



Baptist Health Foundation  
*of San Antonio*

## **2013 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 2013 Annual Report**

In scripture, we are commanded to, “do good, be rich in good deeds, and be generous and willing to share.” This verse undergirds and sustains the ongoing mission and vision of the Baptist Health Foundation of San Antonio (BHFSA). The year 2013 was a banner year for the BHFSA as it celebrated the 10<sup>th</sup> anniversary since Vanguard Health System purchased the five San Antonio Baptist Hospitals. The partnership with Vanguard has truly been remarkable as the promises they made have more than been kept. The anniversary year was marked with various celebratory events as well as the presentation of beautiful tapestries in each of the hospitals and emergency facilities.

BHFSA awarded \$6,045,206 in grants to 81 organizations. More than 300 people attended the annual awards ceremony at First Baptist Church on December 10<sup>th</sup> which included inspirational testimonies from several grant recipients. The 2013 grants boosted total grants awarded since inception to 632 grants totaling \$42,841,952.

The Board of Trustees granted the following dollars: Disaster Relief Committee - \$40,000; Responsive Grants Committee - \$3,208,080; Strategic Initiatives Committee - \$1,554,866; Scholarship Committee - \$1,063,180; Mini Grants Committee - \$173,580; and Other Special Grants \$5,500.

In 2013, BHFSA awarded four Baptist-related Mini Grants in the San Antonio area. Grant recipients were: Antioch Community Transformation Network - \$7,196; Baptist Temple Church - \$7,500; Kingdom Outreach Center - \$7,500; and Woodlawn Hills Baptist Church - \$7,500.

During the December 10<sup>th</sup> grant awards ceremony, the BHFSA honored the second recipient of the Spirit of Health Award. This award recognized and honored the significant accomplishments of Dr. George Gaston whose lifetime of leadership and service improved the health of our communities. Until his retirement in May, Dr. Gaston was the Vice President of Mission and Ministry at the Baptist Health System in San Antonio.

During 2013, BHFSA received 18 unrestricted gifts totaling \$10,237.

During the Texas Baptists (BGCT) annual meeting held in July, Jim Elkins, Bill Lee, Dr. Dawn Stockton, and Dr. Stan Young were elected to three-year terms ending in 2016. Trustees also re-elected Rosemary Brevard, Dr. Dowell Loftis, and Jimmie Thurmond to three year terms.

Dr. Kenneth Andrews was re-elected to chair the Foundation for another year. Dr. Dowell Loftis was elected to serve as Vice Chair. Earl Cutler was elected to serve as Treasurer and Mary Brogan was elected to serve as Secretary.

To God Be the Glory for all things that have been accomplished in 2013. The Board of Trustees remains focused on honoring God by awarding grants that improve the health of the community.

## **2013 RECIPIENTS**

### **Disaster Relief Grants:**

**Baptist General Convention of Texas \$20,000**

*Project Title:* West, TX Disaster Relief.

**Texas Baptist Men, Inc. \$20,000**

*Project Title:* West, TX Disaster Relief.

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

**Comal County Senior Citizens' Foundation \$300,000**

*Project Title:* Hospital Readmission Prevention Program.

**CommuniCare Health Centers \$250,000**

*Project Title:* Downtown Clinic.

**Community Health Centers of South Central Texas, Inc. \$250,000**

*Project Title:* Guadalupe Integrated Collaboration for Health.

**Community Information Now \$49,866**

*Project Title:* Hospital Readmission Project Evaluation.

**Faith Family Clinic \$300,000**

*Project Title:* Capacity Building.

**Presa Community Center \$250,000**

*Project Title:* Bridges.

**SA2020 \$100,000**

*Project Title:* Mayor's Fitness Council Student Ambassador Program.

**Voices for Children of San Antonio \$55,000**

*Project Title:* Baby Court.

### **Responsive Grants:**

**Alamo Area Resource Center, Inc. \$250,000**

*Project Title:* HIV Health Services Stabilization and Re-Structuring Project.

**Alpha Home, Inc. \$150,000**

*Project Title:* Providing Spiritually Based Substance Abuse Treatment and Support to Women.

**American Diabetes Association \$50,000**

*Project Title:* Targeted Community Outreach to Stop Diabetes.

**Any Baby Can of San Antonio \$150,000**

*Project Title:* Reaching Families Facing Autism.

**The Arc of San Antonio \$100,000**

*Project Title:* Life Enrichment Program for Transitioning Young Adults with I/DD.

**Arms of Hope - Medina Children's Home \$100,000**

*Project Title:* Living Well Initiative.

**Atascosa Health Center \$180,000**

*Project Title:* Increase Oral Health Care Capacity for Atascosa Health Center, Pleasanton Site.

**Autism Community Network \$75,000**

*Project Title:* 2014 Autism Community Network Clinic, Training and Outreach Programs.

**The Children's Shelter \$200,000**

*Project Title:* Nurse-Family Partnership Program.

**Christian Assistance Ministry \$100,000**

*Project Title:* CAM Health and Human Services Triage.

**Christian Senior Services \$100,000**

*Project Title:* Meals on Wheels: A Health Care Solution for Seniors.

**The Clubhouse \$95,839**

*Project Title:* Clubhouse Expansion.

**Communities in Schools of San Antonio \$110,000**

*Project Title:* Continuation of Project Access.

**Communities in Schools of South Central Texas, Inc. \$120,000**

*Project Title:* Counseling and Human Services for At-Risk Youth in Guadalupe County.

**Court Appointed Special Advocates of Central Texas, Inc. \$150,000**

*Project Title:* Advocacy for Abused and Neglected Children in State Foster Care.

**Family Violence Prevention Services, Inc. \$100,000**

*Project Title:* Non-Residential Mental Health and Legal Services.

**Healthy Futures \$70,000**

*Project Title:* Parents Have the Power/Teens Have the Tools.

**Healy-Murphy Center \$45,000**

*Project Title:* Campus Clinic.

**Hill Country Daily Bread Ministries \$100,000**

*Project Title:* Family Mentoring Resource Program.

**Hill Country Mission for Health \$125,000**

*Project Title:* Providing Charitable Healthcare for Underserved Adults in Kendall County.

**Jewish Family Service of San Antonio Texas, Inc. \$50,000**

*Project Title:* Maintaining Output of Mental Health Services for Low Income Clients.

**Kinetic Kids, Inc. \$25,000**

*Project Title:* Sports and Recreation for Children with Special Needs.

**Lions Sight Research Foundation \$28,000**

*Project Title:* Project KidSight.

**Mission Road Developmental Center \$250,000**

*Project Title:* Nursing Support Services.

**Arthur Nagel Community Clinic, Inc. \$59,241**

*Project Title:* Developing the Capacity to Serve.

**Palmer Drug Abuse Program \$50,000**

*Project Title:* Program Operating Support.

**SAMMinistries \$100,000**

*Project Title:* Homeless Prevention Program.

**Seton Home \$125,000**

*Project Title:* Operations Grant for Pregnant and Parenting Teen Mothers and Their Children.

**Texas Diaper Bank \$50,000**

*Project Title:* Healthy Babies Program Expansion Project.

**Texas Lutheran University \$100,000**

*Project Title:* Texas Lutheran University Bachelor of Science in Nursing (BSN) Program.

**Mini Grants:**

**Alamo Colleges/Palo Alto College/Ray Ellison Family Center \$3,500**

*Project Title:* Teaching Young Children My Plate Nutrition.

**The ALS Association, South Texas Chapter \$6,300**

*Project Title:* Continuum of Care Program.

**Anger Solutions Network, Inc. \$3,750**

*Project Title:* Christian Emotional Health Education.

**Antioch Community Transformation Network \$7,196**

*Project Title:* Senior Program.

**Asbury United Methodist Church \$7,500**

*Project Title:* Building a Healthy Temple.

**Baptist Temple Church \$7,500**

*Project Title:* Building a Healthy Temple.

**Boys Town Texas \$7,391**

*Project Title:* Helping Children with ADHD-A New Testing System for Boys Town Texas.

**Central Church of God/Iglesia de Dios Central de San Antonio \$7,500**

*Project Title:* Building a Healthy Temple.

**Children's Inn \$5,748**

*Project Title:* Holistic Opportunities for Children & Young Adults who are Medically Fragile & Developmentally Delayed.

**Cowboy Fellowship of Atascosa County \$650**

*Project Title:* Supplies for Headstart AED.

**The Gabriel Project \$7,500**

*Project Title:* The Gabriel Project Specific Assistance (direct services to clients).

**Girl Scouts of Southwest Texas \$3,400**

*Project Title:* Girl Scout Families on the Move.

**Grace Calvary Church \$7,500**

*Project Title:* Building a Healthy Temple.

**Hill Country Pregnancy Care Center \$7,500**

*Project Title:* STD/STI Preventive Education Project.

**Home Comforts, Inc. \$5,000**

*Project Title:* Welcome Baskets.

**Kingdom Life Christian Ministries \$7,500**

*Project Title:* Building a Healthy Temple.

**Kingdom Outreach Center \$7,500**

*Project Title:* Building a Healthy Temple.

**Madonna Neighborhood Center \$7,500**

*Project Title:* Computer Systems Upgrade.

**Merced Housing Texas \$7,500**

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

**Partners in Ministry \$5,749**

*Project Title:* "Serv For Kids" in Bexar & Kendall Counties.

**Project New Beginnings, Inc. \$5,000**

*Project Title:* Genesis Food Pantry.

**Tejas Smiles \$7,500**

*Project Title:* Addition of Portable X-Ray Equipment.

**The Texas Ramp Project \$7,500**

*Project Title:* San Antonio Ramp Project.



**Travis Park United Methodist Church \$7,500**

*Project Title:* Deborah's House: Transitional Housing for Women in Recovery.

**Triple H Equitherapy Center \$7,396**

*Project Title:* Triple H Equipment Project.

**True Word Outreach Ministries \$7,500**

*Project Title:* Building a Healthy Temple.

**Woodlawn Hills Baptist Church \$7,500**

*Project Title:* Building a Healthy Temple.

**Scholarships: \$1,063,180**

**Baptist Health System Clinical Pastoral Education**

**Baptist Health System School of Health Professions**

**Our Lady of the Lake University**

**San Antonio College**

**St. Mary's University**

**St. Philip's College**

**Trinity University**

**University of the Incarnate Word**

**University of Texas Health Science Center at San Antonio**

**University of Texas at San Antonio**

**University of Texas School of Public Health Houston (San Antonio Regional Campus)**

**Wayland Baptist University (San Antonio Campus)**

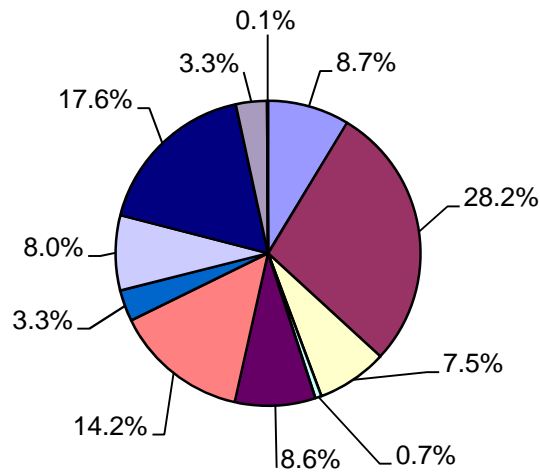
**Other Special Grants: \$5,500**

**Baptist Child & Family Services**

**Baptist General Convention of Texas**

## 2013 Grant Summary - by Program Area

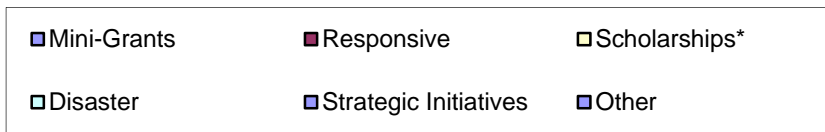
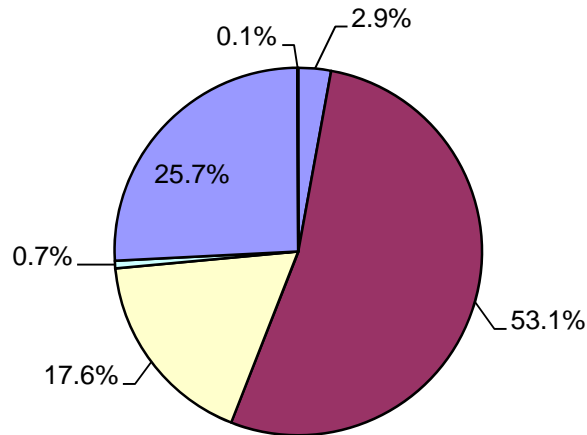
Program Area	Grant Amount	Grant Percentage
Abuse	\$523,641	8.7%
Access to Care	\$1,702,107	28.2%
Disabilities	\$453,144	7.5%
Disaster Relief	\$40,000	0.7%
Disease Specific	\$516,950	8.6%
Health and Wellness	\$859,845	14.2%
Indigent Care	\$200,000	3.3%
Mental Health	\$480,839	8.0%
Scholarships	\$1,063,180	17.6%
Substance Abuse	\$200,000	3.3%
Other	\$5,500	0.1%
<b>Grand Total</b>	<b><u>\$6,045,206</u></b>	<b><u>100%</u></b>



Abuse	Access to Care	Disabilities	Disaster Relief
Disease Specific	Health and Wellness	Indigent Care	Mental Health
Scholarships	Substance Abuse	Other	

## 2013 Grant Summary - by Grant Type

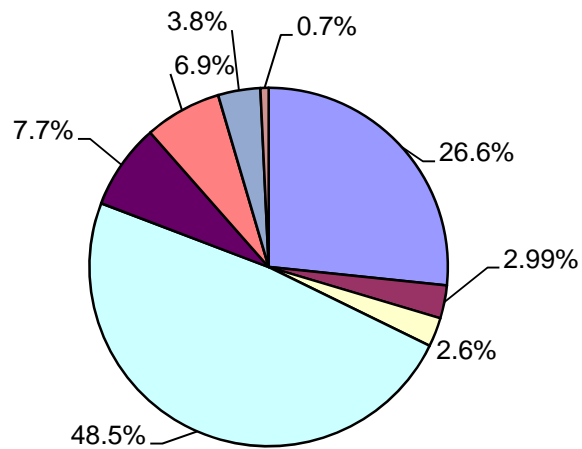
Request Type	Grant Count	Grant Amount	Grant Percentage
Mini-Grants	27	\$173,580	2.9%
Responsive	30	\$3,208,080	53.1%
Scholarships*	12	\$1,063,180	17.6%
Disaster	2	\$40,000	0.7%
Strategic Initiatives	8	\$1,554,866	25.7%
Other	2	\$5,500	0.1%
<b>Grand Total</b>	<b>81</b>	<b>\$6,045,206</b>	<b>100%</b>



\*This figure includes the institutions that received scholarship grants, not each individual recipient.

## 2013 Grant Summary - Grants and Dollars Awarded by County

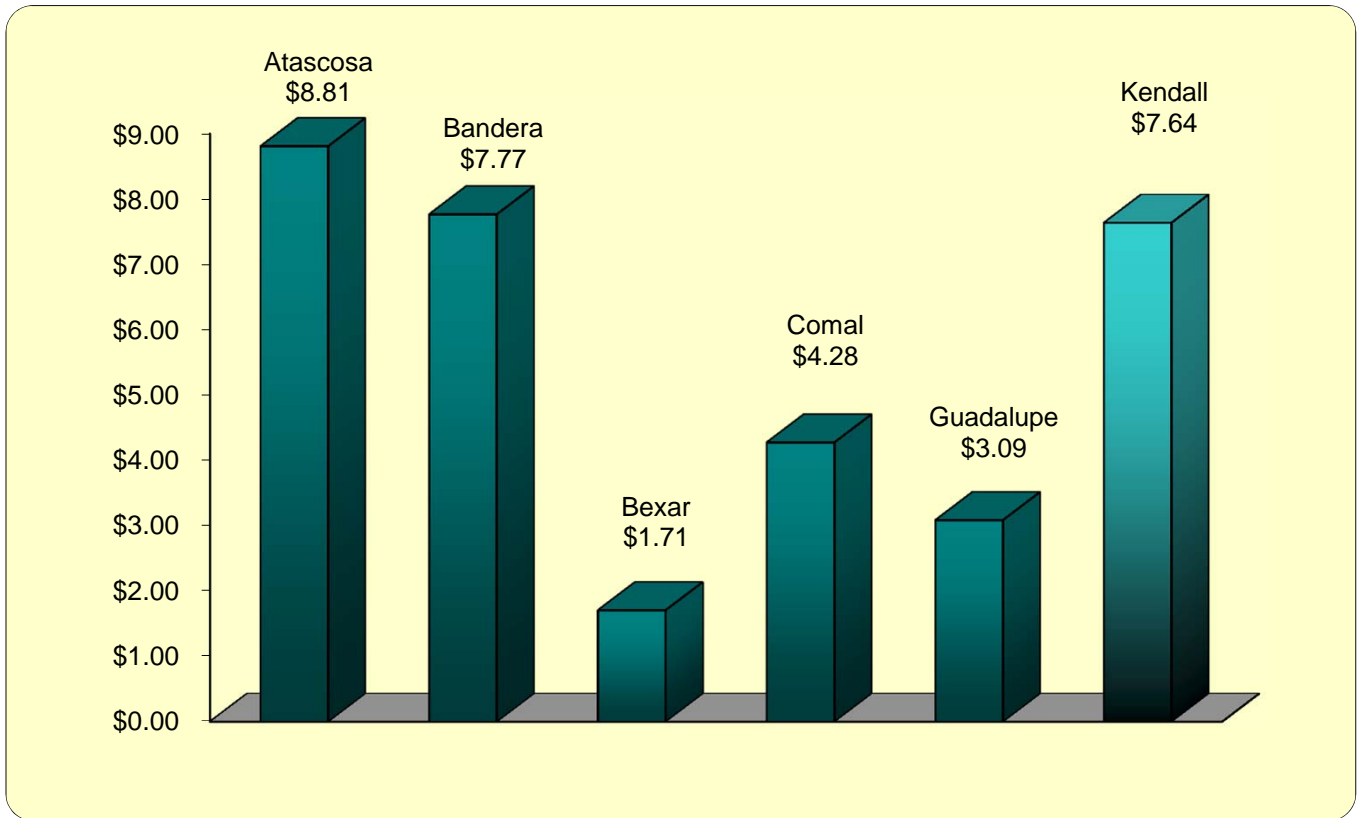
Geographical Area	Total Grants Awarded	Total Grant Dollars	Grant Percentage
<b>All</b>	19	\$1,609,930	26.6%
<b>Atascosa</b>	2	\$180,650	2.99%
<b>Bandera</b>	2	\$159,241	2.6%
<b>Bexar</b>	45	\$2,934,771	48.5%
<b>Comal</b>	4	\$465,000	7.7%
<b>Guadalupe</b>	3	\$419,866	6.9%
<b>Kendall</b>	3	\$230,748	3.8%
<b>Other</b>	3	\$45,000	0.7%
<b>Total</b>	<b>81</b>	<b>\$6,045,206</b>	<b>100%</b>



■ All 
 ■ Atascosa 
 ■ Bandera 
 ■ Bexar 
 ■ Comal 
 ■ Guadalupe 
 ■ Kendall 
 ■ Other

## 2013 Grant Summary - by County Grant Dollars per Capita

Geographical Area	County Population	Per Capita
Atascosa	46,446	\$8.81
Bandera	20,485	\$7.77
Bexar	1,714,773	\$1.71
Comal	108,472	\$4.28
Guadalupe	135,757	\$3.09
Kendall	30,213	\$7.64



**BAPTIST HEALTH FOUNDATION OF**

**SAN ANTONIO**

**Financial Statements**

**December 31, 2013 and 2012**

**With Independent Auditor's Report Thereon**

**BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Baptist Health Foundation of San Antonio

We have audited the accompanying financial statements of Baptist Health Foundation of San Antonio (a Texas nonprofit corporation), which comprise balance sheets as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

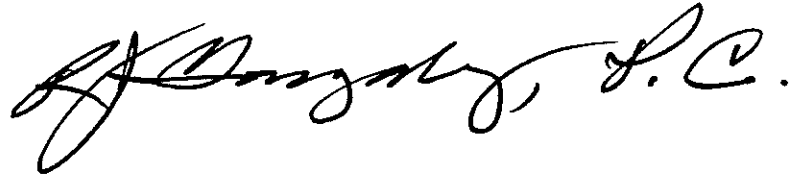
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

***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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "J. Douglas, P.C.", written in a cursive style.

San Antonio, Texas  
February 27, 2014

**Baptist Health Foundation of San Antonio**  
**Balance Sheets**  
**December 31, 2013 and 2012**  
**(in thousands)**

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 2,038	431
Accounts receivable	<u>18</u>	<u>15</u>
Total current assets	2,056	446
Long-term investments	195,613	171,438
Property and equipment, less accumulated depreciation of \$1 in 2013	<u>3</u>	<u>-</u>
Total assets	<u>\$ 197,672</u>	<u>171,884</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 981	1,013
Accrued liabilities	<u>83</u>	<u>73</u>
Total current liabilities	<u>1,064</u>	<u>1,086</u>
Net assets:		
Unrestricted	194,967	169,215
Temporarily restricted	291	233
Permanently restricted	<u>1,350</u>	<u>1,350</u>
Total net assets	<u>196,608</u>	<u>170,798</u>
Total liabilities and net assets	<u>\$ 197,672</u>	<u>171,884</u>

See accompanying notes to financial statements.

**Baptist Health Foundation of San Antonio**  
**Statements of Activities**  
**For the years ended December 31, 2013 and 2012**  
**(in thousands)**

	<u>2013</u>	<u>2012</u>
Changes in unrestricted net assets:		
Public support and revenue -		
Investment income	\$ 32,636	21,526
Contributions	510	908
Net assets released from restrictions	83	64
Total public support and revenue	<u>33,229</u>	<u>22,498</u>
Expenses -		
Salaries and benefits	520	525
Professional and advisory fees	640	574
Contributions to others	6,041	5,841
Net assets transferred to/(from) temporarily restricted	140	(15)
Other	135	113
Total expenses	<u>7,476</u>	<u>7,038</u>
Increase (decrease) in unrestricted net assets	<u>25,753</u>	<u>15,460</u>
Changes in temporarily restricted net assets:		
Net assets transferred to/(from) temporarily restricted	140	(15)
Net assets released from restrictions	(83)	(64)
Increase (decrease) in temporarily restricted net assets	<u>57</u>	<u>(79)</u>
Changes in permanently restricted net assets:		
Contributions	-	500
Increase in permanently restricted net assets	<u>-</u>	<u>500</u>
Increase (decrease) in net assets	<u>25,810</u>	<u>15,881</u>
Net assets, beginning of year	<u>170,798</u>	<u>154,917</u>
Net assets, end of year	<u>\$ 196,608</u>	<u>170,798</u>

See accompanying notes to financial statements.

**Baptist Health Foundation of San Antonio**  
**Statements of Cash Flows**  
**For the years ended December 31, 2013 and 2012**  
**(in thousands)**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 25,810	15,881
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	1	-
Non-cash interest and dividend income	(2,770)	(2,770)
(Gain) loss on investments, net	(24,175)	(18,756)
(Increase) decrease in accounts receivable	(3)	99
Increase (decrease) in:		
Accounts payable	(32)	409
Accrued liabilities	10	(26)
Net cash used by operating activities	<u>(1,159)</u>	<u>(5,163)</u>
Cash provided by investing activities:		
Additions of property and equipment, net	(3)	-
Long-term investment activities, net	<u>2,769</u>	<u>4,187</u>
Net cash provided in investing activities	<u>2,766</u>	<u>4,187</u>
Net increase (decrease) in cash and cash equivalents	1,607	(976)
Cash and cash equivalents at the beginning of the period	<u>431</u>	<u>1,407</u>
Cash and cash equivalents at the end of the period	<u>\$ 2,038</u>	<u>431</u>

See accompanying notes to financial statements.

**BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**Note 1 - Nature of Activities**

**Nature of Activities**

Baptist Health Foundation of San Antonio (the Foundation) was incorporated in 2004 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 20 members. Fifty (50) percent plus one (1) will be Class B Trustees appointed by the Baptist General Convention of Texas (BGCT) and the remaining Trustees will be Class A Trustees appointed by Class A Trustees. 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.

**Note 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.

**BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**Note 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.

**Long-term Investments and Investment Income**

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.

**BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**Note 2 - Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment acquisitions are reported at cost on the date of purchase. Expenditures in excess of \$3,000 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. Depreciation expense for 2103 and 2012 was \$1,153 and \$0, respectively.

**Note 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.

**BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**Note 3 - Fair Value Measurements (Continued)**

The following table represents assets reported on the balance sheet at their fair value as of December 31, 2013 by level within the ASC fair value measurement hierarchy:

	Total Fair Value Measurement At December 31, 2013	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 2,146	\$ 2,146	\$ -
Equity securities, bond funds, and mutual funds	190,473	190,473	-
Hospital Laundry Cooperative Assn.	1,962	-	1,962
Healthcare Coalition of Texas equity	757	-	757
VHA, Inc. equity	274	-	274

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, 2013, 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, 2013 for comparable securities on the exchanges at which these securities were traded.



**BAPTIST HEALTH FOUNDATION OF SAN ANTONIO**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**Note 3 - Fair Value Measurements (Continued)**

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, 2013. 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 \$1,803,406.
- (2) The fair value for Healthcare Coalition of Texas and VHA, Inc. is based on their respective statements of the Foundation's patron's equity balances as of December 31, 2012: \$757,151 in Healthcare Coalition and \$273,910 in VHA, Inc. There was a distribution from Healthcare Coalition of \$70,828 and a distribution from VHA, Inc. of \$35,167 made during 2013.

The following table shows changes in Level 3 investment income as reflected in the Statement of Activities:

	<u>Balance at</u> <u>12/31/2012</u>	<u>Investment</u> <u>Income/(Loss)</u>	<u>Balance at</u> <u>12/31/2013</u>
Hospital Laundry Cooperative Assn.	\$ 1,886	\$ 76	\$ 1,962
Healthcare Coalition of Texas equity	828	(71)	757
VHA, Inc. equity	309	(35)	274

**Note 4 – Property and Equipment**

Property and equipment and accumulated depreciation at December 31, 2013 is summarized as follows:

	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Book</u> <u>Value</u>
Computer Hardware	\$ 10,810	7,812	2,998
Computer Software	42,124	42,124	-
	<u>\$ 52,934</u>	<u>49,936</u>	<u>2,998</u>

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**Note 5 - Investments**

Investments as of December 31, 2013 and 2012 include the following:

	<u>2013</u>	<u>2012</u>
Money market mutual funds	\$ 2,146	2,760
Equity securities, bond funds, and mutual funds	190,474	162,023
Hospital Laundry Cooperative Assn.	1,962	1,886
Healthcare Coalition of Texas equity	757	828
VHA, Inc. equity	274	309
Vanguard corporate stock, a public corporation	<u>-</u>	<u>3,632</u>
	<u>\$ 195,613</u>	<u>171,438</u>

	<u>2013</u>	<u>2012</u>
Investment income (loss) consists of:		
Interest and dividend income	\$ 2,319	2,769
Realized gains and losses, net	6,251	465
Unrealized gains and losses, net	<u>24,066</u>	<u>18,292</u>
	<u>\$ 32,636</u>	<u>21,526</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.

**Note 6 - Leases**

The Foundation leases office space under a non-cancelable operating lease. The current office lease expires on April 30, 2014. Total rent expense charged to operations for the years ended December 31, 2013 and 2012 was \$63 and \$67 respectively.

Minimum future rental requirements for the office space lease at December 31, 2013 is as follows (in thousands, rounded):

Year ended	Amount
<u>December 31,</u>	
2014 \$	<u>22</u>

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**Note 7 - Retirement Plan**

The Foundation offers an individual tax-sheltered 401k 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 \$19,000 and \$28,000 in 2013 and 2012 respectively.

**Note 8 - Fair Value of Financial Instruments**

At December 31, 2013 and 2012 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.

**Note 9 - Subsequent Events**

The Foundation has evaluated subsequent events through February 27, 2014, which is the date the financial statements were available to be issued.