaluated subsequent events through August 11, 2010, the date on which the financial statements were available to be issued.



Independent Auditors' Report

Board of Directors
Sovereign Military Hospitaller Order of
St. John of Jerusalem of Rhodes and of Malta,
Federal Association, U.S.A.
Washington, D.C.

Our report on our audit of the basic financial statements of the Order for 2009 appears preceding page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in the accompanying schedule of support, revenues, expenses, and changes in net assets and schedules of Lourdes pilgrimage support, revenues, and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
August 11, 2010

Certified Public Accountants

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Schedule of Support, Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2009**

	Unrestricted		Total	Malta House Fund
	Operating	Blessed Gerard		
Support				
Contributions				
Dues	\$ 732,333	\$ -	\$ 732,333	\$ -
Annual Appeal	679,064	-	679,064	-
Contributions	-	-	-	5,000
Change in Value of Charitable Trusts	-	-	-	-
Domestic/International Programs	-	-	-	-
Net Assets Released from Restrictions	205,891	-	205,891	(16,954)
Total Support	1,617,288	-	1,617,288	(11,954)
Revenues				
Lourdes Pilgrimage	735,180	-	735,180	-
Annual Investiture	148,020	-	148,020	-
Investment Revenue	1,165	78,888	80,053	3,106
Office	10,718	1,000	11,718	-
Spiritual - Special Events	72,197	-	72,197	-
Other Revenue	-	-	-	-
Total Support and Revenues	2,584,568	79,888	2,664,456	(8,848)
Expenses				
Office	727,101	10,276	737,377	-
Spiritual - Special Events	103,754	-	103,754	-
Hospitaller Committee	2,764	-	2,764	-
Lourdes Pilgrimage	718,949	-	718,949	-
Investiture	159,646	-	159,646	-
Admissions/Formation	23,293	-	23,293	-
Assessment to Rome	116,988	-	116,988	-
Communications	44,066	-	44,066	-
Federal Auxiliary	1,693	-	1,693	-
Malta House	9,150	-	9,150	-
Foreign Currency Exchange Loss	-	-	-	-
Total Expenses	1,907,404	10,276	1,917,680	-
Increase (Decrease) in Net Assets from Operations Before In-Kind Contributions and Grants	677,164	69,612	746,776	(8,848)
In-Kind Contributions Support	1,782,530	-	1,782,530	-
Project Development Grants Committee Expense	(2,898,390)	-	(2,898,390)	-
	(438,696)	69,612	(369,084)	(8,848)
Net Realized and Unrealized Gains (Losses) on Investments	1,464	354,435	355,899	2,305
Increase (Decrease) in Net Assets	(437,232)	424,047	(13,185)	(6,543)
Transfers	481,185	(481,185)	-	-
Net Assets, Beginning of Year	(190,914)	2,359,752	2,168,838	101,067
Net Assets, End of Year	<u>\$ (146,961)</u>	<u>\$ 2,302,614</u>	<u>\$ 2,155,653</u>	<u>\$ 94,524</u>

Temporarily Restricted					Permanently Restricted	
Lourdes Fund	Charitable Remainder Trusts	Hurricane Relief Fund	International Projects	Total	Lourdes Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 732,333
-	-	-	-	-	-	679,064
250,000	-	-	-	255,000	-	255,000
-	9,674	-	-	9,674	-	9,674
-	-	49,862	39,095	88,957	-	88,957
<u>(2,595)</u>	<u>-</u>	<u>(186,342)</u>	<u>-</u>	<u>(205,891)</u>	<u>-</u>	<u>-</u>
247,405	9,674	(136,480)	39,095	147,740	-	1,765,028
-	-	-	-	-	-	735,180
-	-	-	-	-	-	148,020
15,549	-	-	-	18,655	-	98,708
-	-	-	-	-	-	11,718
-	-	-	-	-	-	72,197
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>262,954</u>	<u>9,674</u>	<u>(136,480)</u>	<u>39,095</u>	<u>166,395</u>	<u>-</u>	<u>2,830,851</u>
-	-	-	-	-	-	737,377
-	-	-	-	-	-	103,754
-	-	-	-	-	-	2,764
-	-	-	-	-	-	718,949
-	-	-	-	-	-	159,646
-	-	-	-	-	-	23,293
-	-	-	-	-	-	116,988
-	-	-	-	-	-	44,066
-	-	-	-	-	-	1,693
-	-	-	-	-	-	9,150
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,917,680</u>
262,954	9,674	(136,480)	39,095	166,395	-	913,171
-	-	-	-	-	-	1,782,530
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,898,390)</u>
262,954	9,674	(136,480)	39,095	166,395	-	(202,689)
<u>67,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,409</u>	<u>-</u>	<u>425,308</u>
330,058	9,674	(136,480)	39,095	235,804	-	222,619
-	-	-	-	-	-	-
<u>279,353</u>	<u>67,223</u>	<u>280,906</u>	<u>9,192</u>	<u>737,741</u>	<u>250,000</u>	<u>3,156,579</u>
<u>\$ 609,411</u>	<u>\$ 76,897</u>	<u>\$ 144,426</u>	<u>\$ 48,287</u>	<u>\$ 973,545</u>	<u>\$ 250,000</u>	<u>\$ 3,379,198</u>

**Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes
and of Malta, Federal Association, U.S.A.**

**Schedules of Lourdes Pilgrimage Support, Revenues, and Expenses
For the Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Support and Revenues		
Fees	\$ 679,260	\$ 704,983
Contributions	52,750	45,921
Merchandise	<u>3,170</u>	<u>2,950</u>
Total Support and Revenues	<u>735,180</u>	<u>753,854</u>
Expenses		
Air Fare	511,815	479,678
Hotels	168,247	208,648
Other	<u>38,887</u>	<u>44,319</u>
Total Expenses	<u>718,949</u>	<u>732,645</u>
Excess of Revenues Over Expenses Before Transfer	16,231	21,209
Transfer from Lourdes Investment Fund	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenses	<u><u>\$ 16,231</u></u>	<u><u>\$ 21,209</u></u>