



Baptist Health Foundation  
*of San Antonio*

**2009 Annual Report**



Baptist Health Foundation  
*of San Antonio*

## **Mission**

Baptist Health Foundation of San Antonio is committed to improving the health of our community by fostering and funding clinical, educational, spiritual and scientific initiatives while honoring God and our Baptist heritage.

## **Vision**

Baptist Health Foundation of San Antonio is one of the Lord's conduits to provide spiritual and healthcare services to His people and be a reflection of His presence in the community.

## **BAPTIST HEALTH FOUNDATION OF SAN ANTONIO 2009 Annual Report**

This year marked the fifth year Baptist Health Foundation of San Antonio (BHFSa) presented annual grants to help improve the health of our community. The 80 awards totaling \$4,842,937 boosted all grants to \$20,674,318 since its inception. Two hundred twenty five people attended the 2009 Grant Awards Ceremony on November 19 to celebrate this year's activity.

The Board of Trustees approved the following dollars the Foundation committees awarded last year: Responsive Grants Committee—\$2,664,000; Strategic Initiatives Committee—\$1,208,240; Scholarship Committee—\$834,697; and Mini Grants Committee—\$136,000.

Baptist Health System School of Health Professions students received 471 scholarships totaling \$501,747. The Foundation added two endowed scholarships this year—AT&T Fund and Coca Cola Fund. BHFSa now has 23 endowed funds totaling more than \$1.3 million which provide annual scholarships to the School of Health Professions. New scholarship funds are always welcome.

During 2009, BHFSa received 26 gifts totaling \$33,248 to support scholarships at the School of Health Professions and seven other unrestricted gifts totaling \$28,163.

The Foundation was especially grateful for the assistance from San Antonio Baptist Association (SABA) in encouraging Baptist churches with health ministries to apply for grants this year. Over 100 pastors and church leaders attended a special Foundation luncheon at SABA to hear about BHFSa and learn how to apply for grants. Also, staff conducted two informational sessions for the San Antonio Hispanic Baptist Fellowship to encourage their pastors to seek health-related grants.

The Foundation awarded eight Baptist-related Mini Grants this year as a way of supporting the Baptist General Convention of Texas (BGCT) Texas Hope 2010 Caring Ministry. Grant recipients were: Baptist University of the Americas, Crossroads Baptist Church, Edgewood Baptist Church, First Baptist Church-Devine, First Baptist Church-Pipe Creek, Redemption Baptist Church, University Park Baptist Church and Zion Star Missionary Baptist Church. Also, West Campus Baptist Church received a \$125,000 Responsive Grant for its Community Wellness Network Project.

Baptist Health Foundation of San Antonio continued to raise its visibility in South Texas. To that end, the Foundation increased the number of news releases and media contacts which resulted in more articles in the local and area newspapers. The Foundation saluted our 2009 recipients in a full-page ad in the San Antonio Business Journal annual "Partners in Philanthropy". Also, the Foundation web site Photo Gallery was expanded this year to highlight grant recipients. In addition, staff participated in numerous meetings in the community.

Site visits continue to be a major goal of the Foundation, and 86 visits were conducted last year with grant recipients and applicants. Of that total, 49 visits included Trustees and 16 Trustees toured at least one site.

Baptist Health Foundation continued to urge grant recipients to seek additional funds from matching grants or donations to leverage more dollars for a greater impact. Since its inception, BHFSAs have generated more than \$55 million in additional grants from other area foundations.

Dr. Kenneth G. Andrews completed his first year as Chairman of the Board. Bill W. McCandless served as Vice Chairman and Rosemary H. Brevard as Secretary.

On May 28, Trustees and staff paid final tribute to Samuel P. Pearis IV, a charter member of the Board of Trustees, who went to be with the Lord on May 24, 2009. Sam was a dedicated Trustee, and the Foundation is grateful for the many ways he shared the BHFSAs story throughout the Baptist General Convention of Texas.

In September, Phil Green, member of First Baptist Church, Boerne, TX, was elected this by BGCT's Executive Committee to complete Sam's 2009 term. During the November BGCT annual meeting, Phil, Emily Simons and Penne Jaster were elected to three-year terms ending in 2012.

Rahwa Neguse, a graduate student at University of Texas at San Antonio, served as a Foundation intern this year. She studied nonprofit organizations on the south and west side of San Antonio to help identify a way to acquaint those groups with Baptist Health Foundation and other community funders. Her internship report concluded that many non-profit organizations in those areas of the city are familiar with the Foundation, but few have applied for grants from BHFSAs or other foundations due to the lack of grant writing capabilities and experience. Baptist Health Foundation plans to increase its community presentations to those organizations in 2010.

To God Be the Glory for all things that have been accomplished during Baptist Health Foundation's first five years. The Board of Trustees remains focused on awarding grants to Honor God through their funds that assist health ministries and the mission shared by Baptist Health System and the Baptist General Convention of Texas.

## **2009 Recipients**

### **Strategic Health Care Initiatives Grants:**

CentroMed \$250,000

Project Title: Community Health and Wellness Center - Equipment.

Morningside Ministries \$250,000

Project Title: Elizabeth McGown Training Institute.

Autism Community Network \$225,000

Project Title: General Operations.

Autism Treatment Center \$150,000

Project Title: DATA (EHR System for Diagnostic, Assessment, Therapy for Autism).

Alamo Area Development Corporation \$134,000

Project Title: Neighbor Helping Neighbor.

WellMed Charitable Foundation \$89,240

Project Title: Hispanic Elders Health Disparities Project.

Christian Senior Services \$60,000

Project Title: Christian Senior Services Northeast Grace Place Alzheimer's Center.

Arthur Nagel Community Clinic (Bandera, TX) \$50,000

Project Title: Operation Access.

### **Responsive Grants:**

University of Texas Health Science Center at San Antonio \$250,000

Project Title: Promoting a Comprehensive Palliative Care Program for Children.

Boys Town Texas \$200,000

Project Title: Boys Town Texas Outpatient Child and Family Services Program.

CentroMed \$199,600

Project Title: CentroMed "Children's Assistance Program."

Atascosa Health Center (Pleasanton, TX) \$150,000

Project Title: Expanding Dental Services in Atascosa County & Wilson County.

Kendall County Women's Shelter (Boerne, TX) \$139,000

Project Title: Furniture and Equipment Acquisition Project.

Family Violence Prevention Services, Inc. \$125,000  
Project Title: Non-Residential Services Programs.

West Campus Baptist Church \$125,000  
Project Title: Community Wellness Network.

Court Appointed Special Advocates (CASA) of Central Texas, Inc.  
(New Braunfels, TX) \$100,000  
Project Title: General Operations.

Sports Outdoors And Recreation (SOAR) \$100,000  
Project Title: First Aid Center at Morgan's Wonderland.

Daughters of Charity Services of San Antonio \$87,000  
Project Title: The Neighborhood Health Program at La Mision Family Health Care.

Historical Centre Foundation \$83,700  
Project Title: Expansion of the SFHC (San Fernando Health Centre).

Alamo Area Resource Center, Inc. \$75,000  
Project Title: Early Intervention Services of South Texas.

Alpha Home, Inc. \$75,000  
Project Title: Residential and Outpatient Substance Abuse Treatment Programs.

BEAT-AIDS Coalition Trust \$75,000  
Project Title: Church HIV Intervention and Prevention (CHIP) Project.

Children's Bereavement Center of South Texas \$75,000  
Project Title: Healing Programs for Grieving Youth Growth Fund.

Epilepsy Foundation Central & South Texas \$70,000  
Project Title: Epilepsy Continuum of Care Program.

Hill Country Family Services, Inc. (Boerne, TX) \$60,000  
Project Title: Family Medical & Nutrition Services Program.

Hill Country Mission for Health (Boerne, TX) \$60,000  
Project Title: Continuation and Expansion of Access to Healthcare for Disadvantaged Adults in Kendall County.

Family Service Association \$50,000  
Project Title: Support for Families of Premature Infants.

The Health Collaborative \$50,000  
Project Title: 2010 Bexar County Community Health Assessment.

Healthcare Access San Antonio \$50,000  
Project Title: Medicaid Eligibility Assistance Tool and SecureShare Health Information Exchange.

SAMMinistries \$50,000  
Project Title: Emergency Shelter & Services Program.

TEAMability, Inc. \$50,000  
Project Title: TEAM Two.

Transplants for Children \$50,000  
Project Title: Family Crisis Fund.

San Antonio Alzheimer's Association, STAR Chapter \$40,000  
Project Title: Alzheimer's Disease Supportive Programs and Services.

The Sarah Roberts French Home, Inc. \$35,000  
Project Title: Nurse Call System Project.

Triple H Equitherapy Center (Pipe Creek, TX) \$35,000  
Project Title: Fiscal Year 2010 Riding to Independence Project.

YWCA of San Antonio \$35,000  
Project Title: ENCOREplus.

Lifetime Recovery \$34,110  
Project Title: Treatment Scholarships.

Brighton, The Center for Inclusive Communities \$30,590  
Project Title: Early Childhood Intervention (ECI).

Our House \$30,000  
Project Title: Operational Support.

Habitat for Safe Seniors (Canyon Lake, TX) \$25,000  
Project Title: Operational Funding.

Palmer Drug Abuse Program \$25,000  
Project Title: Younger Group Program.

Reaching Maximum Independence, Inc. \$25,000  
Project Title: RMI RN Upgrade.

**Mini Grants:**

American Diabetes Association \$7,500

Project Title: "Por Tu Familia" Community Education Program.

Crossroads Baptist Church \$7,500

Project Title: Health Fair and Healthy Lifestyle Expo.

Edgewood Baptist Church \$7,500

Project Title: Edgewood Community Health Fair.

El Salvador Church Assembly of God \$7,500

Project Title: Community Compass.

First Baptist Church (Pipe Creek, TX) \$7,500

Project Title: Impact Center Ministry Complex.

Healthy Futures \$7,500

Project Title: Healthy Futures Alliance (HFA) Faith Task Force & Parent Workshops.

Kinetic Kids, Inc. \$7,500

Project Title: Materials for Kinetic Kids' Health and Wellness Programs.

Lutheran Social Services of the South, Inc. \$7,500

Project Title: "Hope for Little Angels" Unmet Needs Fund for Medically Frail Foster Children.

Martinez Street Women's Center \$7,500

Project Title: Preventing Diabetes through Nutrition and Education.

Merced Housing Texas \$7,500

Project Title: Owner-Occupied Emergency Repair Program "Serve Our Seniors" (SOS).

University Park Baptist Church \$7,500

Project Title: University Park Good Health.

Community Council of South Central Texas, Inc. (Seguin, TX) \$7,000

Project Title: Health Screenings for Head Start.

Zion Star Missionary Baptist Church \$5,400

Project Title: Manna Ministry.

Boys & Girls Clubs of San Antonio \$5,000

Project Title: Project Bounce Back.

Children's Inn (Boerne, TX) \$5,000  
Project Title: Holistic Opportunities for Medically Fragile Children at Children's Inn.

River City Christian School \$5,000  
Project Title: Clinic Renovation.

San Antonio Fighting Back, Inc. \$5,000  
Project Title: San Antonio Addiction to Recovery Coalition (SAARC).

Mujeres Unidas Contra el SIDA \$3,600  
Project Title: Stepping Up as a Board.

San Antonio Kids Exchange \$3,600  
Project Title: Board Development Project.

Baptist University of the Americas \$3,400  
Project Title: Church/Community Health Ministries Conference-Maria Sevilla  
Community Health Fair.

First Baptist Church (Devine, TX) \$3,000  
Project Title: AED Installation and Training.

Food Pantry Poth Area (Poth, TX) \$3,000  
Project Title: Better Community Health.

St. Jude's Ranch for Children (New Braunfels, TX) \$3,000  
Project Title: Over-the-Counter Medications.

Redemption Baptist Church (Devine, TX) \$1,500  
Project Title: Defibrillator Procurement.

**Scholarships:**

Baptist Health System School of Health Professions \$501,747  
471 scholarships

University of Texas Health Science Center at San Antonio \$182,500  
48 scholarships

University of the Incarnate Word \$45,000  
9 scholarships

Our Lady of the Lake University \$32,500  
11 scholarships

St. Mary's University \$15,000  
6 scholarships

St. Philip's College \$15,000  
30 scholarships

Wayland Baptist University \$12,250  
12 scholarships

San Antonio College \$8,500  
17 scholarships

Trinity University \$7,500  
3 scholarships

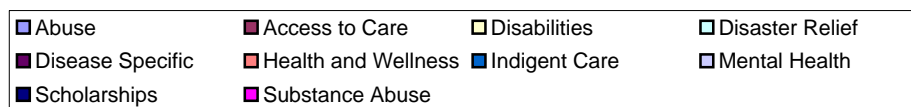
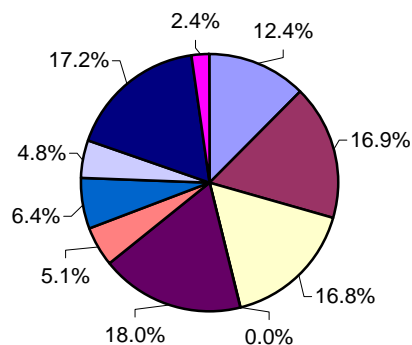
University of Texas School of Public Health Houston  
(San Antonio Regional Campus) \$7,500  
3 scholarships

Baptist Health System Clinical Pastoral Education \$7,200  
23 scholarships

## Grant Summary - by Program Area

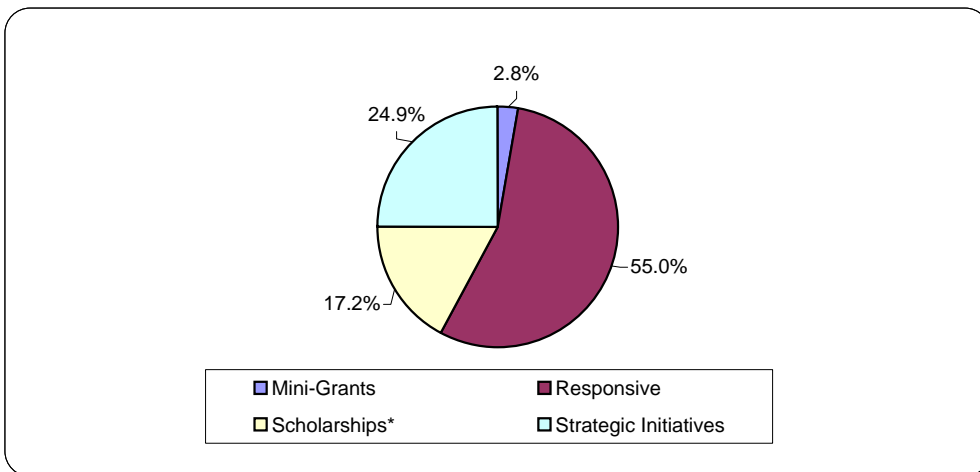
Program Area	Average Grant Amount 2006-2008	Grant Amount 2009	Grant Percentage 2009
Abuse	\$353,175	\$599,500	12.4%
Access to Care	\$1,205,075	\$820,700	16.9%
Disabilities	\$350,295	\$813,090	16.8%
Disaster Relief	\$33,333	\$0	0.0%
Disease Specific	\$562,786	\$872,340	18.0%
Health and Wellness	\$436,469	\$245,300	5.1%
Indigent Care	\$84,167	\$309,600	6.4%
Mental Health	\$299,072	\$233,600	4.8%
Scholarships	\$721,430	\$834,697	17.2%
Substance Abuse	\$75,000	\$114,110	2.4%
<b>Grand Total</b>	<b>\$4,120,802</b>	<b>\$4,842,937</b>	<b>100%</b>

**2009 Grant Percentage**



## 2009 Grant Summary - by Grant Type

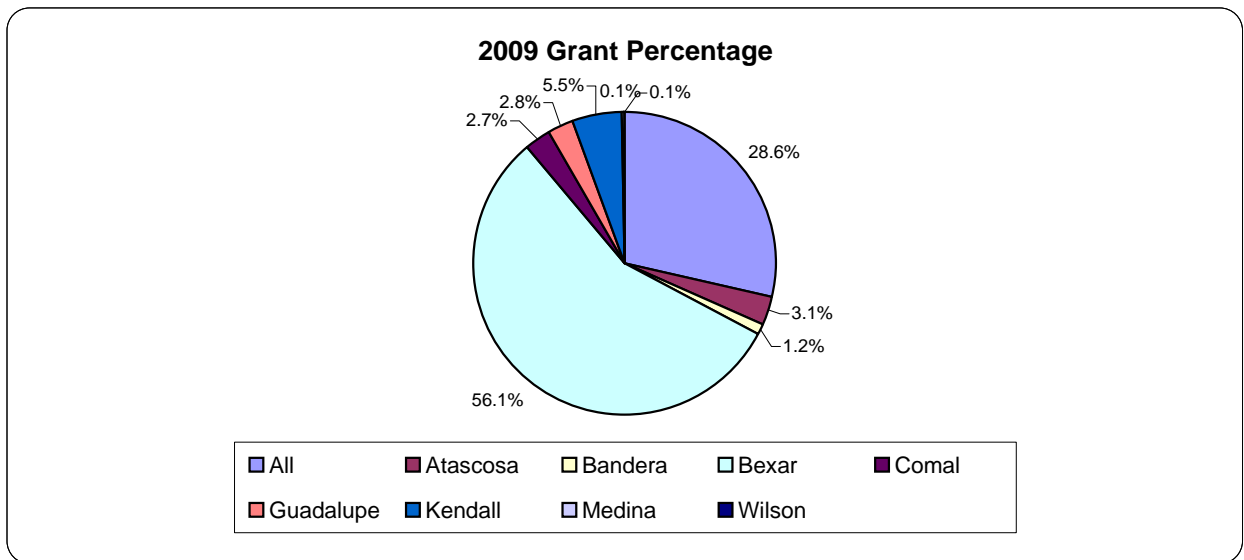
Request Type	Grant Count	Grant Amount	Grant Percentage
<b>Mini-Grants</b>	24	\$136,000	2.8%
<b>Responsive</b>	34	\$2,664,000	55.0%
<b>Scholarships*</b>	14	\$834,697	17.2%
<b>Strategic</b>	8	\$1,208,240	24.9%
<b>Grand Total</b>	<b><u>80</u></b>	<b><u>\$4,842,937</u></b>	<b><u>100%</u></b>



\*This figure includes the institutions that received scholarship grants, not each individual recipient. A total of 633 students received scholarships in 2009.

## Grant Summary - Grants and Dollars Awarded by County

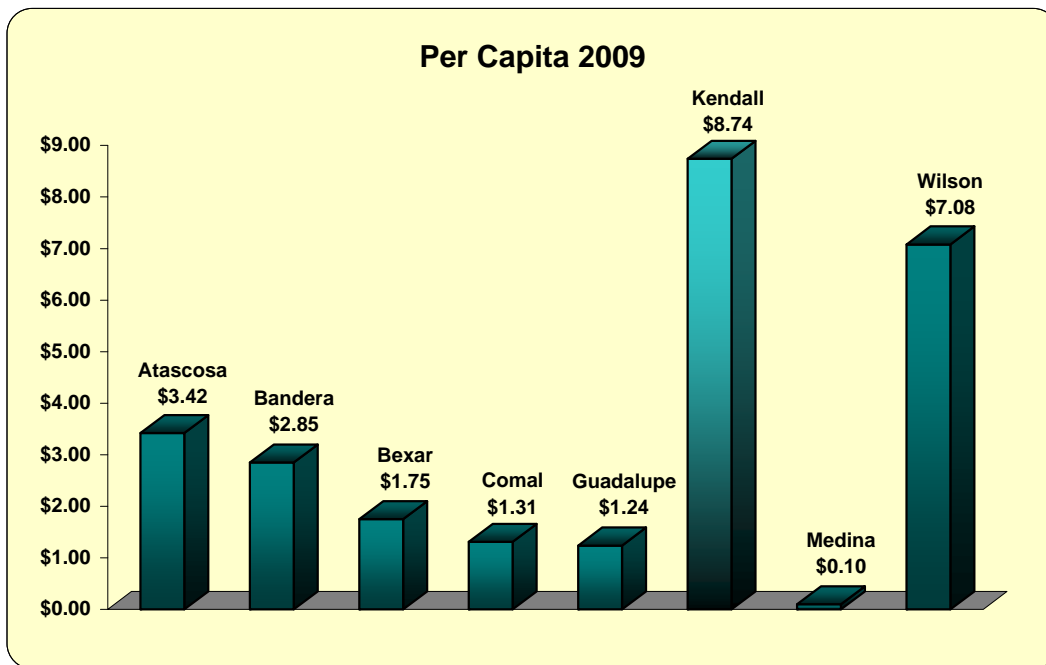
Geographical Area	2006-2008		2009		
	Total Grants Awarded	Total Grant Dollars	Total Grants Awarded	Total Grant Dollars	Grant Percentage
All	61	\$3,068,727	22	\$1,383,097	28.6%
Atascosa	2	\$192,600	1	\$150,000	3.1%
Bandera	3	\$114,864	2	\$57,500	1.2%
Bexar	121	\$6,684,747	44	\$2,714,840	56.1%
Comal	11	\$846,943	3	\$132,000	2.7%
Guadalupe	2	\$390,000	1	\$134,000	2.8%
Kendall	8	\$267,600	4	\$264,000	5.5%
Medina	5	\$278,500	2	\$4,500	0.1%
Wilson	3	\$375,000	1	\$3,000	0.1%
<b>Total</b>	<b>216</b>	<b>\$12,218,981</b>	<b>80</b>	<b>\$4,842,937</b>	<b>100%</b>



## Grant Summary - by County

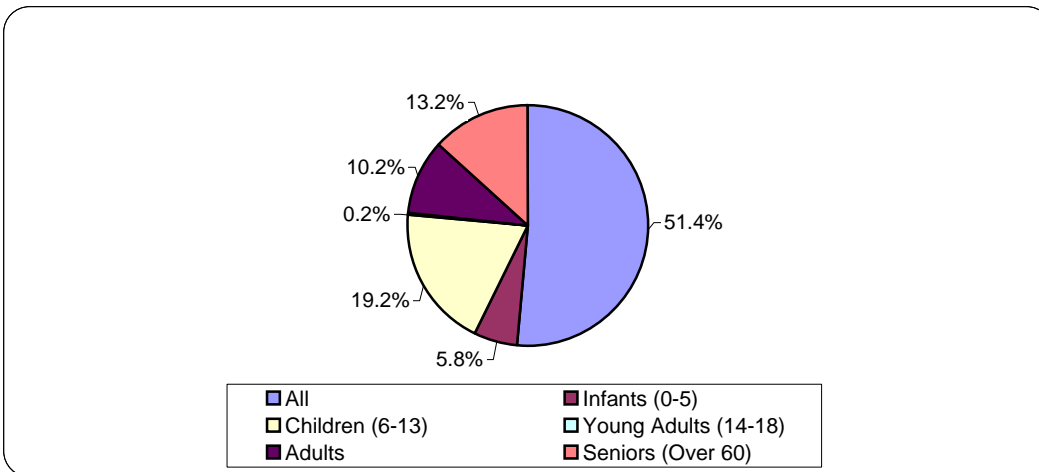
### Grant Dollars per Capita

Geographical Area	County Population	Average Per Capita 2006-2008	Per Capita 2009
Atascosa	43,876	\$1.64	\$3.42
Bandera	20,203	\$1.89	\$2.85
Bexar	1,555,592	\$1.43	\$1.75
Comal	101,181	\$2.93	\$1.31
Guadalupe	108,410	\$1.20	\$1.24
Kendall	30,213	\$2.95	\$8.74
Medina	43,913	\$2.11	\$0.10
Wilson	38,829	\$3.22	\$7.08



## 2009 Grant Summary - by Age Group Served

Age Group	Grant Count	Grant Amount	Grant Percentage
All	45	\$2,490,697	51.4%
Infants (0-5)	6	\$280,590	5.8%
Children (6-13)	8	\$929,600	19.2%
Young Adults (14-18)	2	\$8,600	0.2%
Adults	11	\$492,710	10.2%
Seniors (Over 60)	8	\$640,740	13.2%
<b>Grand Total</b>	<b><u>80</u></b>	<b><u>\$4,842,937</u></b>	<b><u>100%</u></b>



**BAPTIST HEALTH FOUNDATION OF  
SAN ANTONIO**

**Financial Statements**

**December 31, 2009 and 2008**

**With Independent Auditors' Report Thereon**

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

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CERTIFIED PUBLIC ACCOUNTANT  
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## INDEPENDENT AUDITORS' REPORT

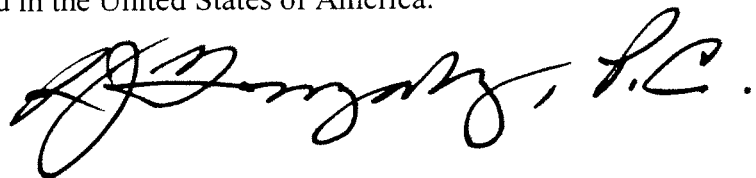
Board of Trustees  
Baptist Health Foundation of San Antonio

We have audited the accompanying balance sheets of Baptist Health Foundation of San Antonio, a Texas nonprofit corporation, as of December 31, 2009 and 2008 and the related statements of activities and of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the 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 Baptist Health Foundation of San Antonio as of December 31, 2009 and 2008 and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

January 26, 2010



# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Balance Sheets

December 31, 2009 and 2008  
(in thousands)

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 758	3,478
Accounts receivable	113	15
Total current assets	<u>871</u>	<u>3,493</u>
Long-term investments	146,856	110,736
Property and equipment, net	-	4
Total assets	<u>\$ 147,727</u>	<u>114,233</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 686	556
Accrued liabilities	113	118
Total current liabilities	<u>799</u>	<u>674</u>
Net assets:		
Unrestricted	145,792	112,410
Temporarily restricted	306	324
Permanently restricted	830	825
Total net assets	<u>146,928</u>	<u>113,559</u>
Total liabilities and net assets	<u>\$ 147,727</u>	<u>114,233</u>

See accompanying notes to financial statements.

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Statements of Activities

For the years ended December 31, 2009 and 2008

(in thousands)

	<u>2009</u>	<u>2008</u>
Changes in unrestricted net assets:		
Public support and revenue -		
Investment income (loss)	\$ 36,575	(55,584)
Contributions	2,508	3,081
Net assets released from restrictions	66	236
Total public support and revenue	39,149	(52,267)
Expenses -		
Salaries and benefits	444	430
Professional and advisory fees	400	481
Contributions to others	4,828	4,540
Depreciation	4	16
Net assets transferred to temporarily restricted	-	74
Other	91	122
Total expenses	5,767	5,663
Increase (decrease) in unrestricted net assets	33,382	(57,930)
Changes in temporarily restricted net assets:		
Contributions	13	96
Endowment investment income	-	1
Net assets transferred to temporarily restricted	35	74
Net assets released from restrictions	(66)	(236)
Increase (decrease) in temporarily restricted net assets	(18)	(65)
Changes in permanently restricted net assets:		
Contributions	40	100
Net assets released from restrictions	(35)	-
Increase in permanently restricted net assets	5	100
Increase (decrease) in net assets	33,369	(57,895)
Net assets, beginning of year	113,559	171,454
Net assets, end of year	\$ 146,928	113,559

See accompanying notes to financial statements.

**BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**

Statements of Cash Flows

For the years ended December 31, 2009 and 2008  
(in thousands)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 33,369	(57,895)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Non-cash interest and dividend income	(2,919)	(3,649)
(Gain) loss on investments, net	(33,654)	59,290
Depreciation	4	16
(Increase) decrease in accounts receivable	(98)	77
Increase (decrease) in:		
Accounts payable	130	(204)
Accrued liabilities	(5)	22
Net cash used by operating activities	<u>(3,173)</u>	<u>(2,343)</u>
Cash provided in investing activities:		
Long-term investment activities, net	<u>453</u>	<u>578</u>
Net cash provided in investing activities	<u>453</u>	<u>578</u>
Net decrease in cash and cash equivalents	(2,720)	(1,765)
Cash and cash equivalents at the beginning of the period	<u>3,478</u>	<u>5,243</u>
Cash and cash equivalents at the end of the period	<u>\$ 758</u>	<u>3,478</u>

See accompanying notes to financial statements.

# **BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**

## **Notes to Financial Statements**

**December 31, 2009 and 2008**

### **(1) Nature of Activities and Significant Accounting Policies**

#### **Nature of Activities**

On September 16, 2004, Baptist Health Foundation of San Antonio (the Foundation) was incorporated for the purposes of providing and funding healthcare services and health education in Bexar County, Texas and its seven contiguous counties. The Board of Directors of the Foundation consists of 10 individuals appointed by Baptist Health Services (Baptist) and 10 individuals appointed by the Baptist General Convention of Texas (BGCT). The sole corporate member of the Foundation is BGCT.

The Foundation is a Texas non-profit corporation exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

Funding of the Foundation primarily comes from periodic contributions from Baptist Health Services as assets are released from the requirements of Baptist's retained liabilities. Management believes this process will take several years to complete.

All numbers in the attached footnotes are in thousands, unless otherwise indicated.

#### **Mission Statement**

Baptist Health Foundation of San Antonio is committed to improving the health of our community by fostering and funding clinical, educational, spiritual and scientific initiatives while honoring God and our Baptist heritage.

#### **Significant Accounting Policies**

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

# **BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**

## **Notes to Financial Statements**

**December 31, 2009 and 2008**

### **(1) Nature of Activities and Significant Accounting Policies (continued)**

#### **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash balances were maintained in financial institutions in excess of FDIC insured limits. Management believes that these institutions are financially sound.

#### **Investments**

Investments in marketable equity securities and mutual funds are recorded at fair value, an estimate determined by investment managers based on fundamental analysis of the issuer of the securities. Other investments are recorded at fair market value based on independent appraisals or underlying equity reported in audited financial statements of the investee.

Realized gains and losses on investment sales and unrealized gains and losses in the fair value of investments are recognized as changes in unrestricted net assets in the periods in which they occur. Interest income is recognized as revenue in the period earned.

#### **Contributions**

When received or pledged, unrestricted contributions are reported as increases to unrestricted net assets and donor-restricted contributions are reflected as increases to temporarily restricted net assets or permanently restricted net assets. When expenditures occur that satisfy a donor restriction, net assets are reported as released from restriction by the simultaneous increase in unrestricted net assets and decrease in temporarily restricted net assets.

#### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets consist of unexpended contributions that are restricted as to use by donors to a specific time period or purpose.

All temporarily and permanently restricted net assets were transferred from Baptist in 2005 as part of the contributions referred to in note 1 above. These net assets continue to carry the same restrictions imposed by its original donors.

(Continued)

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Notes to Financial Statements

December 31, 2009 and 2008

### (1) Nature of Activities and Significant Accounting Policies (continued)

#### Property and Equipment

Property and equipment acquisitions are reported at cost on the date of purchase. Expenditures that extend useful lives or equipment capabilities are capitalized, while routine maintenance and repair expenditures are charged to expense. Depreciation expense is provided using the straight-line method over a three year estimated useful life.

### (2) Fair Value Measurements

Effective January 1, 2008, the Foundation adopted Statement on Financial Accounting Standards (“SFAS”) No. 157, *Fair Value Measurements* (“SFAS No. 157”), for financial assets and financial liabilities. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and extends disclosures about fair value measurements. SFAS No. 157 applies to all financial instruments that are being measured and reported on a fair value basis. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

(Continued)

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Notes to Financial Statements

December 31, 2009 and 2008

### (2) Fair Value Measurements (continued)

The following table represents assets reported on the balance sheet at their fair value as of December 31, 2009 by level within the SFAS No. 157 fair value measurement hierarchy:

	Total Fair Value Measurement At December 31, 2009	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 3,415	\$ 3,415	\$ -
Equity securities and mutual funds	134,738	134,738	-
Hospital Laundry Cooperative Assn.	1,438	-	1,438
VHA Texas cumulative equity	1,213	-	1,213
Vanguard corporate stock	6,052	-	6,052

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the table above.

Level 1 fair value measurements:

- (1) The money market mutual funds were valued at their cash value at December 31, 2009, which is the fair market value for these funds.
- (2) The equity securities and mutual funds were valued at the selling price as of December 31, 2009 for comparable securities on the exchanges at which these securities were traded.

Level 3 fair value measurements:

- (1) The fair value for Hospital Laundry Cooperative Assn. is based on their audited financial statements as of June 30, 2009. The fair value includes a working capital loan by the Foundation to the Association of \$159,000 and the Foundation's equity balance in the Association of \$1,279,000.

(Continued)

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Notes to Financial Statements

December 31, 2009 and 2008

### (2) Fair Value Measurements (continued)

- (2) The fair value for VHA Texas is based on VHA's statement of the Foundation's patron's equity balance of \$828,000 as of December 31, 2008, and unpaid distributions of \$385,000 as of December 31, 2008. There were no distributions in 2009.
- (3) The fair value for Vanguard's corporate stock is based on an independent appraisal of the fair value of Vanguard as of December 31, 2009.

### (3) Investments

Investments as of December 31, 2009 and 2008 include the following:

Long-term investments:	<u>2009</u>	<u>2008</u>
Money market mutual funds	\$ 3,415	1,141
Equity securities and mutual funds	134,738	104,572
Hospital Laundry Cooperative Assn.	1,438	1,304
VHA Texas cumulative equity	1,213	1,213
Vanguard corporate stock	<u>6,052</u>	<u>2,506</u>
	<u>\$ 146,856</u>	<u>110,736</u>

Investment income (loss) consists of:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 2,920	3,706
Realized gains and losses, net	(5,284)	(1,923)
Unrealized gains and losses, net	<u>38,939</u>	<u>(57,367)</u>
	<u>\$ 36,575</u>	<u>(55,584)</u>

Realized gains and losses are reported as the difference between original cost (at average, if not a specifically identified security) and the sales price. Unrealized gains and losses are reported as the amount of change in fair value between reporting periods, net of realized gains and losses during such period.

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Notes to Financial Statements

December 31, 2009 and 2008

### (4) Property and Equipment

Property and equipment and accumulated depreciation as of December 31, 2009 and 2008 are:

	<u>2009</u>	<u>2008</u>
Computer hardware	\$ 7	7
Computer software	42	42
	49	49
Less accumulated depreciation	49	45
	<u>\$ -</u>	<u>4</u>

### (5) Leases

The Foundation leases office space under a noncancelable operating lease. The current office lease expires on April 30, 2014. Total rent expense charged to operations for the years ended December 31, 2009 and 2008 was \$66 and \$57 respectively.

Minimum future rental requirements for the office space lease at December 31, 2009 is as follows (in thousands, rounded):

<u>Year ended December 31,</u>	<u>Amount</u>
2010	\$ 62
2011	62
2012	62
2013	62
2014	21
	<u>\$ 270</u>

# **BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**

## **Notes to Financial Statements**

**December 31, 2009 and 2008**

### **(6) Retirement Plan**

The Foundation offers an individual tax-sheltered annuity plan to all employees. The Foundation contributes a maximum of five percent of each enrolled employee's salary. Contributions to the plan, included in salaries and employee benefits, totaled approximately \$18 in 2009 and 2008.

### **(7) Fair Value of Financial Instruments**

At December 31, 2009 and 2008 estimated fair values and carrying amounts of financial instruments, including cash and cash equivalents, long-term investments, accounts payable, accrued and other liabilities, are identical.