



Baptist Health Foundation  
*of San Antonio*

## **2010 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 2010 Annual Report**

This was an exciting year as Baptist Health Foundation of San Antonio surpassed \$25 million in grants to help improve the health of our community. The 76 grants awarded in 2010 totaled \$4,825,574 boosting all grants to \$25,499,892 since inception in 2005.

The Board of Trustees awarded the following dollars: Responsive Grants Committee--\$2,554,448; Strategic Initiatives Committee--\$1,193,000; Scholarship Committee--\$924,790; and Mini Grants Committee--\$153,336.

Scholarships continued to be an important focus in 2010 and Baptist Health System School of Health Professions students received 623 scholarships totaling \$548,790. Eleven other institutions received 181 scholarships totaling \$376,000 for students in health-related programs.

During 2010, BHFSa received three gifts totaling \$20,700 to support scholarships at the School of Health Professions and seven other unrestricted gifts totaling \$7,384.

The Foundation was especially grateful for the assistance from San Antonio Baptist Association in encouraging Baptist churches with health ministries to apply for grants this year. Over 50 pastors and church leaders attended a special May 5 Foundation luncheon at SABA to hear about BHFSa and learn how to apply for grants.

This year the Foundation was happy to award five Baptist-related Mini Grants in the San Antonio area as a way of supporting the BGCT Texas Hope 2010 Caring Ministry. Grant recipients were: Baptist Temple Church-\$7,500; Canaan Missionary First Baptist Church-\$7,500; First Baptist Church in Bandera-\$7,500; Iglesia Fuente de Vida-\$3,600; and True Vine Baptist Church-\$7,500. The Responsive Grants Committee awarded \$25,000 to Oakwood Baptist Church in New Braunfels. New Braunfels Christian Ministries, established by Oakwood Baptist Church, received \$200,000 from the Strategic Initiatives Committee.

Baptist Health Foundation was grateful for a new \$2 million distribution from Vanguard Health Systems, Inc. These funds enabled BHFSa to complete its sixth year of making grants from cash on hand instead of investments. Foundation investments rose 12.5% in 2010.

BHFSa continued to raise its visibility in South Texas by increasing the number of news releases and media contacts which resulted in more articles in the local and area media. The Foundation saluted the 2010 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 with numerous photos of grant recipients. In addition, staff participated in numerous meetings in the community.

During the year, 81 site visits were conducted to meet with grant recipients and applicants. Of that total, 60 visits included Trustees and all Trustees made at least one site visit.

Dr. Kenneth G. Andrews completed his second year as Chairman of the Board, and he was re-elected to lead the Foundation for another two years. Bill W. McCandless was honored as he completed his 2004-2010 service as Vice Chairman. Mary Brogan was elected to a two-year term as Vice Chair and Rosemary H. Brevard was re-elected to serve as Secretary for two more years.

During the November BGCT annual meeting, Jim Elkins, Dr. Alice Gong, Connie Jones and Bill McCandless were elected to three-year terms ending in 2013.

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

## **2010 Recipients**

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

CommuniCare Health Centers \$250,000

*Project Title:* Barrio Family Health Center Renovation & Equipment.

Faith Family Clinic \$250,000

*Project Title:* Operational Support.

New Braunfels Christian Ministries (New Braunfels, TX) \$200,000

*Project Title:* New Braunfels Volunteers in Medicine.

University of Texas Health Science Center at San Antonio \$165,000

*Project Title:* Assessing Mental Health Barriers & Needs.

Guadalupe Regional Medical Foundation (Seguin, TX) \$150,000

*Project Title:* Prescription Assistance Program (PAP).

Communities In Schools of San Antonio \$100,000

*Project Title:* Continuation of Project Access.

Comal County Senior Citizens' Foundation (New Braunfels, TX) \$78,000

*Project Title:* Guadalupe County Expansion.

### **Responsive Grants:**

The Patrician Movement \$250,000

*Project Title:* Emergency Funding for Inpatient Detoxification and Residential Treatment Services.

San Antonio AIDS Foundation \$200,000

*Project Title:* Residential Skilled Nursing and Hospice Program for People with HIV/AIDS.

The Children's Shelter \$150,000

*Project Title:* Nurse Family Partnership Program.

Medina Healthcare Fund (Hondo, TX) \$150,000

*Project Title:* Adding Radiology Equipment & Services at the Medical Clinic of Castroville.

Any Baby Can of San Antonio \$100,000

*Project Title:* Reaching Families Facing Autism.

Mission Road Developmental Center \$100,000

*Project Title:* Project Health, Wellness, Safe & Secure.

Our Lady of the Lake University \$100,000  
*Project Title:* Replacement of Obsolete Equipment in Community Counseling Service Clinic.

Respite Care of San Antonio, Inc. \$100,000  
*Project Title:* Medical Services for Children with Special Needs.

San Antonio Food Bank, Inc. \$100,000  
*Project Title:* General Operations.

St. Peter - St. Joseph Children's Home \$100,000  
*Project Title:* Best Child Care Practices Program.

I Care San Antonio Inc. \$94,748  
*Project Title:* Equipment and Operating.

Comal County Senior Citizens' Foundation (New Braunfels, TX) \$85,000  
*Project Title:* Senior Wellness Program.

Good Samaritan Community Services \$85,000  
*Project Title:* Family Development Services.

The Crisis Center of Comal County (New Braunfels, TX) \$75,000  
*Project Title:* Children's Prevention and Counseling Program.

The Rape Crisis Center for Children and Adults \$75,000  
*Project Title:* Continuation and Expansion of Comprehensive Counseling Program.

Women Involved in Nurturing, Giving, Sharing \$75,000  
*Project Title:* True Access in Rural Areas: Four Counties.

Lifetime Recovery \$74,000  
*Project Title:* Expansion of Outpatient Treatment Services.

Child Advocates San Antonio \$70,000  
*Project Title:* Making A Difference . . . One Child At A Time.

Children's Advocacy Center of Comal County, Inc. (New Braunfels, TX) \$70,000  
*Project Title:* Furnishings and Equipment for New CACCC Facility.

American Cancer Society \$50,000  
*Project Title:* American Cancer Society Patient Transportation Project.

Hill Country Daily Bread Ministries (Boerne, TX) \$50,000  
*Project Title:* Resource Grocery Box Program.

House of Neighborly Service \$50,000  
*Project Title:* Healthy Neighbors: Infants to Seniors.

Project MEND \$50,000  
*Project Title:* General Operating Support.

Support Lending for Emotional Wellbeing, Inc. \$50,000  
*Project Title:* Support Services for Low Income Women with Cancer.

Crosspoint, Inc. \$49,000  
*Project Title:* Outpatient Social Services Center.

Clarity Child Guidance Center \$46,000  
*Project Title:* Partnership to improve access to mental health care for children.

The Arc of San Antonio \$38,700  
*Project Title:* Full-Time Registered Nurse.

Healy-Murphy Center \$37,000  
*Project Title:* Campus Clinic.

Hispanic Religious Partnership for Community Health, Inc. \$30,000  
*Project Title:* Health & Human Services.

CASA of South Texas (Pleasanton, TX) \$25,000  
*Project Title:* Court Appointed Special Advocates.

Oakwood Baptist Church (New Braunfels, TX) \$25,000  
*Project Title:* Oakwood Counseling Center.

### **Mini Grants:**

American Diabetes Association \$7,500  
*Project Title:* Por Tu Familia.

Assistance League of San Antonio \$7,500  
*Project Title:* Watch Me Grow and What If I'm Home Alone - Books & Health Items.

AVANCE - San Antonio \$7,500  
*Project Title:* AVANCE - San Antonio/UTHSCSA Community Outreach Clinic.

Baptist Temple Church \$7,500  
*Project Title:* Community Health Fair.

Canaan Missionary First Baptist Church \$7,500  
*Project Title:* Canaan Cares.

Daily Bread Ministries \$7,500

*Project Title:* Capacity Building - New Office Equipment.

First Baptist Church (Bandera, TX) \$7,500

*Project Title:* New Playground Installation - Phase II.

The Gabriel Project (New Braunfels, TX) \$7,500

*Project Title:* Specific Assistance (Direct Services to Clients).

Healthy Futures \$7,500

*Project Title:* Building Developmental Assets for San Antonio Youth.

Kinetic Kids, Inc. \$7,500

*Project Title:* Kinetic Kids Technology & Training.

Merced Housing Texas \$7,500

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

New Life Christian Center \$7,500

*Project Title:* Healthy Life Fair.

Seton Home \$7,500

*Project Title:* Healthy Families.

True Vine Baptist Church \$7,500

*Project Title:* Health Trackers: Youth Leadership Development.

Children's Inn (Boerne, TX) \$6,400

*Project Title:* Holistic Opportunities for Medically Fragile Children - Sun Shade Cover for Play Scape Area.

Anger Solutions Network, Inc. \$6,335

*Project Title:* Christian Emotional Health Education.

Roy Maas' Youth Alternatives, Inc. \$6,000

*Project Title:* Fit & Healthy Children.

Lutheran Church of the Resurrection \$5,472

*Project Title:* Equipment Supplies for Daily Bread Program.

Unicorn Centers, Inc. \$5,175

*Project Title:* "Red Flag" Audio/Visual Materials.

Girl Scouts of Southwest Texas \$4,714

*Project Title:* CPR/First Aid Training for Girls in Under-Served Areas.

Inspire-Community Fine Art Center of San Antonio \$3,660  
*Project Title:* Art at Alpha Home.

Iglesia Fuente de Vida \$3,600  
*Project Title:* Hope 2010.

Down Syndrome Association of San Antonio \$3,000  
*Project Title:* Training - Delivering the Diagnosis of Down Syndrome.

The Guadalupe Valley Christian Counseling Center (Seguin, TX) \$1,980  
*Project Title:* Play Therapy for Healing.

Coker United Methodist Church \$1,000  
*Project Title:* Coker Health and Wellness Ministry.

Voices for Children of San Antonio \$1,000  
*Project Title:* Congress on Children.

### **Scholarships:**

Baptist Health System School of Health Professions \$548,790  
623 scholarships

University of Texas Health Science Center at San Antonio \$202,500  
53 scholarships

University of the Incarnate Word \$52,500  
11 scholarships

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

Wayland Baptist University (San Antonio Campus) \$19,000  
12 scholarships

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

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

Baptist Health System Clinical Pastoral Education \$10,500  
35 scholarships

San Antonio College \$10,000  
20 scholarships

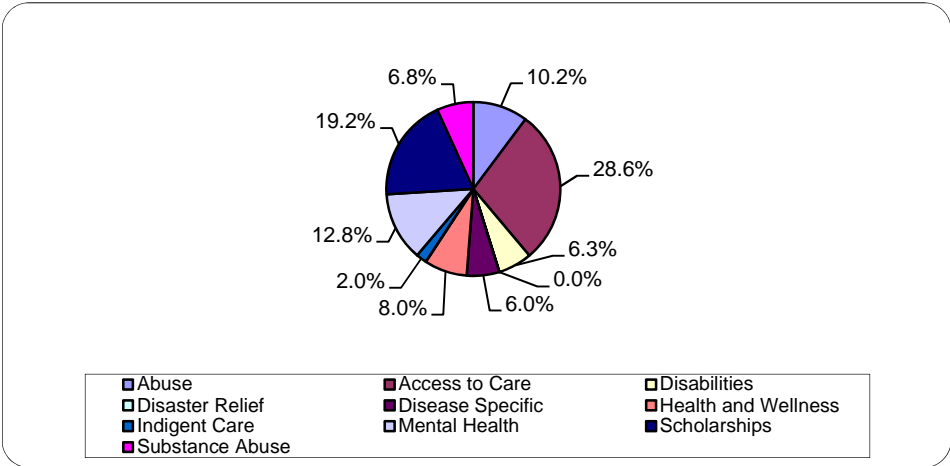
Trinity University \$7,500  
3 scholarships

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

University of Texas at San Antonio \$4,000  
2 scholarships

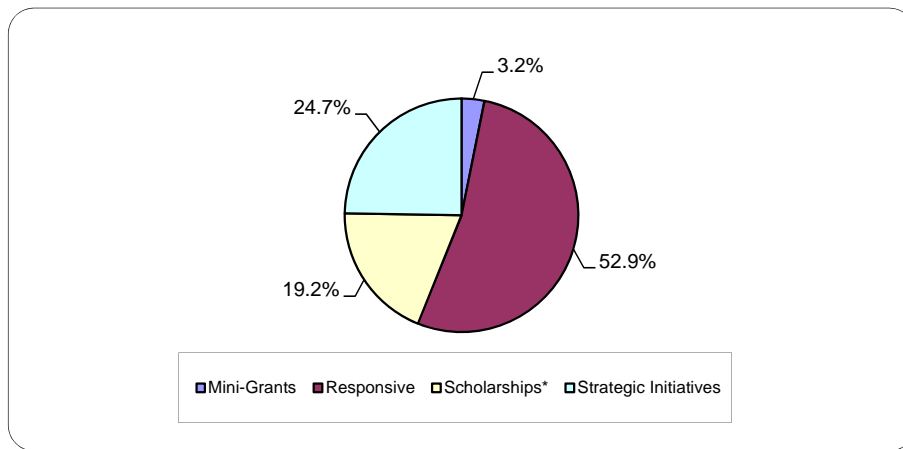
# 2010 Grant Summary - by Program Area

Program Area	Grant Amount	Grant Percentage
<b>Abuse</b>	\$492,990	10.2%
<b>Access to Care</b>	\$1,382,000	28.6%
<b>Disabilities</b>	\$305,600	6.3%
<b>Disaster Relief</b>	\$0	0.0%
<b>Disease Specific</b>	\$291,000	6.0%
<b>Health and Wellness</b>	\$386,786	8.0%
<b>Indigent Care</b>	\$94,748	2.0%
<b>Mental Health</b>	\$620,000	12.8%
<b>Scholarships</b>	\$924,790	19.2%
<b>Substance Abuse</b>	\$327,660	6.8%
<b>Grand Total</b>	<b>\$4,825,574</b>	<b>100%</b>



## 2010 Grant Summary - by Grant Type

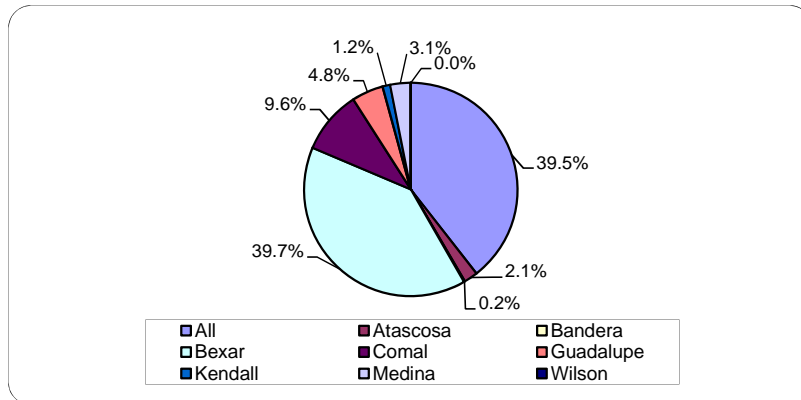
Request Type	Grant Count	Grant Amount	Grant Percentage
<b>Mini-Grants</b>	26	\$153,336	3.2%
<b>Responsive</b>	31	\$2,554,448	52.9%
<b>Scholarships*</b>	12	\$924,790	19.2%
<b>Strategic</b>	7	\$1,193,000	24.7%
<b>Grand Total</b>	<u><u>76</u></u>	<u><u>\$4,825,574</u></u>	<u><u>100%</u></u>



\*This figure includes the institutions that received scholarship grants, not each individual recipient. A total of 804 students received scholarships in 2010.

## 2010 Grant Summary - Grants and Dollars Awarded by County

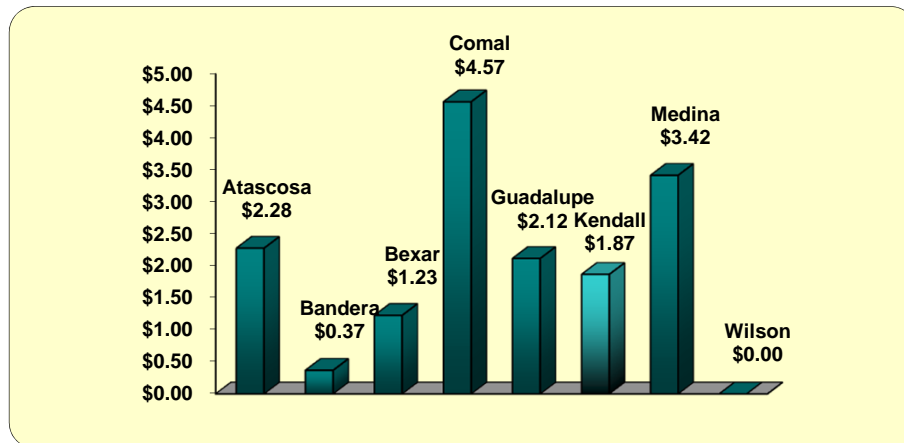
Geographical Area	Total Grants Awarded	Total Grant Dollars	Grant Percentage
<b>All</b>	23	\$1,903,839	39.5%
<b>Atascosa</b>	2	\$100,000	2.1%
<b>Bandera</b>	1	\$7,500	0.2%
<b>Bexar</b>	38	\$1,915,355	39.7%
<b>Comal</b>	6	\$462,500	9.6%
<b>Guadalupe</b>	3	\$229,980	4.8%
<b>Kendall</b>	2	\$56,400	1.2%
<b>Medina</b>	2	\$150,000	3.1%
<b>Wilson</b>	1	\$0	0.0%
<b>Total</b>	<b>78</b>	<b>\$4,825,574</b>	<b>100%</b>



The total number of grants awarded in 2010 was 76. However, some grants serve more than one county, hence the 78 total.

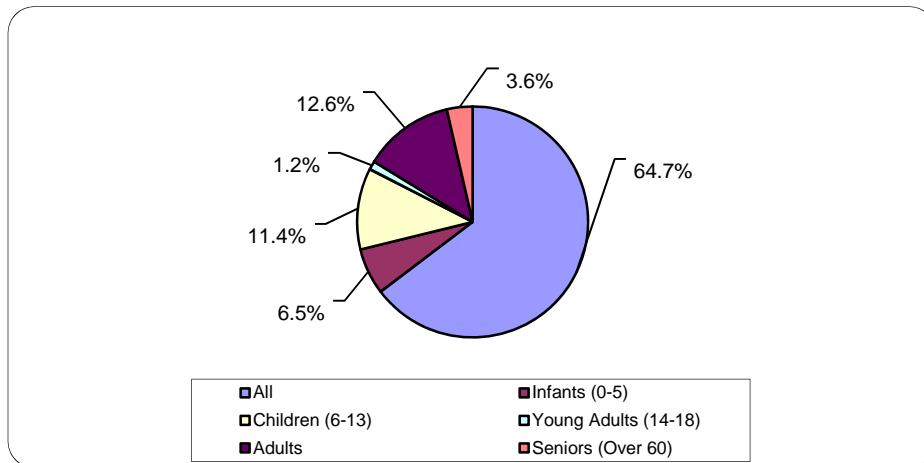
## 2010 Grant Summary - by County Grant Dollars per Capita

Geographical Area	County Population	Per Capita
<b>Atascosa</b>	43,876	\$2.28
<b>Bandera</b>	20,203	\$0.37
<b>Bexar</b>	1,555,592	\$1.23
<b>Comal</b>	101,181	\$4.57
<b>Guadalupe</b>	108,410	\$2.12
<b>Kendall</b>	30,213	\$1.87
<b>Medina</b>	43,913	\$3.42
<b>Wilson</b>	38,829	\$0.00



## 2010 Grant Summary - by Age Group Served

Age Group	Grant Count	Grant Amount	Grant Percentage
<b>All</b>	45	\$3,121,590	64.7%
<b>Infants (0-5)</b>	7	\$312,000	6.5%
<b>Children (6-13)</b>	7	\$549,714	11.4%
<b>Young Adults (14-18)</b>	4	\$58,335	1.2%
<b>Adults</b>	9	\$609,835	12.6%
<b>Seniors (Over 60)</b>	4	\$174,100	3.6%
<b>Grand Total</b>	<u><b>76</b></u>	<u><b>\$4,825,574</b></u>	<u><b>100%</b></u>



**BAPTIST HEALTH FOUNDATION OF  
SAN ANTONIO**

**Financial Statements**

**December 31, 2010 and 2009**

**With Independent Auditors' Report Thereon**

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

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## INDEPENDENT AUDITORS' REPORT

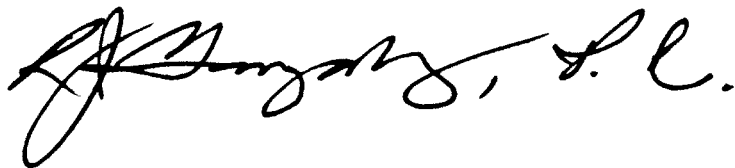
Board of Trustees  
Baptist Health Foundation of San Antonio

We have audited the accompanying balance sheets of Baptist Health Foundation of San Antonio, a Texas nonprofit corporation, as of December 31, 2010 and 2009 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, 2010 and 2009 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.

March 15, 2011



# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Balance Sheets

December 31, 2010 and 2009  
(in thousands)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,364	758
Accounts receivable	131	113
Total current assets	<u>1,495</u>	<u>871</u>
Long-term investments	<u>161,734</u>	<u>146,856</u>
Total assets	<u>\$ 163,229</u>	<u>147,727</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 414	686
Accrued liabilities	105	113
Total current liabilities	<u>519</u>	<u>799</u>
Net assets:		
Unrestricted	161,609	145,792
Temporarily restricted	271	306
Permanently restricted	830	830
Total net assets	<u>162,710</u>	<u>146,928</u>
Total liabilities and net assets	<u>\$ 163,229</u>	<u>147,727</u>

See accompanying notes to financial statements.

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Statements of Activities

For the years ended December 31, 2010 and 2009

(in thousands)

	<u>2010</u>	<u>2009</u>
Changes in unrestricted net assets:		
Public support and revenue -		
Investment income (loss)	\$ 19,946	36,575
Contributions	1,527	2,508
Net assets released from restrictions	57	66
Total public support and revenue	21,530	39,149
Expenses -		
Salaries and benefits	446	444
Professional and advisory fees	496	400
Contributions to others	4,657	4,828
Depreciation	-	4
Net assets transferred to temporarily restricted	21	-
Other	93	91
Total expenses	5,713	5,767
Increase in unrestricted net assets	15,817	33,382
Changes in temporarily restricted net assets:		
Contributions	1	13
Net assets transferred to temporarily restricted	21	35
Net assets released from restrictions	(57)	(66)
Increase (decrease) in temporarily restricted net assets	(35)	(18)
Changes in permanently restricted net assets:		
Contributions	-	40
Net assets released from restrictions	-	(35)
Increase in permanently restricted net assets	-	5
Increase in net assets	15,782	33,369
Net assets, beginning of year	146,928	113,559
Net assets, end of year	\$ 162,710	146,928

See accompanying notes to financial statements.

**BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**

Statements of Cash Flows

For the years ended December 31, 2010 and 2009  
(in thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase in net assets	\$ 15,782	33,369
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Non-cash interest and dividend income	(4,622)	(2,919)
(Gain) loss on investments, net	(15,324)	(33,654)
Depreciation	-	4
(Increase) decrease in accounts receivable	(18)	(98)
Increase (decrease) in:		
Accounts payable	(272)	130
Accrued liabilities	(8)	(5)
	<u>(4,462)</u>	<u>(3,173)</u>
Net cash used by operating activities		
Cash provided in investing activities:		
Long-term investment activities, net	<u>5,068</u>	<u>453</u>
Net cash provided in investing activities	<u>5,068</u>	<u>453</u>
Net increase (decrease) in cash and cash equivalents	606	(2,720)
Cash and cash equivalents at the beginning of the period	<u>758</u>	<u>3,478</u>
Cash and cash equivalents at the end of the period	<u>\$ 1,364</u>	<u>758</u>

See accompanying notes to financial statements.

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Notes to Financial Statements

December 31, 2010 and 2009

### (1) Nature of Activities

#### 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 Trustees of the Foundation consists of 10 Class A individuals appointed by class A trustees and 10 Class B 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 investment income and from periodic contributions from Baptist Health Services (Baptist) 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

The Foundation 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.

### (2) 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, 2010 and 2009

### (2) 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, 2010 and 2009

### (2) 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. All property and equipment used by the Foundation is fully depreciated at December 31, 2010 and 2009.

### (3) Fair Value Measurements

The requirements of *Fair Value Measurements and Disclosures of the Accounting Standards Codification (ASC)* apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined 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. ASC 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, 2010 and 2009**

**(3) Fair Value Measurements (continued)**

The following table represents assets reported on the balance sheet at their fair value as of December 31, 2010 by level within the SFAS No. 157 fair value measurement hierarchy:

	Total Fair Value Measurement At December 31, 2010	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 2,465	\$ 2,465	\$ -
Equity securities, bond funds, and mutual funds	150,186	150,186	-
Hospital Laundry Cooperative Assn.	1,585	-	1,585
Healthcare Coalition of Texas equity	1,188	-	1,188
Vanguard corporate stock	6,310	-	6,310

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, 2010, which is the fair market value for these funds.
- (2) The equity securities, bond funds, and mutual funds were valued at the selling price as of December 31, 2010 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, 2010. 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 \$1,426,000.

(Continued)

# BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

## Notes to Financial Statements

December 31, 2010 and 2009

### (3) Fair Value Measurements (continued)

- (2) The fair value for Healthcare Coalition of Texas is based on Healthcare's statement of the Foundation's patron's equity balance of \$828,000 as of December 31, 2009, and unpaid distributions of \$360,000 as of December 31, 2009. There was a \$25,000 distribution in 2010.
- (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, 2010.

### (4) Investments

Investments as of December 31, 2010 and 2009 include the following:

Long-term investments:	<u>2010</u>	<u>2009</u>
Money market mutual funds	\$ 2,465	3,415
Equity securities, bond funds, and mutual funds	150,186	134,738
Hospital Laundry Cooperative Assn.	1,585	1,438
Healthcare Coalition of Texas equity	1,188	1,213
Vanguard corporate stock	<u>6,310</u>	<u>6,052</u>
	\$ <u>161,734</u>	<u>146,856</u>

Investment income (loss) consists of:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 4,622	2,920
Realized gains and losses, net	4,366	(5,284)
Unrealized gains and losses, net	<u>10,958</u>	<u>38,939</u>
	\$ <u>19,946</u>	<u>36,575</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, 2010 and 2009

### (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, 2010 and 2009 was \$66 and \$57 respectively.

Minimum future rental requirements for the office space lease at December 31, 2010 is as follows (in thousands, rounded):

Year ended December 31,	Amount
2011	\$ 63
2012	64
2013	65
2014	22
	<u>\$ 214</u>

### (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 \$22,000 and \$18,000 in 2010 and 2009 respectively.

### (7) Fair Value of Financial Instruments

At December 31, 2010 and 2009 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.

### (8) Subsequent Events

The Foundation has evaluated subsequent events through March 15, 2011, which is the date the financial statements were available to be issued.