



**BAPTIST HEALTH FOUNDATION
OF SAN ANTONIO
ANNUAL REPORT
2020**



Baptist Health Foundation
of San Antonio



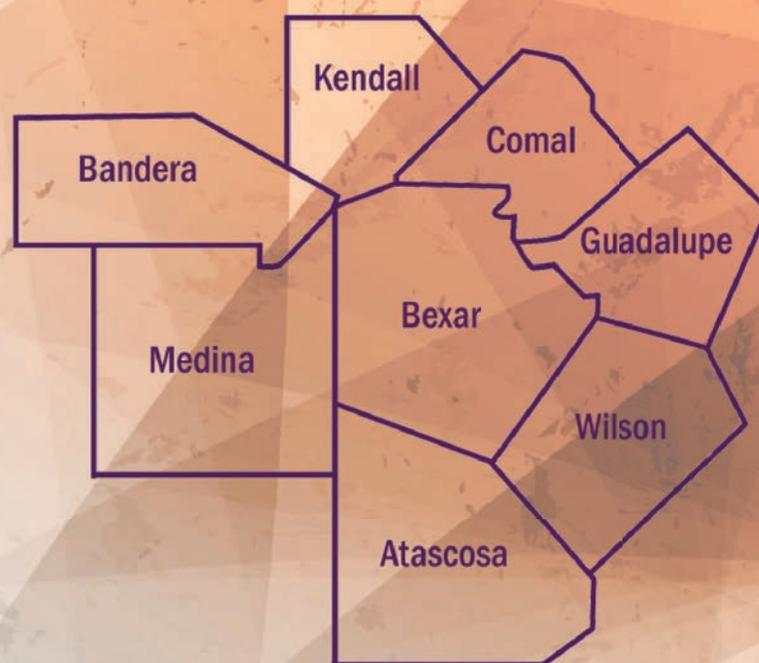
MISSION & VISION

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.



Our Eight County Service Area



PRESIDENT'S REPORT



**PSALM 9:9-10
THE LORD IS A REFUGE FOR THE OPPRESSED,
A STRONGHOLD IN TIMES OF TROUBLE.
THOSE WHO KNOW YOUR NAME TRUST IN YOU,
FOR YOU, LORD, HAVE NEVER FORSAKEN THOSE WHO SEEK YOU.**

The challenges posed by 2020 were felt globally, events of such magnitude that it still boggles the mind to think about them. Baptist Health Foundation of San Antonio faced these challenges along with everyone, holding on to the hope and refuge offered by our Lord. We are grateful to God that we were able to proceed with our grantmaking—and even more grateful that through the process of our grantmaking, we were able share the love and hope of Christ.

There were hard conversations with applicants about all kinds of loss—finances, staff, volunteers, clients, and sometimes even loved ones. BHFSA celebrated nonprofits that rose above many challenges to continue serving their communities, and encouraged those that struggled. We trusted in our Lord to shelter us through the storm and give us what we needed to serve His people, and He did.



In 2020, BHFSA awarded \$8,155,843 in grants, a 27% increase from 2019. These grants were given with prayerful consideration to nonprofit organizations in Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson counties, to improve the health and lives of our neighbors.

Disaster Relief Grants (\$158,818) were given to organizations working to relieve pandemic-related suffering, such as food insecurity or overcrowding of children's homes. Additionally, a grant was given to the San Antonio Area Foundation's COVID-19 Response Fund, to be dispersed among the struggling nonprofits in our area.

Scholarship Grants (\$1,592,025) were given to local higher education institutions (including the Baptist Health System's Clinical Pastoral Education Program and Wayland Baptist University). These grants fund scholarships for students in health-related fields. In 2020, healthcare workers became global heroes, and we are honored to be part of educating the next generation.

Responsive Grants (\$4,108,000) were awarded to 48 area nonprofits. These are large organizations, many of which have been working in San Antonio or the surrounding areas for decades. As job insecurity and health concerns became rampant in 2020, people turned to these organizations for necessary support, and received it. BHFSA is honored to support such vital fixtures in our community.

Community Impact Grants (\$214,000) were given to organizations to support small, localized initiatives. Many of these organizations were severely impacted by COVID-19, and we are honored to help stabilize and even grow them during times of trouble.

Strategic to Mission Grants (\$2,083,000) were specifically targeted in 2020 to address children's health in our eight-county area. Four organizations doing excellent work in this area were awarded grants to further their scientific approach to combating mental illness, diabetes, and food insecurity in children.



Baptist Health Foundation of San Antonio celebrated all of these grantees in December of 2020. Though our usual Awards Ceremony was not possible, we still hosted a virtual announcement of the grant recipients, and a socially-distanced, limited-attendance reception. Being able to see our partners in the community was uplifting and encouraging, and we're honored to support them.

2020 was often hard and always unpredictable, but even in dark times, the light of God shines brightly. We are thankful that BHFSA came through the challenges strong and ready to continue with God's good work in our eight-county area.





Despite the challenges of 2020, BHFSA celebrated:

Most dollars given in grants in BHFSA history

\$8,155,843 were awarded in grants in 2020, a 27% increase from 2019.

20 first-time grantees

Across 3 grant categories, totaling over \$323,000 in grant dollars.

Third \$1 million grant

Given as a Strategic to Mission grant to UT Health for diabetic research.





SPIRIT OF HEALTH AWARD 2020 RECIPIENT

The San Antonio Food Bank

The San Antonio Food Bank has quickly grown to serve 58,000 individuals a week in one of the largest service areas in Texas. Their focus is for clients to have food for today but to also have the resources to be self-sufficient in the future.

Fighting hunger is their number one priority, but they also serve to educate and provide assistance in many other ways. They achieve this through a variety of programs and resources available to families, individuals, seniors, children, and military members in need.

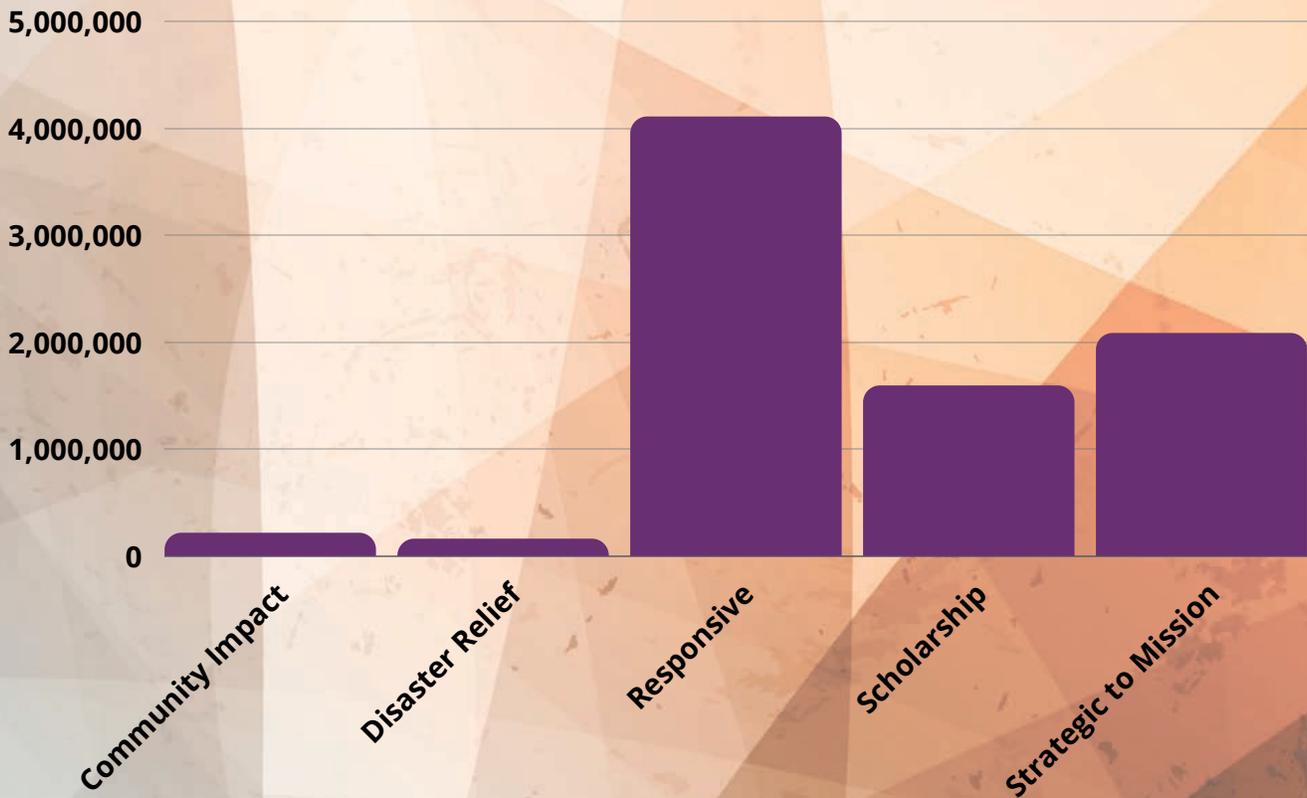
When the COVID-19 virus hit our community in March, the San Antonio Food Bank sprang into action and responded. Thanks to strong leadership from the Board and Management, as well as the readiness to handle just about anything that impacts food insecurity in our community, the San Antonio Food Bank's response was nothing short of a miracle and truly amazing to watch.



From food distributions at the Alamodome and other points around the city, to food pantries, to Meals for Kids, our San Antonio Food Bank was meeting what many felt was the number one need in our community as the virus took hold and citizens were without work and without food. With volunteers unable to help, the staff worked around the clock to meet the growing need. With the food supply chain interrupted, the staff got creative and innovative to serve the people of our region. The San Antonio Food Bank did not back down from the challenge nor complain. They responded. They helped. They sacrificed. They took care of our community. They did what they do best. They served our community in its greatest time of need.



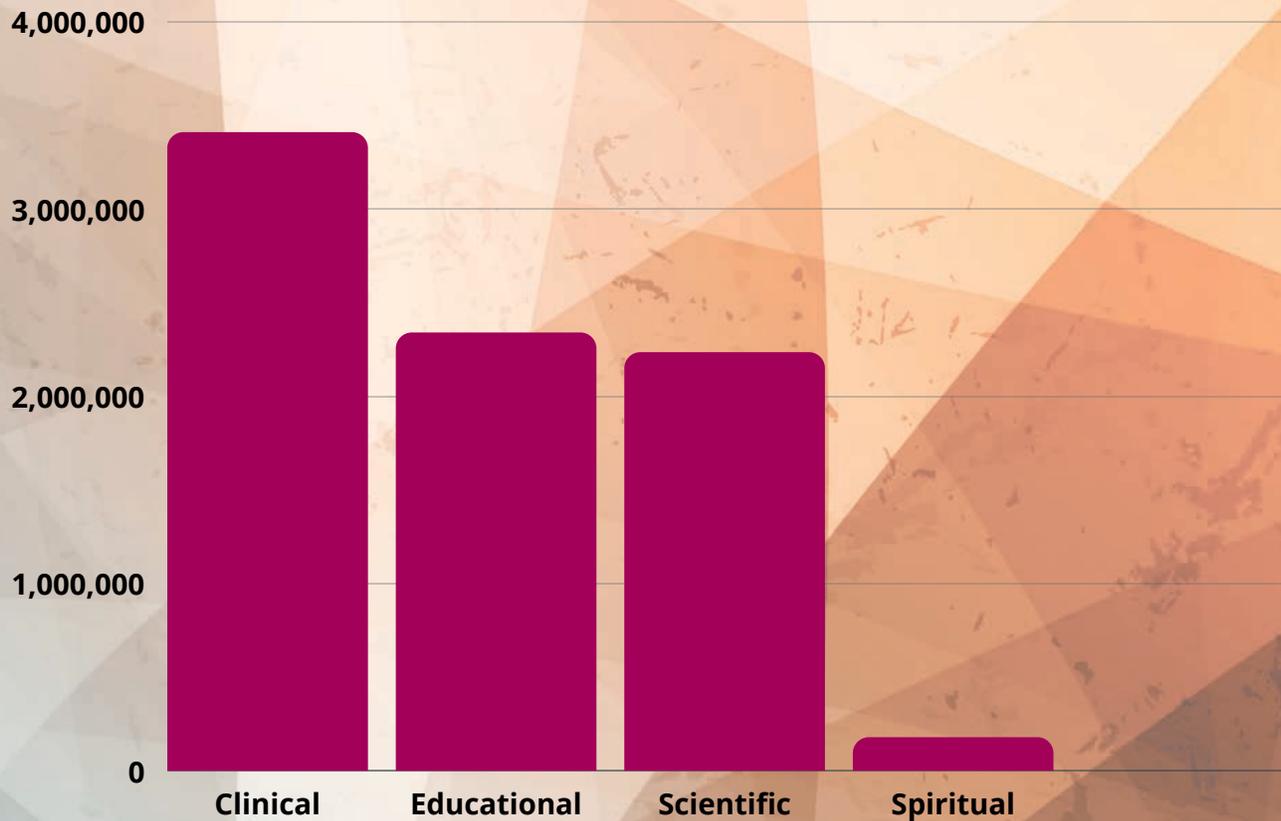
GRANT DOLLARS BY TYPE



| Grant Type: | Total Dollars: | Percentage of Total: |
|----------------------|----------------|----------------------|
| Community Impact | \$214,000 | 2.6% |
| Disaster Relief | \$158,818 | 2.0% |
| Responsive | \$4,108,000 | 50.4% |
| Scholarship | \$1,592,025 | 19.5% |
| Strategic to Mission | \$2,083,000 | 25.5% |



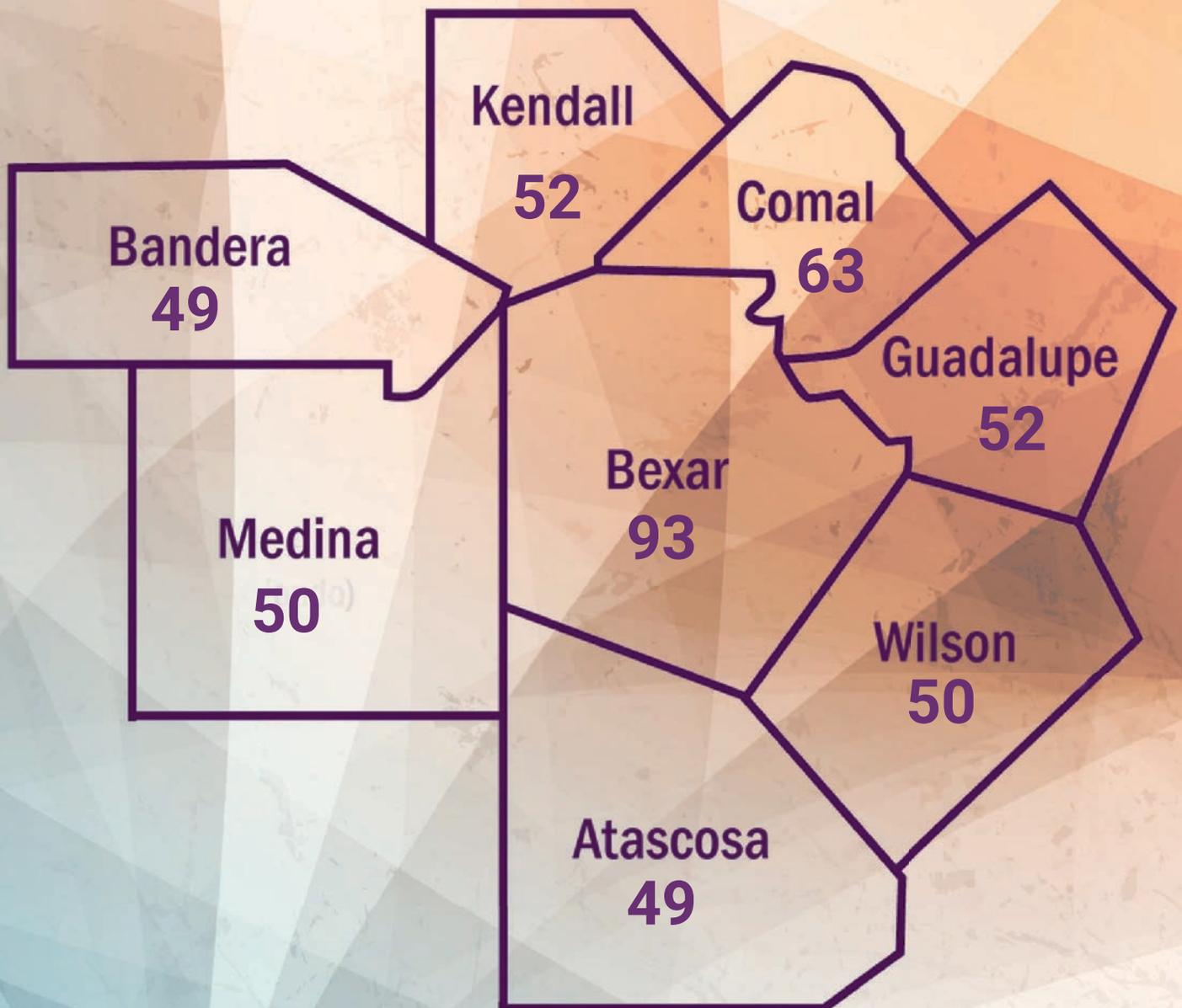
GRANT DOLLARS BY MISSION FOCUS AREA



| Grant Type: | Total Dollars: | Percentage of Total: |
|-------------|----------------|----------------------|
| Clinical | \$3,408,319 | 41.8% |
| Educational | \$2,338,149 | 28.7% |
| Scientific | \$2,233,000 | 27.3% |
| Spiritual | \$176,375 | 2.2% |



NUMBER OF GRANTED ORGANIZATIONS SERVING EACH COUNTY





TYPES OF WORK FUNDED BY 2020 GRANTS



| | |
|-------------------------|-------------|
| Healthcare scholarships | \$1,592,025 |
| Medical care | \$1,023,776 |
| Disease research | \$1,005,000 |
| Food insecurity | \$908,982 |
| Mental health | \$818,000 |
| Disability support | \$566,025 |
| Abuse recovery | \$357,500 |
| Pregnancy care | \$285,000 |
| Addiction recovery | \$275,250 |
| Neurodiversity support | \$275,000 |
| Foster care | \$268,000 |
| Disease support | \$211,450 |
| Health education | \$207,905 |
| Family support | \$130,829 |
| Crisis relief | \$106,461 |
| Health screening | \$82,000 |
| Spiritual care | \$42,640 |



SPECIAL POPULATIONS SERVED

\$2.9 MILLION

IN GRANTS TO
ORGANIZATIONS SERVING
CHILDREN

\$540,000

IN GRANTS SPECIFICALLY
FOR WOMEN AND GIRLS

\$445,525

IN GRANTS TO SUPPORT
PEOPLE WITH DISABILITIES

\$179,166

IN GRANTS PROVIDING
SERVICES TO SENIORS





RESPONSIVE GRANTS

Any Woman Can \$75,000

Project Title: Women's Wellness Initiative

Arthur Nagel Community Clinic \$70,000

Project Title: Improving Health Outcomes for Bandera County's Low-Income and Uninsured Residents

Ascension DePaul Services \$57,276

Project Title: Integrated and Holistic Health Care for Vulnerable Individuals/Families

AugustHeart \$25,000

Project Title: Screen Your Teen

Autism Community Network \$75,000

Project Title: General Operating Support

Brighton Center \$100,000

Project Title: General Operating Support

ChildSafe \$200,000

Project Title: Changing Life Stories of Maltreated Children

Chosen Care \$100,000

Project Title: Expansion of Chosen's Clinical Program

Chromosome 18 Registry & Research Society \$75,000

Project Title: General Operating Support

Communities in Schools of San Antonio \$75,000

Project Title: Project Access – Mental Health Services for At-Risk Youth

Communities in Schools of South Central Texas \$140,000

Project Title: Physical/Mental Health Services to Students in Comal and Guadalupe County Middle and High Schools

CRRC of Canyon Lake \$100,000

Project Title: Improving the Health of Canyon Lake Community

Down Syndrome Association of South Texas \$50,000

Project Title: General Operating Support

Epilepsy Foundation Central & South Texas \$100,000

Project Title: General Operating Support

Family Violence Prevention Services \$150,000

Project Title: Help and Healing for Victims

Guadalupe Regional Medical Foundation \$140,000

Project Title: Microbiology Laboratory



RESPONSIVE GRANTS

Guide Dogs of Texas \$31,025

Project Title: Blindness in San Antonio

Hill Country Daily Bread Ministries \$100,000

Project Title: Improving the Quality of Life and Health in the Hill Country Through the Love of Jesus Christ

Hill Country Pregnancy Care Center \$40,000

Project Title: General Operating Support

I Care San Antonio \$175,000

Project Title: General Operating Support

Lamb's Tale Ministries \$42,640

Project Title: Leadership Care Program

Martinez Street Women's Center \$40,000

Project Title: General Operating Support

Pay It Forward Clean & Sober Living \$42,750

Project Title: General Operating Support

Prevent Blindness Texas \$38,500

Project Title: Am Eye Healthy? (Program to Increase and Improve Access to Eye Care)

Rainbow Senior Center at Kronkosky Place \$50,000

Project Title: Kendall County Nutrition Program

Reaching Maximum Independence \$60,000

Project Title: Increased Operational Costs

RecoveryWerks! \$50,000

Project Title: Alternative Peer Group Recovery

Resources for Women \$70,000

Project Title: General Operating Support

Respite Care of San Antonio \$100,000

Project Title: Medical Care for Children with Special Needs

SA YOUTH \$75,000

Project Title: General Operating Support

San Antonio Christian Dental Clinic \$150,000

Project Title: Charitable Dental Care for Homeless and Low-Income Bexar County Adults

San Antonio Lifetime Recovery \$175,000

Project Title: Substance Use Disorder Recovery Services

San Antonio Lighthouse for the Blind and Vision Impaired \$75,000

Project Title: Seniors' Diabetes Self-Management and Education for the Blind Project



RESPONSIVE GRANTS

San Antonio Metropolitan Ministry \$100,000

Project Title: Transforming Lives for Better Health at TLLC

San Antonio OASIS \$30,809

Project Title: San Antonio Oasis Healthy Aging

Seton Home \$150,000

Project Title: Healthy Moms, Healthy Babies – A dual generational approach

Silver Sage Community Center \$85,000

Project Title: Nutrition Program for Bandera County Seniors

South Texas Children's Home Ministries \$100,000

Project Title: Family Counseling San Antonio

State of Texas Kidney Foundation \$50,000

Project Title: General Operating Support

Sunshine Cottage School for Deaf Children \$100,000

Project Title: Audiology Management and Diagnostic Hearing Tests

The Children's Hospital of San Antonio Foundation \$100,000

Project Title: Certified Child Life Specialists for Child Life Program

The Children's Rehabilitation Institute TeletonUSA \$75,000

Project Title: General Operating Support

The Source \$100,000

Project Title: Saving Lives in South Texas

ThriveWell Cancer Foundation \$100,000

Project Title: Patient Assistance Program

University Health System Foundation \$75,000

Project Title: Dissemination of the Family Nurture Intervention in the Neonatal ICU

UT Health San Antonio \$110,000

Project Title: Community Service Learning: Creating a Workforce of Service-Oriented Healthcare Providers

Women Involved in Nurturing, Giving, Sharing (WINGS) \$50,000

Project Title: General Operating Support

Wonders & Worries \$35,000

Project Title: General Operating Support



COMMUNITY IMPACT GRANTS

Alamo Resource Conservation & Development Area \$6,000

Project Title: Senior Assistance Program

All City Youth Programs \$8,000

Project Title: After School Programs

Artvango Therapeutic Services \$3,000

Project Title: Art Care Packages

Beyond the Light Outreach Project \$5,000

Project Title: Food Pantry, Clothes Closet, and Displaced Citizens Programs

Center for Refugee Services \$10,000

Project Title: Interpreter Services for Wellness, Self-sufficiency, & Community Integration Program

Christ the King Catholic Church \$7,500

Project Title: Cristo Rey of Hope Ministry-Child/Adolescent Obesity Awareness & Prevention Project

Common Threads \$8,000

Project Title: Healthy, Hands-on Cooking and Nutrition Education for San Antonio Youth and Families

Corazon Ministries \$8,000

Project Title: Outreach Ministry for Homeless Individuals and Families

Courage Ranch \$5,000

Project Title: General Operating Support

Deborah's House \$7,500

Project Title: General Operating Support

District 2-A2 Lions Sight Research Foundation \$7,000

Project Title: Lions Eye Health Program

For Her \$7,500

Project Title: General Operating Support

Gardopia Gardens \$6,486

Project Title: Outdoor Education Learning Center & Nutrition Kitchen

Guadalupe Valley Christian Counseling \$6,000

Project Title: Psychological, Spiritual, and Emotional Health for Guadalupe County Amid a Global Pandemic

Ian's Foundation \$10,000

Project Title: Youth Helmet Initiative



COMMUNITY IMPACT GRANTS

Jefferson Outreach \$5,000

Project Title: Senior Food Provision Assistance

Kingdom of Christ Baptist Church \$5,110

Project Title: Exercise and Wellness Ministry

Life Skills for Living \$6,000

Project Title: Community Emotional and Mental Health Advancement Program (CHAP)

Lone Star Parkinson Society \$8,950

Project Title: Central Texas Rock Steady Boxing Program

Low Vision Resource Center \$7,000

Project Title: General Operating Support

Rays of Relief \$5,000

Project Title: Patient Assistance Fund

San Antonio Marriage Initiative \$10,000

Project Title: Marriage Champion Church Program

School Fuel \$7,500

Project Title: General Operating Support

Spina Bifida Texas \$7,500

Project Title: Spina Bifida Education & Folic Acid Awareness

TBI Warrior Foundation \$10,000

Project Title: Health and Wellbeing Support Program

Teen Life Center \$9,829

Project Title: San Antonio Support Group for Young Moms

The Inspiration Center \$8,000

Project Title: Strengthening Families Resiliency

Threads of Love For Heavens Sake at Community Bible Church \$3,000

Project Title: General Operating Support

Vault Fostering Community \$8,000

Project Title: Clothing, Shoes, Beds, and Car Seats for Foster Children

Widow's Mite Christian Outreach Ministry \$8,125

Project Title: Expansion of Ministry Center



DISASTER RELIEF GRANTS

Daily Bread Ministries \$10,000

Project Title: COVID-19 Operating Expenses

San Antonio Area Foundation \$50,000

Project Title: COVID-19 Response Fund

San Antonio Food Bank \$20,000

Project Title: COVID-19 Community Response

St. PJ's Children's Home \$10,000

Project Title: Averting a COVID-19 Crisis

Texas Baptist Men \$16,000

Project Title: Hurricane Laura Relief

Texas Diaper Bank \$10,000

Project Title: COVID-19 Preparedness

The Salvation Army \$10,000

Project Title: San Antonio COVID-19 Relief

West Avenue Compassion \$10,000

Project Title: COVID-19 Disaster Relief



STRATEGIC TO MISSION GRANTS

Clarity Child Guidance Center \$291,500

Project Title: First Step: Ensure Families Receive Informed Access to Clinically-Indicated Care for Their Children

Family Service Association of San Antonio \$291,500

Project Title: San Antonio Mobile Mental Wellness Collaboration

San Antonio Food Bank \$500,000

Project Title: Addressing Children's Food Insecurity Through e-Referral System

UT Health San Antonio \$1,000,000

Project Title: Identification of a Marker and Therapeutic Target for Pediatric Obesity and Diabetes



SCHOLARSHIP GRANT PARTNER INSTITUTIONS

Baptist Health System Clinical Pastoral Education
Baptist Health System School of Health Professions
Coastal Bend College
Hallmark University
Our Lady of the Lake University
San Antonio College
St. Mary's University
St. Philip's College
Texas Lutheran University
Trinity University
University of the Incarnate Word
The University of Texas at San Antonio
UT Health San Antonio
UT Health School of Public Health in San Antonio
Wayland Baptist University – San Antonio Campus



Baptist Health Foundation *of San Antonio*

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**BAPTIST HEALTH FOUNDATION OF
SAN ANTONIO
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

FINANCIAL STATEMENTS

Year Ended December 31, 2020

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Independent Auditor's Report



Board of Trustees
Baptist Health Foundation of San Antonio

Opinion

We have audited the accompanying financial statements of Baptist Health Foundation of San Antonio (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and functional expenses as of December 31, 2020, the related statements of cash flows for the years ended December 31, 2020 and 2019, and the related notes to the financial statements.

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, 2020 and 2019, the changes in net assets for the year ended December 31, 2020, and its cash flows for the years ended December 31, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Baptist Health Foundation of San Antonio and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Baptist Health Foundation of San Antonio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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- Obtain an understanding of internal control relevant to the audit 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 Baptist Health Foundation of San Antonio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Baptist Health Foundation of San Antonio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Baptist Health Foundation of San Antonio's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sagebiel, Ravenberg & Schuh, P.C.

San Antonio, Texas
March 23, 2021

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

STATEMENT OF FINANCIAL POSITION

December 31, 2020 and 2019
(amounts in thousands)

| ASSETS | 2020 | 2019 |
|---------------------------------------|-------------------|-------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 1,640 | \$ 2,723 |
| Prepaid expenses | <u>30</u> | <u>31</u> |
| Total current assets | <u>1,670</u> | <u>2,754</u> |
| Long-term investments | 254,287 | 233,715 |
| Property and equipment, net | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 255,957</u> | <u>\$ 236,469</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Grants and accounts payable | \$ 1,411 | \$ 1,547 |
| Accrued liabilities | <u>91</u> | <u>76</u> |
| Total current liabilities | 1,502 | 1,623 |
| Other liabilities: | | |
| Grants payable, long-term | <u>1,397</u> | <u>600</u> |
| Total liabilities | <u>2,899</u> | <u>2,223</u> |
| Net assets: | | |
| Without donor restrictions | 250,746 | 232,146 |
| With donor restrictions | <u>2,312</u> | <u>2,100</u> |
| Total net assets | <u>253,058</u> | <u>234,246</u> |
| Total liabilities and net assets | <u>\$ 255,957</u> | <u>\$ 236,469</u> |

The accompanying notes are an integral part
of the financial statements.

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

(With Comparative Totals for Year Ended December 31, 2019)

(amounts in thousands)

| | Without Donor Restrictions | With Donor Restrictions | Total | |
|---------------------------------------|----------------------------------|-------------------------------|-------------------|-------------------|
| | | | <u>2020</u> | <u>2019</u> |
| Changes in net assets: | | | | |
| Support and revenue: | | | | |
| Contributions | \$ 19 | \$ 211 | \$ 230 | \$ 225 |
| Investment income | 27,944 | 307 | 28,251 | 35,580 |
| Other income | 198 | - | 198 | 44 |
| Net assets released from restrictions | 306 | (306) | - | - |
| Total support and revenue | <u>28,467</u> | <u>212</u> | <u>28,679</u> | <u>35,849</u> |
| Expenses: | | | | |
| Program services | 8,181 | - | 8,181 | 6,403 |
| Management and general | 1,686 | - | 1,686 | 1,604 |
| Total expenses | <u>9,867</u> | <u>-</u> | <u>9,867</u> | <u>8,007</u> |
| Change in net assets | 18,600 | 212 | 18,812 | 27,842 |
| Net assets at beginning of year | <u>232,146</u> | <u>2,100</u> | <u>234,246</u> | <u>206,404</u> |
| Net assets at end of year | <u>\$ 250,746</u> | <u>\$ 2,312</u> | <u>\$ 253,058</u> | <u>\$ 234,246</u> |

The accompanying notes are an integral part
of the financial statements.

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

(With Comparative Totals for Year Ended December 31, 2019)

(amounts in thousands)

| | Program <u>services</u> | Management <u>and general</u> | <u>Totals</u> | |
|-------------------------------------|----------------------------|----------------------------------|-----------------|-----------------|
| | | | <u>2020</u> | <u>2019</u> |
| Salaries | \$ - | \$ 494 | \$ 494 | \$ 461 |
| Employee benefits | - | 103 | 103 | 103 |
| Payroll taxes | - | 32 | 32 | 32 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total salaries and related expenses | - | 629 | 629 | 596 |
| Contributions | 8,181 | - | 8,181 | 6,403 |
| Insurance | - | 34 | 34 | 30 |
| Miscellaneous | - | 68 | 68 | 100 |
| Other | - | 22 | 22 | 36 |
| Professional fees | - | 852 | 852 | 771 |
| Rent expense | - | 81 | 81 | 67 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenses before depreciation | 8,181 | 1,686 | 9,867 | 8,003 |
| Depreciation | - | - | - | 4 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenses | <u>\$ 8,181</u> | <u>\$ 1,686</u> | <u>\$ 9,867</u> | <u>\$ 8,007</u> |

The accompanying notes are an integral part
of the financial statements.

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

STATEMENT OF CASH FLOWS

Years Ended December 31, 2020 and 2019

(amounts in thousands)

| | <u>2020</u> | <u>2019</u> |
|---|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 18,812 | \$ 27,842 |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation expense | - | 4 |
| Net realized and unrealized gains on investments | (25,526) | (32,542) |
| Gifts restricted for long-term investing | - | (4) |
| Changes in: | | |
| Prepaid expenses | 1 | (10) |
| Grants and accounts payable | 661 | (278) |
| Accrued liabilities | 15 | (20) |
| Net cash used by operating activities | <u>(6,037)</u> | <u>(5,008)</u> |
| Cash flows from investing activities: | | |
| Collections on note receivable | - | 265 |
| Proceeds from sales and maturities of investments | 105,793 | 201,845 |
| Purchases of investments | (100,839) | (196,535) |
| Net cash provided by investing activities | <u>4,954</u> | <u>5,575</u> |
| Cash flows from financing activities: | | |
| Proceeds from gifts restricted for long-term investing | - | 4 |
| Net cash provided by financing activities | <u>-</u> | <u>4</u> |
| Net increase (decrease) in cash | (1,083) | 571 |
| Cash and cash equivalents at beginning of year | <u>2,723</u> | <u>2,152</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,640</u> | <u>\$ 2,723</u> |

The accompanying notes are an integral part of the financial statements.

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(amounts in thousands)

1 NATURE OF ORGANIZATION

Baptist Health Foundation of San Antonio (“the Foundation”), a Texas nonprofit corporation, 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) are Class B trustees elected by the Baptist General Convention of Texas (“BGCT”), and the remaining trustees are Class A trustees elected by Class A trustees.

Funding of the Foundation primarily comes from investment income and from periodic contributions.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The financial statements accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Comparative Financial Information

Certain financial information for the year ended December 31, 2019 in the accompanying statement of activities is included to provide a basis for comparison with the year ended December 31, 2020, and presents summarized totals only. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Consequently, at December 31, 2020 and 2019, contributions approximating \$400 and \$600, respectively, have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met. These conditional contributions depend on the proper expenditure of the preceding year’s distribution under this conditional grant award.

Support and Revenue With and Without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

(Continued)

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$3. Purchased property and equipment are carried at cost. Depreciation is computed using primarily the straight-line method.

Income Taxes

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

Recently Adopted Accounting Pronouncements

The Foundation has adopted ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting. This had no impact on the net assets of the Foundation for the years ended December 31, 2020 and 2019.

Accounting Pronouncements Issued but Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded.

The ASU is effective for the Foundation's fiscal years beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements. This may affect the Foundation in fiscal year 2022.

(Continued)

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

Subsequent events were evaluated through March 23, 2021, which is the date the financial statements were available to be issued.

3 CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash and cash equivalent balances in one financial institution. At December 31, 2020, the Foundation's cash and cash equivalents exceeded federally insured limits by \$1,392.

4 ENDOWMENTS

The Foundation's endowment consists of approximately 29 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by that standard. In accordance with that standard, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

(Continued)

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

4 ENDOWMENTS (Continued)

Investment Return Objectives, Risk Parameters, and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution per the spending policy, while growing the funds if possible. The Foundation expects its endowment assets, over time, to produce an average annual rate of return approximately equal to the Consumer Price Index (CPI) plus 4.5%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy. The Foundation has a policy of appropriating for distribution each year 4.0% of its endowment fund's average fair value of the prior 3 years through the year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow the Foundation to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of December 31 is as follows:

| | 2020 | | | Total Endowment Net Assets |
|----------------------------------|----------------------------------|-------------------------|----------|----------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | | |
| | | Purpose- Restricted | Corpus | |
| Donor-restricted endowment funds | \$ - | \$ 694 | \$ 1,618 | \$ 2,312 |

| | 2019 | | | Total Endowment Net Assets |
|----------------------------------|----------------------------------|-------------------------|----------|----------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | | |
| | | Purpose- Restricted | Corpus | |
| Donor-restricted endowment funds | \$ - | \$ 479 | \$ 1,618 | \$ 2,097 |

(Continued)

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

4 ENDOWMENTS (Continued)

Changes in endowment net assets as of December 31 are as follows:

| | 2020 | | | Total Endowment Net Assets |
|--|----------------------------------|-------------------------|-----------------|----------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | | |
| | | Purpose- Restricted | Corpus | |
| Endowment net assets, beginning of year | \$ - | \$ 479 | \$ 1,618 | \$ 2,097 |
| Contributions | - | - | - | - |
| Investment income | - | 307 | - | 307 |
| Amounts appropriated for expenditure | - | (92) | - | (92) |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 694</u> | <u>\$ 1,618</u> | <u>\$ 2,312</u> |

| | 2019 | | | Total Endowment Net Assets |
|--|----------------------------------|-------------------------|-----------------|----------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | | |
| | | Purpose- Restricted | Corpus | |
| Endowment net assets, beginning of year | \$ - | \$ 619 | \$ 1,614 | \$ 2,233 |
| Contributions | - | - | 4 | 4 |
| Investment income | - | (66) | - | (66) |
| Amounts appropriated for expenditure | - | (74) | - | (74) |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 479</u> | <u>\$ 1,618</u> | <u>\$ 2,097</u> |

5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | 2020 | 2019 |
|-----------------------------|-------------|-------------|
| Leasehold improvements | \$ 17 | \$ 17 |
| Computer hardware | 5 | 5 |
| Computer software | 54 | 54 |
| Accumulated depreciation | <u>(76)</u> | <u>(76)</u> |
| Property and equipment, net | <u>\$ -</u> | <u>\$ -</u> |

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

6 INVESTMENTS

Investments at December 31 were comprised of the following:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Money market mutual funds | \$ 3,155 | \$ 4,679 |
| Equity securities | 118,116 | 137,777 |
| Corporate bonds and bond funds | 34,837 | 43,009 |
| U.S. government securities | 21,130 | 14,314 |
| Pooled investment funds and alternative investments | <u>76,461</u> | <u>33,348</u> |
| Investments carried at fair value | <u>253,699</u> | <u>233,127</u> |
| | | |
| Investment in Vizient, Inc. | 230 | 230 |
| Investment in VHS-SA Ltd. | <u>358</u> | <u>358</u> |
| Other investments | <u>588</u> | <u>588</u> |
| | | |
| Total long-term investments | <u>\$ 254,287</u> | <u>\$ 233,715</u> |

Investment return is summarized as follows:

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total 2020</u> | <u>2019</u> |
|----------------------------------|---------------------------------------|------------------------------------|-----------------------|------------------|
| Interest and dividend income | \$ 2,418 | \$ 307 | \$ 2,725 | \$ 3,038 |
| Realized gains and losses, net | 9,128 | - | 9,128 | 9,131 |
| Unrealized gains and losses, net | <u>16,398</u> | <u>-</u> | <u>16,398</u> | <u>23,411</u> |
| | | | | |
| Total investment income | <u>\$ 27,944</u> | <u>\$ 307</u> | <u>\$ 28,251</u> | <u>\$ 35,580</u> |

Investments in debt securities and equity securities with readily determinable fair values are carried at fair values. Other equity investments are carried under the equity method or at cost.

7 FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Therefore, for instruments classified in levels 1 and 2 of the hierarchy, where inputs are principally based on observable market data, there is less judgment applied in arriving at a fair value measurement. For instruments classified within level 3 of the hierarchy, judgments are more significant.

(Continued)

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

7 FAIR VALUE MEASUREMENTS (Continued)

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

| | 2020 | | | Total |
|--|--|---|--|-------------------|
| | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Money market mutual funds | \$ 3,155 | \$ - | \$ - | \$ 3,155 |
| Equity securities | 118,116 | - | - | 118,116 |
| Corporate bonds and bond funds | 34,837 | - | - | 34,837 |
| Government securities | - | 21,130 | - | 21,130 |
| Pooled investment funds | - | - | 76,461 | 76,461 |
| Investments carried at fair value | <u>\$ 156,108</u> | <u>\$ 21,130</u> | <u>\$ 76,461</u> | 253,699 |
| Other investments under the equity method or at cost | | | | <u>588</u> |
| Total long-term investments | | | | <u>\$ 254,287</u> |
| | 2019 | | | |
| | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Money market mutual funds | \$ 4,679 | \$ - | \$ - | \$ 4,679 |
| Equity securities | 137,777 | - | - | 137,777 |
| Corporate bonds and bond funds | 43,009 | - | - | 43,009 |
| Government securities | - | 14,314 | - | 14,314 |
| Pooled investment funds | - | - | 33,348 | 33,348 |
| Investments carried at fair value | <u>\$ 185,465</u> | <u>\$ 14,314</u> | <u>\$ 33,348</u> | 233,127 |
| Other investments under the equity method or at cost | | | | <u>588</u> |
| Total long-term investments | | | | <u>\$ 233,715</u> |

(Continued)

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

7 FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis at December 31 using significant unobservable inputs (Level 3 inputs) are as follows:

| | | 2020 | | | | | |
|-------------------------|--|-------------------|-----------|-------------------------|--|-------------------|----------------|
| | | Beginning Balance | Purchases | Sales and Distributions | Realized and Unrealized Gains (Losses) | Reclassifications | Ending Balance |
| Pooled investment funds | | \$ 33,348 | \$ - | \$ - | \$ 1,805 | \$ 41,308 | \$ 76,461 |

| | | 2019 | | | | | |
|-------------------------|--|-------------------|-----------|-------------------------|--|-------------------|----------------|
| | | Beginning Balance | Purchases | Sales and Distributions | Realized and Unrealized Gains (Losses) | Reclassifications | Ending Balance |
| Pooled investment funds | | \$ 25,960 | \$ 10,000 | \$ (5,000) | \$ 2,388 | \$ - | \$ 33,348 |

Fair Values of Financial Instruments

The following methods and assumptions were used to determine the fair value of each class of financial instruments:

- Cash and cash equivalents – The carrying amount approximates fair value because of the short maturities of these investments.
- Long-term investments – The fair values of some investments are determined based on quoted market prices for identical or similar assets, interest rates and yield curves observable at commonly quoted intervals, and net asset value per share of the investment. It was not practical to determine the fair value of investments representing minority interests in untraded companies without incurring excessive costs. Those investments are carried under the equity method or at original cost in the Statement of Financial Position.

The fair values of the Foundation's financial instruments at December 31 are as follows:

| | 2020 | | 2019 | |
|--|-----------------|------------|-----------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Cash and cash equivalents | \$ 1,640 | \$ 1,640 | \$ 2,723 | \$ 2,723 |
| Long-term investments for which it is: | | | | |
| Practical to determine fair value | 253,699 | 253,699 | 233,127 | 233,127 |
| Not practical to determine fair value | 588 | - | 588 | - |

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

8 CONDITIONAL GRANT AWARD

The outstanding unpaid balance of a conditional grant awarded to the Foundation for student scholarships was \$400 and \$600 as of December 31, 2020 and 2019. These amounts are not recognized in the financial statements, as conditional grant awards and promises to give are not recognized until the conditions are substantially met. The Foundation expects to receive the funds for this grant in annual installments of \$200 over the next two years, and will recognize those amounts when they are received and expended for the specified purpose.

9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

| | <u>2020</u> | <u>2019</u> |
|--|-----------------|-----------------|
| Subject to expenditure for specified purpose: | | |
| Scholarships and student awards | \$ 694 | \$ 479 |
| Lifeline program | - | 3 |
| Original endowment gift amounts required by donor to be retained in perpetuity | <u>1,618</u> | <u>1,618</u> |
| | <u>\$ 2,312</u> | <u>\$ 2,100</u> |

Net assets with donor restrictions consist of endowment fund assets to be held indefinitely. The income from the assets is to be used to support the Foundation's scholarships and student awards.

10 LEASES

The Foundation has noncancelable operating leases for office space and equipment that expire at various dates through 2024. Rental expenses for these leases consisted of \$81 and \$67 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments for these leases are as follows:

| <u>Year ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2021 | \$ 79 |
| 2022 | 79 |
| 2023 | 78 |
| 2024 | <u>46</u> |
| | <u>\$ 282</u> |

11 RETIREMENT PLAN

The Foundation offers an individual tax-sheltered 401(k) plan to all employees. The Foundation contributes a maximum of five percent of each enrolled employee's salary. Contributions to the plan, which are included in salaries and employee benefits, totaled \$26 and \$19 for the years ended December 31, 2020 and 2019, respectively.

BAPTIST HEALTH FOUNDATION OF SAN ANTONIO

NOTES TO FINANCIAL STATEMENTS

(Continued)

(amounts in thousands)

12 SPLIT INTEREST AGREEMENTS & RESTRICTED FUNDS WITH A THIRD-PARTY

The Foundation is the beneficiary of several split interest agreements, which consist of both revocable and irrevocable charitable remainder trusts and perpetual trusts, and restricted institutional funds with a third-party. The assets of these trusts and restricted funds are held and administered by HighGround Advisors (formerly the Baptist Foundation of Texas), and are not included in these financial statements. Income from the perpetual trusts is recognized as received. The fair value (net of discount to present value) of the assets held under these trusts and restricted funds was \$503 and \$444 at December 31, 2020 and 2019, respectively.

13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year.

| | |
|--|--------------------------|
| Cash and cash equivalents | \$ 1,640 |
| Investments | <u>254,287</u> |
| Financial assets at year end | <u>255,927</u> |
| Less those unavailable for general expenditure within one year, due to: | |
| Donor-restricted to expenditure for specific purposes | (694) |
| Donor-restricted to maintain as endowment | <u>(1,618)</u> |
| Financial assets available to meet cash needs for general expenditure within one year | <u><u>\$ 253,615</u></u> |

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.