

1999 Annual Report



PASO DEL NORTE HEALTH
FOUNDATION





PASO DEL NORTE HEALTH
FOUNDATION

Better Health, Better Lives, A Better Community.

We

e were created on

October 1, 1995 from the

proceeds of the sale of

Providence Memorial Hospital to

Tenet Healthcare Corporation.

We 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.

www.pdnhf.org

1100 N. Stanton, Ste. 510

El Paso, Tx 79902

(915) 544-7636

Fax (915) 544-7713

health@pdnhf.org

Index

Message From The President	2
Mission / Vision	3
How We Make Grants	4
Board Of Directors / Staff	5
Capacity Building	6-7
Disease, Injury & Teen Pregnancy Prevention	8-9
Physical Activity	10-11
Nutrition	12-13
Programs, Planning Grants & Funds	14
Financials	15

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 website at www.pdnhf.org.



Transmountain Dr. / Loop 375

Better Health, Better Lives, A Better Community.

1999
BOARD OF DIRECTORS

Chairman of the Board
Jacob S. Heydemann, M.D.

Vice-Chairman of the Board
Dionicio (Don) Flores

Allocations Committee Chairman
Margarita (Margie) Velez

Board Selection & Conflicts Committee Chairman
Adair Margo

Investment Committee Chairman
Robert E. Skov

Dwayne Aboud, M.D.
Jesse Alvarez
Edmund G. Archuleta
Monsignor Arturo Bañuelos, STD
Jackson Curlin
Hector Delgado
Victor A. Diaz, M.D.
Patricia Holland-Branch
Robert H. Hoy Jr.
W.L. (Woody) Hunt
Steve Lauterbach
Judge Patricia A. Macias
Sister Helen Santamaria, S.L.

STAFF

President	Ann G. Pauli
Program Officer	Tommy Tinajero
Program Officer	Beatriz Vera
Program Officer	Michael Kelly
Program Associate	Juanita Galaviz
Financial Manager	Jim Johnson
Accountant/IS Manager	Gilbert Alvarado
Office Manager/	
Executive Assistant	Carolyn Miller
Administrative Assistant	Sylvia Soto

CONSULTANTS

Communications	Cisa Rivera
Projects	Enrique Mata

CAPACITY *Building*



Leading Toward The Future

John Brooks, Executive Director of the YMCA of Greater El Paso and Maria De Jesus Garcia, Chairman of the Chaparral Community Health Council

Better Health, Better Lives, A Better Community.

Ageless Health

Partners: TBD

Begin At Birth!

Technical Advisors:

El Paso Community College

Families and Work Institute

Texas Fragile Families

Partners: TBD

Action for Youth

Technical Advisors:

UTEP International Border Youth Development Project

Partners:

League of Empowered Anthony Partnership, Canutillo Community Action for Students and Adults, Sunset Heights Partnership, Ysleta Area Action for Youth Group, Eastside Youth Connection, Tornillo, Fabens and Clint Collaborative, Northeast Teen N.E.T.W.O.R.K., Southern Doña Ana County Acción Para La Iniciativa de los Jovenes y sus Padres, Hatch Valley-Las Cruces Area Partnership, Otero County Youth Empowerment Association and Juarenses por una Juventud Sana.

Healthy Paso del Norte

Partners:

Chaparral Community Health Council, Programa Compañeros, Project VIDA, YMCA of Greater El Paso, La Fe Clinic, Centro Mujeres de la Esperanza, Tierra Madre, Canutillo Independent School District

Center for Border Health Research

Partners:

UTEP, Texas Tech Health Sciences Center-El Paso, U.T. Houston Health Sciences Center School of Public Health at El Paso, El Paso Community College

PDN MAPA (Paso del Norte Mapping for Public Access)

Partners:

El Paso Water Utilities

City of El Paso

El Paso County Central Appraisal District

University of Texas at El Paso

Collegiate Project Assistance

Partners:

University of Texas at El Paso

New Mexico State University

El Paso Community College

UT Houston HSC School of Public Health at El Paso

Helping organizations and individuals do more and do it better, is a hallmark of our foundation. This year, six of our initiatives focused on efforts aimed at providing non-profit agencies, community groups and academic organizations with more resources to achieve and sustain success. Ageless Health, Begin At Birth!, Action for Youth and Healthy Paso del Norte served as catalysts for bringing together nearly 300 different organizations. Achieving better coordination, accessing more resources and helping groups connect with one another is how we are weaving a web of support for the groups we serve. In addition, the Center for Border Health Research and PDN MAPA (Paso del Norte Mapping for Public Access) aim to enhance a community-wide ability to develop effective research agendas and Collegiate Project Assistance supports the development of quality health promotion projects in college classrooms.

Ageless Health**\$4.5 Million/4 Years****Begin At Birth!****\$6.9 Million/5 Years****Action for Youth****\$12 Million/6 Years****Center for Border Health Research****\$9 Million/5 Years****PDN MAPA****\$1.6 Million/1 Year****(Paso del Norte Mapping for Public Access)****Collegiate Project Assistance****\$2.2 Million/5 Years****Healthy Paso Del Norte****\$2.5 Million/3 Years**

DISEASE, INJURY & TEEN



Preteen Nicotine

Better Health, Better Lives, A Better Community.

PREGNANCY *Prevention*

It Takes Two Teen Pregnancy Prevention

Partner:

YWCA Paso del Norte Region

A Smoke Free Paso del Norte

Technical Advisors:

Texas A&M University School of Rural Public Health

The University of Houston Health Science Program

Partners:

El Paso:

Planned Parenthood Centers of El Paso

American Lung Association

Texas A&M Colonias Program

Community Partnerships

American Cancer Society

Southern New Mexico:

La Clinica de Familia

Children in Need of Services

Families & Youth, Inc.

Rio Grande Cancer Foundation

Border Diabetes

Partner: El Paso Diabetes Association

Clinic HELP

Technical Advisors: University of Texas at El Paso College of Health Sciences, University of Texas at Houston HSC School of Public Health at El Paso, New Mexico Department of Health, New Mexico State University

Partners:

El Paso: Centro de Salud La Fe, Inc.,

Centro San Vicente, Project VIDA, UTEP/Community

Partnership, Texas Tech Health Sciences Center,

Baptist Clinic

Southern New Mexico: Ben Archer Rural Health Center and

La Clinica de Familia, Inc.

Ciudad Juárez: Hospital de la Familia (FEMAP).

The Prevention Network

Partners:

Cancer Consortium, El Paso Diabetes Association,

Thomason Hospital, Formento Social de Chihuahua Zona Norte

Our primary concern is stopping disease before it occurs. We are also working to reduce disease by encouraging people to seek screening and treatment to prevent further health deterioration and early death. In 1999, we funded five initiatives aimed at educating diverse populations about which behaviors foster a healthy lifestyle. It Takes Two, A Smoke-Free Paso del Norte, Border Diabetes, Clinic HELP, and The Prevention Network use health promotion and education as the basis for their work. Using different approaches, these initiatives encourage people to adopt behaviors that will improve our overall health status.

It Takes Two Teen Pregnancy Prevention \$1 Million/3 Years

A Smoke-Free Paso del Norte \$3.3 Million/4 Years

Border Diabetes \$3.5 Million/5 Years

Clinic HELP \$3 Million/4 Years

The Prevention Network \$1 Million/3 Years

PHYSICAL *Activity*



Mariachi Mile Kids

Better Health, Better Lives, A Better Community.

Walk El Paso

Partner:

YMCA of Greater El Paso

Walk Doña Ana

Partner:

City of Las Cruces Parks and Recreation

Walk Otero

Partner:

Otero Path

CATCH

Partner:

Region 19

CATCH Schools**Anthony Independent School District**

Anthony Elementary

Canutillo Independent School District

Bill Childress Deanna Davenport Jose Damian

Clint Independent School District

Montana Vista Red Sand

El Paso Independent School District

Alta Vista	Beall	Bradley	Collins
Crosby	Douglass	Dowell	Nixon
Fannin	Hawkins	Moreno	Johnson
Kohlberg	Lindbergh	Milam	Newman
Roberts	Putnam	Rusk	Schuster
Stanton	Vilas	Whitaker	

Fort Hancock Independent School District

Benito Martinez

San Elizario Independent School District

Sambrano San Elizario Elementary

Socorro Independent School District

Benito Martinez	Helen Ball	Horizon
Hueco	Myrtle Cooper	O'Shea Keleher
Robert R. Rojas	Sierra Vista	Vista del Sol

Tornillo Independent School District

Tornillo Elementary

Ysleta Independent School District

Cadwallader	Dolphin Terrace	East Point
Eastwood Knolls	Glen Cove	Lancaster
Loma Terrace	Mesa Vista	Mission Valley
Parkland	Pasodale	Pebble Hills
Presa	South Loop	Thomas Manor

Ysleta Elementary

Gadsden Public Schools

Desert Trail Riverside

Hatch Public Schools

Garfield Hatch Elementary/Rio Grande

Las Cruces Public Schools

Desert Hills	Dona Ana	Hermosa Heights
Loma Heights	Mesilla Park	Tombagh
University Hills	Valley View	

Regular physical activity is associated with lower death rates for adults of any age, even when only moderate types of physical activity are performed. It decreases the risk of death from heart disease and the risk of developing diabetes, and is associated with a decreased risk of colon cancer. Regular exercise helps prevent high blood pressure and helps reduce blood pressure in persons with elevated levels. Fit people require fewer visits to their doctor as well as fewer hospital stays, which translates into lower healthcare costs. In addition, it is a fun and inexpensive way to manage stress and increase energy levels. Promoting physical activity as a key behavior for achieving better health is one of our top priorities. Walk El Paso, Walk Doña Ana, Walk Otero and CATCH are four foundation-funded initiatives intended to teach adults and children that you don't need high levels of physical activity to benefit substantially from being more fit.

Walk El Paso	\$2.5 Million/5 Years
--------------	-----------------------

Walk Doña Ana	\$758,240/3 Years
---------------	-------------------

Walk Otero	\$626,240/3 Years
------------	-------------------

CATCH	\$4.2 Million/7 Years
-------	-----------------------

NUTRITION



Sandia

Better Health, Better Lives, A Better Community.

Qué Sabrosa Vida

Technical Advisors:

UT Houston HSC School of Public Health
Human Nutrition Center

YWCA Consumer Credit Counseling Services

Texas and New Mexico Agricultural Extension Services

Partners:

Canutillo Independent School District

Child Nutrition Program

Clint Independent School District

Clint Middle School

Clint High School

AYUDA

San Elizario Independent School District

San Elizario Middle School

Texas and New Mexico Agricultural Extension Services

Organizacion Progresiva

Lamar Elementary School

Alta Vista Elementary School

Escontrias Elementary School

Campestre Elementary School

YWCA El Paso Del Norte Region

Centro de Salud Familiar La Fe, Inc.

El Paso Independent School District

Clardy Elementary School

Coldwell Elementary School

Lamar Elementary School

Robert E. Lee Elementary School

Wiggs Middle School

School Age Parent Center

El Paso City-County Health and Environmental District

WIC Sunrise Center

WIC Ysleta Lower Valley

St. Pius Community Health Ministry

West Texas Council on Alcohol and Drug Abuse

American Cancer Society

Centro San Vicente Health Center

AVANCE, Inc.

YMCA of Greater El Paso

HUD Colonias Program-El Paso Region

Sparks

Socorro

Montana Vista

Doña Ana Public Health Office

WIC-Las Cruces

WIC-Anthony

Families & Youth, Inc

NMSU College of Agriculture and Home Economics

Gadsden Independent School District

Lomalinda Elementary School

Desert Trail Intermediate School

Mesquite Elementary School

Desert View Elementary

Programa Comida Para La Vida

We learned from the 1996 El Paso Health Report that only a small percentage of our population eats the recommended five fruits and vegetables a day and that a majority of us continue to consume a diet high in fat. Studies show that certain foods may help cause, prevent or even treat diseases and every day scientists learn more about the complex effect the vitamins and minerals in our food may have on our bodies. The way our community eats is of great concern to the foundation and teaching people how to make wiser food choices and still preserve traditional dishes is a very high priority. Qué Sabrosa Vida is our first initiative focused exclusively on helping people understand the connection between nutrition and good health.

Qué Sabrosa Vida

3 Million/5 Years

Programs, Planning Grants & Funds

Promoting Physical Activity in Healthy Communities

\$540,000/2 Years

Partners:

Canutillo ISD, Centro de Salud Familiar La Fe, Inc.,
Centro Mujeres de la Esperanza, Chaparral
Community Health Council, El Paso Diabetes
Association, Project Vida, AYUDA, Smyrna Seventh
Day Adventist Church, South El Paso Senior Center,
West Texas Council on Alcohol and Drug Abuse,
YMCA of Greater El Paso

CASA II Child Immunization Project Extension

\$200,000/1 Year

Partner:

El Paso County Medical Society

FAITH Planning Grant

(Faith and Action for Improving Total Health)

\$150,000/1 Year

Partner:

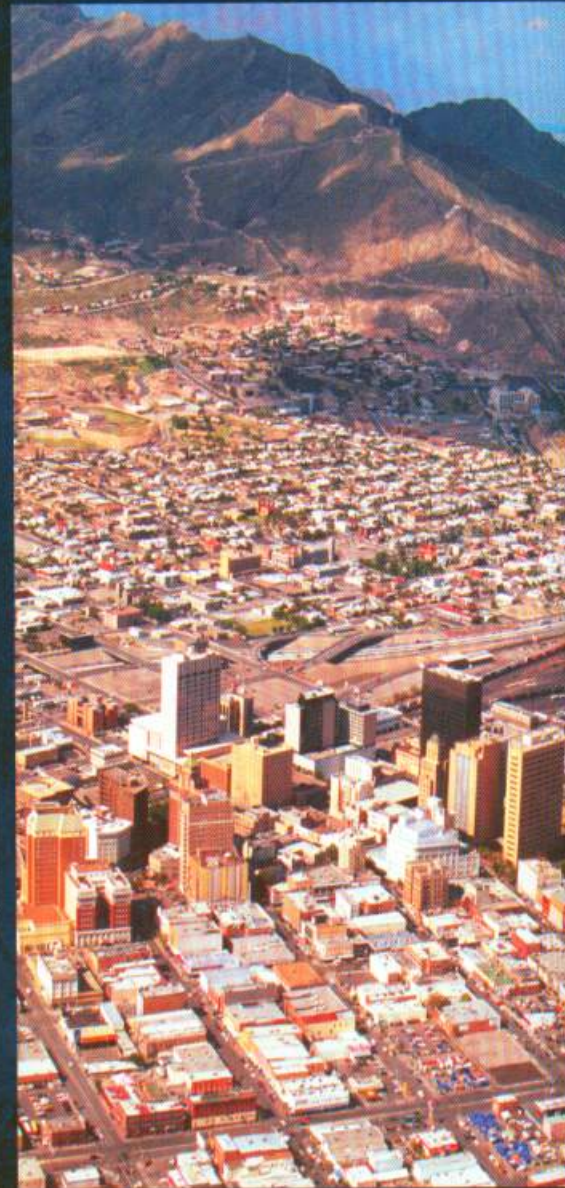
Lutheran Social Services of the South

The Conference Fund

\$100,000/1 Year

Partners:

Small grants from this fund are available to
non-profit groups requiring support for a specific
conference or educational event. Conferences
must promote topics related to the basic mission of
the Paso del Norte Health Foundation.



Downtown El Paso

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, 1999 and 1998, 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 generally accepted auditing standards. 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, 1999 and 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Dunbar, Broadus, Gibson LLP

Dunbar, Broadus, Gibson LLP

El Paso, Texas
March 21, 2000

ASSETS	1999	1998
Current assets		
Cash	\$ 350,201	\$ 142,592
Other current assets	27,274	29,621
Total current assets	377,475	172,213
Investments	229,468,102	210,684,869
Property and equipment, net	146,576	221,661
Other assets	565,772	547,162
Total noncurrent assets	230,180,450	211,453,692
Total assets	\$ 230,557,925	\$ 211,625,905

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities	\$ 205,769	\$ 273,592
Grants payable	10,382,179	4,688,295
Due to third-party payors	2,471,462	2,655,550
Total current liabilities	13,059,410	7,617,437
Noncurrent Liabilities		
Long term grants payable	33,389,503	16,306,095
Accrued general and professional liabilities	8,840,281	9,136,592
Total noncurrent liabilities	42,229,784	25,442,687
Net assets		
Unrestricted	174,876,922	178,170,279
Temporarily restricted	391,809	395,502
Total net assets	175,268,731	178,565,781
Total liabilities and net assets	\$ 230,557,925	\$ 211,625,905

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, 1999 AND 1998

	1999	1998
Revenues		
Investment income	\$ 6,535,693	\$ 7,015,589
Net realized gain on investments	16,367,646	17,293,361
Net assets released from restrictions	12,500	34,101
Other income	30,332	12,467
Total revenues	22,946,171	24,355,518
Expenses		
Program expense	31,870,528	16,951,769
General and administrative expense	733,006	1,000,657
Investment fees	1,214,440	1,004,800
Total expenses	33,817,974	18,957,226
Increase (Decrease) in net assets from continuing operations		
before net unrealized gains on investments	(10,871,803)	5,398,292
Net unrealized gain (loss) on investments	7,139,143	(9,983,552)
Discontinued operations		
Gain from operations of discontinued hospital	439,303	613,628
Increase (Decrease) in unrestricted net assets	(3,293,357)	(3,971,632)
Activity in temporarily restricted net assets		
Interest	1,592	1,505
Net realized/unrealized gain on investment securities	7,215	-
Contributions	-	2,000
Net assets released from restrictions	(12,500)	(34,101)
Decrease in temporarily restricted net assets	(3,693)	(30,596)
Increase (decrease) in net assets	(3,297,050)	(4,002,227)
Net assets, beginning of year	178,565,781	182,568,009
Net assets, end of year	\$175,268,731	\$178,565,781

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, 1999 AND 1998

	1999	1998
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (3,297,050)	\$ (4,002,227)
Adjustments needed to derive cash flow provided (used) by operations:		
Depreciation	79,657	78,141
Accounts receivable & notes receivable	5,066	46,331
Prepaid expenses	(2,719)	686
Other assets	(18,610)	(20,222)
Accrued liabilities	(251,911)	86,865
Accounts payable and accrued liabilities	-	(560)
Grants payable	22,777,292	13,092,851
Other liabilities	(296,311)	(4,968,672)
Realized gain on investments	(16,367,646)	(17,293,361)
Unrealized loss (gain) on investment securities	(7,139,143)	9,983,552
Net cash used by operating activities	(4,511,375)	(2,996,616)
Cash flows from investing activities		
Purchases of property, plant and equipment	(4,571)	(88,644)
Sale and maturity of investments, net of purchases	4,723,555	2,631,547
Net cash used in investing activities	4,718,984	2,542,903
Net increase (decrease) in cash and cash equivalents	207,609	(453,713)
Cash, beginning of year	142,592	596,305
Cash, end of year	350,201	\$142,592

The Foundation established a Simplified Employee Pension Plan (the "SEP") 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 1999 and 1998, the Foundation contributed approximately \$56,700 and \$29,400, 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 \$10,000 or one-sixth of compensation during any calendar year. During 1999 and 1998 employees contributed approximately \$40,245 and \$39,200, respectively, to the Plan.

5. GRANTS

The Foundation accrues the long-term portion of grants payable at their net present value. At December 31, 1999, the accrued future obligations consisted of the following:

2000	\$ 10,382,179
2001	11,775,039
2002	10,254,832
2003	8,047,432
2004	6,074,270
	<u>46,533,752</u>
Less discount to net present values	<u>(2,762,070)</u>
	<u>\$ 43,771,682</u>

6. 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.

7. COMMITMENTS AND CONTINGENCIES

Leases

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

2000	\$ 135,478
2001	41,998
	<u>\$ 177,476</u>

These financial statements include expense related to these leases for 1999 and 1998 in the amount of \$122,749 and \$48,490, 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, 1999, 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, 1999, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

General

Paso del 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 1999. Therefore, the Foundation remained a public charity under Section 509(a)(2) through December 31, 1999. Thereafter, the Foundation will become a private foundation under Section 509(a) of the Code when it fails one (or both) of the Two Tests.

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 which 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 generally accepted accounting principles 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, 1999 and 1998, cash consisted of the following:

	1999	1998
Cash on hand	\$ 300	\$ 300
Cash on deposit	<u>349,901</u>	<u>142,292</u>
Total	<u>\$ 350,201</u>	<u>\$ 142,592</u>
Balance per bank statements	\$ 505,879	\$ 477,069
FDIC coverage	<u>117,934</u>	<u>129,260</u>
Uninsured balance	<u>\$ 387,945</u>	<u>\$ 347,809</u>

3. INVESTMENTS

Investments at December 31, 1999 consisted of the following:

	Cost	Carrying Value
Cash and cash equivalent investment fund	\$ 5,976,962	\$ 6,022,643
Government and corporate obligations	71,258,196	69,728,999
Equity securities	131,154,572	151,798,550
Limited partnerships	<u>1,580,000</u>	<u>1,917,910</u>
Total	<u>\$ 209,969,750</u>	<u>\$ 229,468,102</u>

Investments at December 31, 1998 consisted of the following:

	Cost	Carrying Value
Cash investment fund	\$ 9,820,047	\$ 9,820,047
Government and corporate obligations	63,247,406	66,498,850
Equity securities	124,745,729	133,774,412
Limited partnerships	<u>580,000</u>	<u>591,560</u>
Total	<u>\$ 198,393,182</u>	<u>\$ 210,684,869</u>