



PASO DEL NORTE HEALTH  
FOUNDATION

*Better Health, Better Lives, A Better Community.*





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## Progressing Through Changing Times

**A**s the world faced economic uncertainty so too was the impact felt among the philanthropic community. Creating new ideas, as well as coming up with new strategies, was put to the test in providing more with less.

The Paso del Norte Health Foundation (PdNHF) also felt the impact, yet continued to stand strong in its commitment to the health of the community. By bringing together communities, leveraging resources and communicating new ways of thinking, PdNHF ensures that individuals in the region have the knowledge, resources and environment needed to live healthy lives.

To our grantees that felt the pinch, but made adjustments to show the least impact, PdNHF salutes you for your dedication, commitment, and hard work. This report features only a few of our grantees that have developed innovative ways of overcoming barriers in continuing to make our region a healthier place to live.





## M e s s a g e F r o m T h e P r e s i d e n t

**T**he year 2002 was one of the most challenging years with regard to funding opportunities. In almost every segment of federal, state or local government, there were major cuts in expenses to reflect the decline in the economy. It is rare to find any company that has not suffered a downturn in its business. The philanthropy world has also been affected as assets have continued to decline for a third year. The Paso del Norte Health Foundation has certainly felt this impact, but continues to stand strong in our commitment to the health of the community.

During periods when the needs of the region are greater than the resources, we find enormous value in partnerships. Our grantees have done a fantastic job of being resourceful with their grant dollars. They are building new partnerships and finding innovative ways of working to provide sustainability in their programs. By leveraging our funding dollars with other agencies and foundations, our grantees have been able to continue impacting the community. Their dedication and commitment is to be commended.

Our board has continued during this period to seek ways of maximizing the Foundation's assets and still support our mission and the grants that have been previously committed. Their leadership and positive attitude regarding the future has been uplifting during this difficult time.

At the end of 2002, we made a very strong stand in responding to the lack of physicians in our region through a challenge grant to a four-year medical school at Texas Tech University Health Science Center-El Paso. The grant was contingent on raising additional matching funds in the community. Within only a few months, this challenge was met by two other regional foundations also interested in the growing health concerns in the region. Partnerships are really wonderful things and can have a great impact!

As we move forward, we will continue to work toward meeting the health demands of the community. The need to develop partnerships, and learning to work together create such critical elements in obtaining our objectives. Last year, our annual report focused on the importance of making connections and collaborating with one another. Today, more than ever, connections and partnerships are needed as we progress through these changing times to make a difference in our region.



Ann G. Pauli  
President and CEO



Ann G. Pauli,  
President and CEO of  
the Paso Del Norte Health  
Foundation (center) with  
members of the community.



# M i s s i o n

*The mission of the Paso del Norte Health Foundation is to effect long-term improvements in the health status of the population in the greater El Paso region through education and prevention.*

# V i s i o n

*We envision a greater El Paso region where all people have the knowledge, resources, and environment they need to live healthy lives; where health problems are prevented, and there is access to primary care; where people on both sides of the border live in clean, safe environments with fresh air, potable water, and the proper disposal of waste.*

# H i s t o r y

*We were created on October 1, 1995 from the proceeds of the sale of Providence Memorial Hospital to Tenet Healthcare Corporation. With \$130 million in assets from the sale, we became one of the largest private foundations on the U.S. - Mexico border that serve the 2.2 million people living in the Paso del Norte region of El Paso and Hudspeth counties in far West Texas, Doña Ana and Otero counties in Southern New Mexico, and Ciudad Juárez, Chihuahua in Northern Mexico.*

# W e b   s i t e

*The Paso del Norte Health Foundation's web site is one of the easiest, most accessible tools to find the latest information regarding the Foundation. The bilingual site features information on the funded initiatives, upcoming activities, and a variety of helpful tips regarding your health and wellness. Visit us at [www.pdnhf.org](http://www.pdnhf.org).*



# CATCH - Coordinated Approach To Child Health

Developing healthy habits in children



## FACTS

There has been an increase in time spent on physical education. Over one year, moderate to vigorous physical activity has improved from 30% to 52% in students.

Rates of aerobic fitness increased for El Paso girls from 53% to 65%. The rates have not hit the national goal of 70%, but progress has been made.

Active efforts are being made to reduce body weight in obese children, as they are likely to become obese adults and are at higher risk for developing Type II Diabetes in adolescence.

Learn more at  
[www.pdnhf.org](http://www.pdnhf.org)

**I**n a world where fast food and soft drinks are a common meal and Internet surfing or computer games replace exercise, serious health consequences overshadow children today. The CATCH initiative along with elementary school personnel are working together to develop innovative ways of encouraging students to engage in more vigorous physical activities, eat nutritious meals, increase their knowledge of healthful lifestyles, and involve their families in an effort to lead healthier lives.

To combat poor health habits among children, the 77th Texas Legislature passed Senate Bill 19. The new law resulted in the Texas Board of Education requirement for all elementary schools to provide K through 6th grade students with physical activity for a minimum of 30 minutes per day, or 135 minutes per week. The law also requires all school districts to implement a coordinated health education program in all elementary schools by 2007. To date, without state funding for this mandate, CATCH has been able to assist over 60% of the El Paso area elementary schools in implementing the state approved CATCH program.

*“What started as a pilot program with 22 schools has developed to over 100 elementary schools in 12 school districts and several parochial schools, reaching an estimated 70,000 children and their families each year. The program has been so successful, we hope by the year 2004 to incorporate CATCH into every elementary school in El Paso.”*

Juanita Galaviz, project manager, Paso del Norte Health Foundation





## CATCH

Approved in March 1997

The Coordinated Approach to Child Health (CATCH) is a school-based program that facilitates a coordinated approach to health education at the elementary school level, providing students with a comprehensive curriculum with consistent health messages about nutrition, physical activity, and tobacco avoidance.

*“Senate Bill 19 has been a welcome addition in our fight to overcome obesity among our children. I’m very proud of the work developed within this initiative. It’s impressive to see how a relatively small amount of funding in our community can bring a major impact statewide.”*

Ann G. Pauli, president and CEO, Paso del Norte Health Foundation



### Partner:

Region 19 Educational Service Center

### CATCH Schools:

#### Anthony Independent School District

Anthony Elementary

#### Canutillo Independent School District

Bill Childress • Deanna Davenport • Jose Damian

#### Clint Independent School District

Desert Hills • Frank Macias • Montana Vista • Red Sand • W.D.

Surratt • Welch

#### El Paso Independent School District

Alta Vista • Beall • Bliss • Bonham • Bradley • Burleson • Coldwell  
Collins • Crockett • Crosby • Douglass • Dowell • Edgar Park • Fannin  
Hawkins • Johnson • Kohlbergh • Lamar • Lindberg • Mesita • Milam  
Mitzi Bond • Newman • Nixon • Paul Moreno • Polk • Putnam  
Roberts • Roosevelt • Rusk • Schuster • Vilas  
Wainwright • Whitaker

#### Fabens Independent School District

Fabens Primary

#### Fort Hancock Independent School District

Benito Martinez

#### Gadsden Public Schools

Desert Trail • Riverside

#### Hatch Public Schools

Garfield • Hatch Elementary • Rio Grande

#### Las Cruces Public Schools

Alameda • Desert Hills • Doña Ana • Hermosa Heights  
Highland • Hillrise • Loma Heights • MacArthur • Mesilla  
Mesilla Park • Tombaugh • University Hills

#### Private/Parochial

Blessed Sacrament • Faith Christian Academy • Father Yermo  
Life Center Christian • Most Holy Trinity • Our Lady of Mt. Carmel  
St. Pius X • St. Raphael

#### San Elizario Independent School District

Borrego • Sambrano • L.G. Alarcon

#### Socorro Independent School District

Benito Martinez • Elfida Chavez • Escontrias • Helen Ball • Horizon  
Heights • Hueco • Lujan-Chavez • Myrtle Cooper • O'Shea Keleher  
Robert R. Rojas • Sierra Vista • Vista del Sol

#### Tornillo Independent School District

Tornillo Elementary

#### Ysleta Independent School District

Calwallader • Capistrano • Cedar Grove • Desertaire • Dolphin Terrace  
East Point • Eastwood Knolls • Glen Cove • Hacienda Heights  
Lancaster • Loma Terrace • Marian Manor • Mesa Vista • Mission  
Valley • North Loop • Parkland • Pasodale • Presa • Sageland  
South Loop • Thomas Manor • Ysleta Elementary





# Ageless Health

## Healthy living of the 60 and over population

**T**he value of a community and the structure of family life are in transformation due to the demographic shift in the increasing number of older people in our society. People over the age of 60 have more than doubled. And, during the next 30 years, that number will double again. In order to keep this population as healthy as possible for as long as possible, action must be taken to minimize the projected overload of the already strained health care system.

To assist in countering this strain, the Foundation has put forth the Ageless Health Initiative. This initiative strives to prevent isolation and promote independent living in the over 60 population. Now in its third year, the Ageless Health Initiative has developed model programs based on the concepts of "successful aging." These programs reinforce the need for physical, mental, social, and spiritual well-being. In addition, these unique programs have touched the lives of people living in Ciudad, Juarez, Mexico; Alamogordo and Las Cruces, New Mexico; and El Paso, Texas.

With limited community resources, Ageless Health has made great strides in working together with organizations, stakeholders and consumers, to build a community network known as SALSA (Successful Aging through Long-Term Strategic Alliances). SALSA was established to be the driving force in bringing together new opportunities and resources that focus directly on the over 60 population in this region. Some of SALSA's accomplishments include:

- Selection of the Paso del Norte region to be one of only 13 model sites with a grant from the Community Partnerships for Older Adults Initiative of the Robert Wood Johnson Foundation.
- Collaboration with local media to promote "successful aging" concepts throughout the community.
- City of El Paso receiving a grant from the Substance Abuse and Mental Health Service Administration for \$1.2 million over three years for the reduction of isolation of homebound seniors.
- Support for the Rio Grande Area Agency on Aging in being designated the local Area Information Center.



### FACTS

Beginning in 2006, it is expected that older adults will increase substantially in population as "baby boomers" start to turn 60.

In El Paso County, approximately 13 percent of the population is 60 years or older. (Planning Dept. of the City of El Paso – April 2000)

### Components of Successful Aging:

- Avoiding disease, disability and accident-related injury.
- Maintaining high levels of physical and mental function.
- Maintaining an active engagement with life.

Learn more at  
[www.pdnhf.org](http://www.pdnhf.org)





*“SALSA's multifaceted approach is a significant start toward a great long-term vision. I see only great things coming out of this partnership. If we want long lasting support, we must maintain our diligence as we unify the community.”*

Robert Salinas, chairman of the SALSA coordinating council and administrator of social services for the City of El Paso.

*“This is a great opportunity for the community to build long-term partnerships to promote a healthier, more successful senior population. The collaboration complements and strengthens our Ageless Health Initiative's vision. The concepts of successful aging that the community agencies are promoting have been instrumental in bringing crucial funding and technical support such as the Robert Wood Johnson Foundation to our region.”*

Enrique Mata, senior program officer, Paso del Norte Health Foundation

*“The SALSA vision is a call to all in the region to educate each other on healthier lifestyles, injury prevention, planning for the future and, most importantly, staying actively engaged. Each and every one of us should consider what we can do for ourselves and our loved ones to stay independent and actively involved in our community. The simple concepts for successful aging will assist in the prevention of isolation and early dependency. We know it is very likely our health care delivery system will be overwhelmed. Only by working together will we be able to make sure that resources will be available to all when they are necessary.”*

Adan Dominguez, director, Rio Grande Area Agency on Aging



**Technical Advisors:**

Rio Grande Council of Governments Area Agency on Aging • UTEP Center for Aging

**Partners:**

Alamogordo Senior Center • El Paso Art Association • First Unity Church • Centro de Seguridad Social • Fundación del Empresariado Chihuahuense, A.C • Las Cruces Senior Center Programs • R.S.V.P., City of El Paso

**Ageless Health**

**\$4.5 million**

Approved in January 2000

The Ageless Health Initiative is designed to develop or expand volunteer-based projects to support the promotion of independent, healthy living and the prevention of isolation for persons 60 years of age and older in the Paso del Norte region, and to effect attitudinal change about aging.





# Walking Initiative

Mobilize the sedentary population



## FACTS

There are over 83 active Walk El Paso walking groups throughout the city.  
EL PASO COUNTY, TX

Walk Otero had over 5,000 people call and ask for walking kits.  
OTERO COUNTY, NM

At the 2nd annual "Walktoberfest," Walk Doña Ana generated close to 5,000 registered walkers.  
DOÑA ANA COUNTY, NM

Learn more at [www.pdnhf.org](http://www.pdnhf.org)

# W

ith the weather in this region offering the perfect environment for walking, the Walk El Paso, Walk Doña Ana and Walk Otero programs strive to provide information, reinforcement, and to make available opportunities for people to adopt walking as a fun and safe form of exercise. By emphasizing the importance of "walking 20 minutes a day, three times a week," residents from the Paso del Norte region are venturing out of their homes and walking for their health.

As funding adjustments affect these three programs, efforts continue to prosper as each program develops creative and functional ways of reaching out to the young and old interested in making walking a part of their daily lives.

*Looking into new ideas and strategies, Walk Doña Ana turned their focus on educating people on the importance of incorporating walking into their lives.*

*"Since we were drawing good crowds at our walking events, we shifted gears and concentrated on capturing our target audience at health fairs. Using our organization partnerships, we were able to do more with less, by receiving free publicity and added materials in support of our program. We were involved in over 15 health fairs throughout the year and reached approximately 2,000 people."*

Sarah Woodward, project coordinator, Walk Doña Ana





Walk Otero has had great success in using its partnership resources to promote each of their walking events.

“By involving schools, churches, businesses and community organizations, we are able to stretch our dollars and receive added support in making our events fun and interesting. We encouraged people to take a stroll through White Sands National Monument under the moonlight sky at our "Moonlight Walk" and celebrate the holidays at our "Jingle Bell Walk," co-sponsored by the Alamogordo Downtown Merchant's Old Fashion Christmas Celebration. We make it fun for the whole family.”

Al Hodges, project coordinator, Walk Otero



Because of dedicated volunteers and the respect the program has in the community, Walk El Paso continues to motivate participants to adopt walking as a simple and fun form of exercise.

“My volunteers not only help by training as walking group leaders, but also assist us in outreach and awareness through health fairs and community fun walks. In fact, they play a major role in the success of fun walks by expanding their walks to different neighborhoods, schools, and malls throughout the community. My volunteers are priceless; they are Walk El Paso!”

Bea Esparza, project coordinator, Walk El Paso



Walk El Paso Partner:  
YMCA of Greater El Paso

Walk Doña Ana Partner:  
City of Las Cruces Parks and Recreations

Walk Otero Partner:  
Otero Path

Walk El Paso \$2.5 million  
Approved in November 1997

Walk Doña Ana \$758,240  
Approved in July 1999

Walk Otero \$626,240  
Approved in July 1999

The walking initiative is a broad-based effort to inspire and mobilize the sedentary population to begin a simple walking program. Walking 20 minutes a day, three times a week is the principle message. Non-profit organizations help by coordinating walking groups and special events throughout their communities.



# Board of Directors and Staff 2002-2003

**Margarita (Margie) Velez**  
Chairman of the Board

**Victor A. Diaz, M.D.**  
Vice Chairman of the Board

**Dwayne Aboud, M.D.**  
Chairman, Allocations Committee

**Jackson Curlin**  
Chairman, Investment Committee

**Adair Margo**  
Chairman, Board Selection and  
Conflicts Committee

**Alan R. Abbott**  
Monsignor Arturo Bañuelas

**Martini DeGroat**

**Dionicio "Don" Flores**

**Risher Gilbert**

**Jacob S. Heydemann, M.D.**

**Steve Lauterbach, CPA**

**Judge Patricia Macias**

**David W. Osborn**

**Marianne Panzini-Rosenthal**

**Sister Helen Santamaria**

**Robert E. Skov**

**Judge Carlos Villa**

## Staff:

**Ann G. Pauli**  
President and CEO

**Gilbert Alvarado**  
Chief Financial & Information Officer

**Enrique Mata**  
Senior Program Officer

**Ida Ortegon**  
Communications Manager

**Michael Kelly**  
Program Officer

**Eric Hutson**  
Program Officer

**Juanita Galaviz**  
Project Manager

**Virginia Meza**  
Program Associate

**Marisol Montoya**  
Program Assistant

**Edith MacKay**  
Staff Accountant/Technical Assistant

**Carolyn Miller**  
Office Manager/Executive Assistant

**Angela Salas**  
Grant Monitor/Support Assistant

**Sylvia Soto**  
Administrative Assistant

## Center for Border Health Research

**Susan Navarro**  
Director

**Lisa Roth-Edwards**  
Project Manager

**Gina Martinez**  
Administrative Assistant

## Consultant

**Chef Paul Bellegarde**  
Projects

## How We Make Grants

The Paso del Norte Health Foundation does not accept unsolicited grant proposals. However, when we launch a new initiative, we typically host grant workshops for nonprofit organizations to better understand the purpose of the initiative and how to respond to our request for proposals.

Our program officers are always available to discuss ideas for future initiatives and welcome suggestions from regional organizations. For more information about upcoming grant workshops, please call the Paso del Norte Health Foundation at (915) 544-7636 or visit our web site at [www.pdnhf.org](http://www.pdnhf.org).



# Initiatives/Grantees

## **A Smoke Free Paso del Norte**      **Approved in July 1999**      **\$3.3 million**

The American Cancer Society and other agencies in the Paso del Norte region, work to reduce smoking. Top priorities include reaching kids, making cessation programs widely available, and promoting smoke-free environments. The initiative also strives to reduce the smoking rate among youth, pregnant women, people living with small children, and those who lack the resources to provide for their own wellness.

**Technical Advisors:** Texas A&M School of Rural Public Health • University of Houston Health Science Program • NMSU

**Partners:** *El Paso:* Planned Parenthood of El Paso • American Lung Association • Texas A&M Colonias Program • American Cancer Society • Rio Grande Cancer Foundation • *Southern New Mexico:* La Clinica de Familia • Children in Need of Services • Families & Youth, Inc. • South Central Prevention Coalition

## **Action for Youth**      **Approved in September 1998**      **\$12 million**

Action for Youth (AY), a grassroots initiative building community capacity for neighborhood transformation, promotes adolescent health. AY features the development of "Action for Youth Partnerships" in El Paso, southern New Mexico and Ciudad Juárez. Partnerships are actively sought within the education, business, faith, non-profit, parent and youth sectors. AY supports the strengthening and building of "developmental assets" essential building blocks that protect youth and foster healthier life outcomes.

**Technical Advisors:** UTEP International Border Youth Development Project • UTEP Paso del Norte Assets for Youth AmeriCorps Project

**Partners:** YEA (Otero County) • LOVE (Southern Doña Ana County) • Hatch Valley/Las Cruces Partnership (Northern Doña Ana County) • LEAP (Anthony) • CASA (Canutillo) • SHARE (Sunset Heights) • Teen NETWORK (Northeast) • ESYC (Eastside) • Teens in Action (Ysleta) • Juarenses for Healthy Youth (Cd. Juárez)

## **Begin at Birth!**      **Approved in September 1999**      **\$6.9 million**

Begin at Birth seeks to improve the overall health, safety, and well-being of children 0-3 years. The strategy for this initiative is to mobilize our community around three major themes: high childcare standards, caregiver education, and fatherhood.

**Technical Advisors:** El Paso Community College • Texas Fragile Families – Center for Public Policy Priorities • NMSU

**Partners:** AVANCE Inc. • Center for Border Health Research • Child Crisis Center – El Paso • ECI/Region 19 • El Paso Rehabilitation Center • Flying Colors Learning Center 1, 2, & 3 • Jardín de los Niños • Junior League of Las Cruces • La Clinica de la Familia • OPI-Organización Popular Independiente • Paso del Norte NAEYC • Project Vida • Sistema Municipal DIF • South Central Prevention Coalition • St. Joseph of the Valley • Techo Comunitario • The Regents of NMSU • Dove Learning Center • Trinity First • Children's Miracle Network – TTU Health Science Center – El Paso • Unite El Paso • YMCA of Greater El Paso

## **Border Diabetes**      **Approved in May 1999**      **\$3.5 million**

The Border Diabetes initiative is designed to increase the awareness of diabetes risk factors and provide prevention education to reduce the impact of diabetes in El Paso, Doña Ana and Otero Counties, and Ciudad Juárez, Mexico. The initiative has three components: implementation, design and analysis of diabetes prevalence and behavioral research; educational interventions; and a public awareness/media campaign.

**Partners:** El Paso Diabetes Association • U.S.-Mexico Border Health Association • Pan American Health Organization

## **Center for Border Health Research (Center)**

**Approved in January 1998**

**\$9 million**

The purpose of the Center is to encourage health research efforts conducted in this region and to ensure a sound, well-coordinated research agenda that leads to improvements in the health status of the border population. The Center provides educational forums for regional health investigators, administers grant funding and conducts research in the Paso del Norte region.

**Partners:** UTEP • TTU Health Science Center – El Paso • UT HSC at Houston School of Public Health – El Paso regional campus • El Paso Community College • NMSU • Hospital de la Familia (FEMAP) • Universidad Autónoma de Ciudad Juárez • Texas A&M University • Instituto Nacional de Investigaciones Forsetales Agrícolas y Pecuarias (INIFAP)

## **Clinic HELP**

**Approved in January 1998**

**\$2.9 million**

The goal of Clinic HELP is to provide residents in the Paso del Norte region with access to health education and health promotion services at their primary health care location, while helping to build capacity within indigent health care clinics for health promotion and disease prevention interventions.

**Technical Advisors:** UTEP College of Health Sciences • UT HSC at Houston School of Public Health – El Paso regional campus • New Mexico Department of Health • NMSU

**Partners:** *El Paso:* Centro de Salud La Fe, Inc. • Centro San Vicente • Project Vida • UTEP/Community Partnership • TTU Health Sciences Center – El Paso • Baptist Clinic • *Southern New Mexico:* Ben Archer Rural Health Center • La Clinica de Familia, Inc. • Ciudad Juárez: Hospital de la Familia (FEMAP)

## **Health Careers Opportunity Program (HCOP)**

**Approved in July 2000**

**\$1.1 million**

HCOP established partnerships promoting health careers for regional students. The project coordinates Health Career Awareness Programs to increase the number of local students applying to, entering, and completing degrees in the helping professions. PdNHF funds are awarded only if matching funds are obtained by the grantee.

**Partners:** Southern Area Health Education Center • KTEP/UTEP

## **Healthy Communities**

**Approved in July 1997**

**\$3.6 million**

Healthy Communities is a grassroots initiative that addresses health through community-based groups and their stakeholders. Using a broad definition of health, the root causes of illness are identified and targeted, including social and economic factors that impact health. Community-based councils use a mix of approaches and techniques to achieve their goals, including coalition building, conflict resolution, consensus building, asset mapping, and continued support for the development of community assets.

**Technical Advisor:** UTEP Center for Civic Engagement

**Partners:** Bienestar Familiar (Socorro) • Centro de Asesoría y Promoción Juvenil (Cd. Juárez) • San Elizario Healthy Communities • Chaparral Community Health Council • Programa Compañeros (Cd. Juárez) • Organización Popular Independiente (Cd. Juárez) • Northeast Healthy Community Council



# Initiatives / Grantees

## Healthy Homes and Handwashing Approved in May 2000 \$382,000

The Healthy Homes initiative addresses household environmental health risks related to such problems as indoor asthma triggers; inadequate water, sanitation and hygiene; trash handling and management; use of pesticides; lead poisoning; and hazardous household chemicals. The Handwashing program teaches pre-school children in day care settings how to properly wash their hands for protection from communicable disease and environmental contamination, with the intent of establishing life-long hygiene habits. Day care providers are intensively trained to teach specific handwashing skills using the most effective methods identified in previous pilot projects.

**Technical Advisors:** UTEP Center for Environmental Resource Management (CERM) • Texas Department of Protective and Regulatory Services

**Partners:** Aqua XXI • Border Environmental Health Coalition • YWCA Paso del Norte Region

## Herbal Safety Approved in July 2001 \$245,000

The Herbal Safety initiative is designed to develop an extensive educational program for both health care providers and the general public to assist in the promotion of prudent herbal product use in the Paso del Norte region.

**Partner:** UTEP/UT Austin Cooperative Pharmacy Program

## HOT (Health Oriented Themes) Projects Approved in November 1999 \$2.3 million

HOT Projects provides financial assistance to regional universities for the purpose of helping students complete projects that focus on themes promoting good health. Grants for HOT Projects encourage innovative activities within the various academic programs to stimulate health promotion on the border.

**Partners:** UTEP • NMSU • El Paso Community College • UT HSC at Houston School of Public Health – El Paso regional campus • Universidad Pedagógica Nacional

## It Takes Two (IT2) Approved March 1997 \$1 million

It Takes Two, one of the first initiatives of the Paso del Norte Health Foundation, offers an abstinence-based program for the prevention of teenage pregnancy. The IT2 curriculum is offered in four or five, one-hour school class sessions and consists of three major themes of building healthy male/female relationships, sexual decision-making, and costs and consequences of unintended pregnancy.

**Partner:** YWCA Paso del Norte Region

## PDN MaPA Approved in November 1999 \$1.6 million

(Paso del Norte Mapping for Public Access)

PDN MaPA is designed to promote the regional use and development of an electronic mapping and technology called Geographical Information System (GIS). GIS is a valuable tool for linking maps to information such as census data, health statistics, and events such as accidents and emergencies. GIS is particularly useful in improving emergency response time and efficiency.

**Partners:** El Paso Water Utilities • City of El Paso • El Paso County Central Appraisal District • UTEP • NMSU • El Paso County Roads and Bridges • Instituto Municipal de Investigaciones y Planeación (IMIP) – Ciudad Juárez • 911 Emergency Response • Texas State Department of Transportation • El Paso Municipal Planning Office • Southwest Border HIDTA (High Intensity Drug Trafficking Area)

## Qué Sabrosa Vida Approved January 1999 \$3 million

Qué Sabrosa Vida is designed to affect the short and long-term health status of the general population of the Paso del Norte region through the promotion of healthier eating habits and the development of tools and skills to sustain permanent behavioral changes. The goal of the program is to increase awareness of a lifestyle that includes healthy nutrition and physical activity, while keeping the rich tradition and cultural aspects of the Mexican-American border diet.

**Technical Advisor:** University of Texas School of Public Health Human Nutrition Center

**Partners:** American Cancer Society • AYUDA • Centro de Asesoría y Promoción Juvenil • Centro de Seguridad Social – Club de la Tercera • Centro San Vicente • Clint ISD • Desarrollo Juvenil del Norte • El Paso ISD • Families and Youth Inc • Organización Popular Independiente (OPI) • Region 19 ESC, Child Nutrition • Region 19 Headstart • San Elizario ISD • TX A&M Colonias • YISD – Hacienda Heights • YISD – Mesa Vista • YISD – Pre-K Center • YISD – Rio Bravo • YISD – Scotsdale • YISD – Thomas Manor • YMCA – NE Branch

## NEW GRANTS

### Border Urban Research Center Approved in July 2002 \$2.2 million

The Border Urban Research Center (URC) is a partnership between the Paso del Norte Health Foundation and the Centers for Disease Control and Prevention Foundation. The Border URC targets specific health challenges in communities along the U.S.-Mexico border related to personal health behaviors and environmental factors. Objectives of the new Border URC include the full participation of community based organizations and prioritizing and conducting health research in our community. This community based participatory research will result in decisions about health strategies and the enhancement of regional capacity to conduct prevention/intervention activities to achieve sustainable health improvements in the Paso del Norte region.

### Medical Student Fund Approved in October 2002 \$1.25 million

The Medical Student Funding initiative is a grant/loan program that aims at improving the doctor/patient ratio in El Paso and its surrounding area. The loan encourages capable yet financially unable students from the Paso del Norte region to attend the Texas legislative approved four-year medical school in El Paso. Upon completion of the program, students that remain and establish their practice or work in a health-related field in the region will have their loans forgiven over a five-year period. Additional funding will be required from the community to emphasize the strong level of support for the medical school.

**Partner:** TTU Health Science Center – El Paso



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Paso del Norte Health Foundation

We have audited the accompanying statement of financial position of Paso del Norte Health Foundation (a nonprofit organization) as of December 31, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation'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 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 Paso del Norte Health Foundation as of December 31, 2002 and 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Dunbar, Broadbuss, Gibson LLP*

Dunbar, Broadbuss, Gibson LLP

El Paso, Texas  
February 25, 2003

PASO DEL NORTE HEALTH FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Current assets		
Cash	\$ 164,868	\$ 532,386
Other current assets	17,779	435,698
<b>Total current assets</b>	<b>182,647</b>	968,084
Investments	153,358,100	188,922,952
Property and equipment, net	64,068	63,890
Other assets	238,827	228,827
<b>Total noncurrent assets</b>	<b>153,660,995</b>	189,215,669
<b>Total assets</b>	<b>\$ 153,843,642</b>	\$ 190,183,753
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 160,584	\$ 170,388
Grants payable	7,987,800	9,203,429
Due to third-party payors	1,997,488	2,023,504
<b>Total current liabilities</b>	<b>10,145,872</b>	11,397,321
Noncurrent Liabilities		
Long term grants payable	23,906,035	27,641,592
Accrued general and professional liabilities	8,292,207	8,349,797
<b>Total noncurrent liabilities</b>	<b>32,198,242</b>	35,991,389
Net assets		
Unrestricted	111,278,275	142,567,125
Temporarily restricted	221,253	227,918
<b>Total net assets</b>	<b>111,499,528</b>	142,795,043
<b>Total liabilities and net assets</b>	<b>\$ 153,843,642</b>	\$ 190,183,753

The accompanying notes are an integral part of this statement.

PASO DEL NORTE HEALTH FOUNDATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
<b>Income</b>		
Investment income	\$ 6,271,406	\$ 5,555,462
Other income	128,310	138,050
Net assets released from restrictions	10,000	-
Less: investment expense	(808,621)	(773,309)
<b>Total revenues</b>	<b>5,601,095</b>	4,920,203
<b>Program costs and administrative expenses</b>		
Major initiatives	3,949,522	1,441,651
Miscellaneous	29,800	30,500
<b>Total program expense</b>	<b>3,979,322</b>	1,472,151
Administrative expense	717,872	735,126
<b>Net income/(loss) over program and administrative expenses</b>	<b>903,901</b>	2,712,926
<b>Other changes to net assets, net of related federal excise tax</b>		
Net realized gain (losses) on investments	(6,234,130)	(10,597,165)
Net unrealized gains (losses) on investments	(25,832,751)	(3,487,138)
Provision for excise tax	(125,870)	(165,160)
Change in unrestricted net assets from discontinued operations	-	42,311
<b>Change in net assets – unrestricted</b>	<b>(31,288,850)</b>	(11,494,226)
<b>Change in temporarily restricted net assets</b>		
Contributions	3,335	1,000
Investment income	-	-
Net assets released from restrictions	(10,000)	-
<b>Change in net assets</b>	<b>(31,295,515)</b>	(11,493,226)
Net assets, beginning of year	142,795,043	154,288,269
Net assets, end of year	\$ 111,499,528	\$ 142,795,043

The accompanying notes are an integral part of this statement.

PASO DEL NORTE HEALTH FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (31,295,515)	\$ (11,493,226)
Adjustments needed to derive cash flow provided (used) by operations:		
Depreciation	33,315	50,207
Other current assets	417,919	7,806
Other assets	(10,000)	15,005
Accrued liabilities and accounts payable	(9,804)	(212,133)
Grants payable	(4,951,186)	(9,209,465)
Other liabilities	(83,606)	(507,229)
Realized loss (gain) on investments	6,234,130	10,597,165
Unrealized loss (gain) on investment securities	25,832,751	3,487,138
<b>Net cash used by operating activities</b>	<b>(3,831,996)</b>	(7,264,732)
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(33,493)	(24,139)
Sale and maturity of investments, net of purchases	3,497,971	7,325,273
<b>Net cash used in investing activities</b>	<b>3,464,478</b>	7,301,134
Net increase (decrease) in cash and cash equivalents	(367,518)	36,402
Cash, beginning of year	532,386	495,984
Cash, end of year	\$ 164,868	\$ 532,386
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for federal taxes	\$ 125,870	\$ 165,160

The accompanying notes are an integral part of this statement.



**PASO DEL NORTE HEALTH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

General  
Pasodel Norte Health Foundation (the "Foundation") was organized in September 1995 following the sale of certain assets of Providence Memorial Hospital (the "Hospital") in El Paso, Texas and is organized and operated exclusively for charitable, educational, and scientific purposes as defined under Section 509(a)(2) of the U.S. Internal Revenue Code of 1986 (IRC) and is recognized as exempt from federal income tax under Section 501(c)(3) of the IRC. The Foundation's activities include, but are not limited to, the operation of programs to provide charitable assistance, training, and educational support for the promotion of general physical and mental health, principally for the benefit of the general population of the El Paso, Texas, region.

**Tax-Exempt Status**

In 1997 the Foundation received a ruling (the "Ruling"), from the Internal Revenue Service (the "IRS"), stating it was to be recognized as a public charity as described in section 509(a)(2) of the Internal Revenue Code (the "Code"). The Ruling further provided that the Foundation can expect to remain a public charity until such time as it ceases to satisfy one of the two tests (the "Two Tests"), that must be met under Section 509(a)(2) of the Code. The Foundation satisfied the Two Tests in 2000. Therefore, the Foundation remained a public charity under Section 509(a)(2) through December 31, 2000. Effective January 1, 2001, the Foundation became a private non-operating foundation under section 509(a) of the code. Therefore, the foundation is subject to excise tax on net investment income and potential excise tax on undistributed income.

**Basis of Presentation**

The Foundation observes SFAS No. 116, "Accounting for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 116 generally requires that unconditional contributions, pledged or received, be recognized as revenue in the period received. Not-for-profit organizations must distinguish between contributions received that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. SFAS No. 117 requires classification of an organization's net assets and its revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The Foundation does not have any permanently restricted net assets; therefore, the entire net asset balance is classified as unrestricted or temporarily restricted. Temporarily restricted net assets represent donor restricted contributions to be used for certain health care and other specified programs by the Foundation.

The Foundation adheres to Statement of Financial Accounting Standards (SFAS) No. 107, "Disclosures About Fair Value of Financial Instruments." This statement requires entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized in the balance sheet, for which it is practicable to estimate fair value.

The Foundation follows SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." SFAS No. 124 requires that investments with readily determinable fair values, as defined, be reported in the statement of financial position at fair value with any realized or unrealized gains and losses reported in the statement of activities and changes in net assets.

**Investments**

Investments are stated at fair market value. Management monitors market conditions that impact these investments.

**Property and equipment**

Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the lesser of the estimated useful life or lease term.

**Grants**

Grants are charged against operations when they are authorized by the Board of Directors. Payments may not necessarily occur in the same fiscal year as their authorization, in which case the amounts are accrued as long term liabilities and discounted over the payment term.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

The estimated fair value amounts of cash, investments, notes receivable and payables approximate their carrying amounts and have been determined by the Foundation using available market information and appropriate valuation methodologies. However, considerable judgement is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair values of investments are based on quoted market prices or are estimated using quoted market price or dealer quotes for similar securities. Limited partnership values are estimated using private valuations of the securities or properties held in those partnerships. The carrying amount of these items and of the payables and accrued liabilities are a reasonable estimate of their fair value.

**2. CASH**

Cash consists of cash on hand and on deposit with federally insured financial institutions.

At December 31, 2002 and 2001, cash consisted of the following:

	2002	2001
Cash on hand	\$ 300	\$ 300
Cash on deposit	164,568	532,086
<b>Total</b>	<b>\$ 164,868</b>	<b>\$ 532,386</b>
Balance per bank statements	997,918	\$ 234,851
FDIC coverage	100,000	100,000
<b>Uninsured balance</b>	<b>\$ 897,918</b>	<b>\$ 134,851</b>

**3. INVESTMENTS**

Investments at December 31, 2002 consisted of the following:

	Cost	Carrying Value
Cash and cash equivalent investment fund	\$ 418,800	\$ 418,800
Government and corporate obligations	55,243,090	51,373,078
Equity securities	117,842,700	98,296,401
Limited partnerships	3,940,000	3,269,821
<b>Total</b>	<b>\$ 177,444,590</b>	<b>\$ 153,358,100</b>

Investments at December 31, 2001 consisted of the following:

	Cost	Carrying Value
Cash and cash equivalent investment fund	\$ 848,230	\$ 848,230
Government and corporate obligations	56,836,774	54,490,214
Equity securities	125,717,505	130,075,995
Limited partnerships	3,640,000	3,508,513
<b>Total</b>	<b>\$ 187,042,509</b>	<b>\$ 188,922,952</b>

**4. EXCISE TAX AND DISTRIBUTION REQUIREMENTS**

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. In accordance with the provisions of the Tax Reform Act of 1969, the Foundation is subject to an excise tax on net investment income, including realized gains as defined in the Act. The excise tax expense is composed of the following:

Current tax	\$ 125,870
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The Foundation will be required to make qualifying distributions (as defined in the Internal Revenue Code of 1986 IRC) equal to its minimum investment return, as adjustments (as defined in the IRC). Management believes that these distribution requirements will be met in the coming year.

**5. PENSION PLAN**

The Foundation established a Simplified Employee Pension Plan (the "SEPP") under section 408(k) of the Code that covers all full time employees over the age of twenty-one (21). The Foundation contributes a percentage of employees' annual compensation to the SEP that is placed in an IRA plan with Aetna Life Insurance and Annuity Company. During 2002 and 2001, the Foundation contributed approximately \$109,415 and \$99,046, respectively, to the SEP. The Foundation also established a tax deferred annuity plan (the "Plan") under section 403(b) of the Code, with Aetna Life Insurance and Annuity Company. Eligible employees who wish to participate in the Plan may enter into a salary reduction agreement not to exceed the lesser of \$11,000 or one-sixth of compensation during any calendar year. During 2002 and 2001 employees contributed approximately \$58,740 and \$64,738, respectively, to the Plan.

**6. GRANTS**

The Foundation accrues the long-term portion of grants payable at their net present value. At December 31, 2002, the Foundation's short-term obligations totaled \$7,987,800. The accrued future obligations consisted of the following:

2004	\$ 7,464,217
2005	7,379,249
2006	6,201,900
2007	3,556,700
	<b>24,602,066</b>
Less discount to net present values	(696,031)
	<b>\$ 23,906,035</b>

**7. DISCONTINUED OPERATIONS**

As discussed in Note 1, certain assets of the Hospital were sold in September 1995. An adjustment to the original estimate of the gain on discontinued operations of the Hospital is reported in the accompanying statement of activities and changes in net assets.

**8. COMMITMENTS AND CONTINGENCIES**

**Leases**

The Foundation leases its primary facilities under an operating lease that expired in 2001. Additional space was leased in 1998 and 1999 under operating leases that also expired in 2001. Both leases provided an option to renew for a period of thirty-six months. This option was exercised during 2001. Future minimum annual lease payments are as follows:

2003	\$ 155,794
2004	48,385
	<b>\$ 204,179</b>

These financial statements include expense related to these leases for 2002 and 2001 in the amount of \$130,526 and \$144,023, respectively.

**Malpractice and General Liability Insurance**

The Hospital was self-insured for purposes of providing for comprehensive general and hospital malpractice liability risk. The Hospital had a claims-made excess coverage policy to supplement its self-insured insurance fund. The Foundation will continue to be responsible for the self-insured general liabilities and hospital malpractice risks of the Hospital relative to operations prior to the sale.

The Hospital and the Foundation may be involved in certain litigation arising in the ordinary course of business for services provided through September 29, 1995. Claims alleging malpractice have been asserted against the Hospital and are currently in various stages of settlement or litigation. Claims have been filed requesting damages in excess of the amount accrued for estimated malpractice costs. Additional claims may be asserted against the Foundation arising from services provided to patients through September 29, 1995. In the opinion of management, however, estimated malpractice and general liability costs accrued at December 31, 2002, are adequate to provide for potential losses resulting from pending or threatened litigation. These accruals include costs associated with known claims as well as those incurred but not reported (discounted at 8%) and are reported as accrued general and professional liabilities in the accompanying statement of financial position.

The Foundation contracted with MMI Risk Management Resources, Inc. to administer all of the general and hospital malpractice liability claims for Providence Memorial Hospital.

The Foundation continues to be self-insured for general liability claims against the Hospital for services provided through September 30, 1995. Accordingly, the Foundation purchased tail insurance coverage for a five-year period from American Continental Insurance Company. Their terms are \$2 million aggregate per case and \$4 million in total aggregate. After the total aggregate coverage was reached at the end of 1998, the carrier has assumed responsibility for all expenses and indemnity up to their \$15 million limit.

**Employment Related Claims**

During 1991, the Hospital began self-funding for the purpose of providing for claims for employment-related injuries. The Hospital established a reserve for known and unknown claims. Additional claims may be asserted against the Hospital from incidents occurring through September 29, 1995. In the opinion of management, however, estimated workers' injury costs accrued by the Foundation at December 31, 2002, are adequate to provide for potential losses resulting from pending or threatened claims.

**Third-Party Cost Reports**

Certain allowances for losses are provided each year for disputed items related to certain third-party reimbursements claimed in the Hospital cost reports. Management believes that allowances for losses have been provided to the extent necessary and that its assessment of contingencies is reasonable. To the extent that the resolution of contingencies results in amounts that vary from management's estimates, future earnings will be charged or credited.

**9. RELATED PARTY**

In 2000, the Board of the Foundation formed a separate nonprofit entity, Center for Border Health Research (CBHR). The Foundation's Board appointed the first Board of Directors of CBHR, but a majority of the replacements will be elected by their own Board. As the Foundation can not exercise control of this organization, the financial information of CBHR has not been consolidated in these statements.