

**Greene County Memorial Hospital Foundation**

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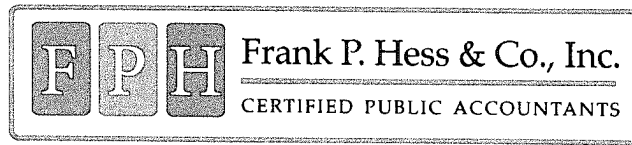
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FINANCIAL REPORT

June 30, 2014

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## **Independent Accountant's Review Report**

To the Board of Directors  
of Greene County Memorial Hospital Foundation:

We have reviewed the accompanying balance sheet of Greene County Memorial Hospital Foundation as of June 30, 2014, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

### **Accountant's Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

### **Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

October 22, 2014  
Pittsburgh, PA

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

BALANCE SHEET

June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 673,079	\$ 36,823	\$ 709,902
Marketable Investments [Note 2]	12,930,749	0	12,930,749
Investment Income Receivable	22,260	0	22,260
Prepaid Expense [Note 9]	<u>93,170</u>	<u>0</u>	<u>93,170</u>
 TOTAL CURRENT ASSETS	 13,719,258	 36,823	 13,756,081
Property & Equipment, Net [Note 3]	83,661		83,661
Construction in Progress [Note 3]	<u>150,080</u>	<u>0</u>	<u>150,080</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 13,952,999</u>	 <u>\$ 36,823</u>	 <u>\$ 13,989,822</u>
 <u>LIABILITIES AND NET ASSETS [Note 4]</u>			
 <u>LIABILITIES</u> - Accounts Payable	 \$ 66,090	 \$ 0	 \$ 66,090
 <u>NET ASSETS</u> [Note 5]	 <u>13,886,909</u>	 <u>36,823</u>	 <u>13,923,732</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 13,952,999</u>	 <u>\$ 36,823</u>	 <u>\$ 13,989,822</u>

See Accountant's Review Report and Notes to Financial Statements

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Investment Income [Note 2]	\$ 1,832,831	\$ 0	\$ 1,832,831
Program Revenue [Note 6]	159,289	0	159,289
Special Events (Net of \$48,806 Direct Costs)	30,569	0	30,569
Contributions, Bequests, & Grants [Note 7]	9,438	10,000	19,438
Net Assets Released from Restrictions	<u>23,595</u>	<u>(23,595)</u>	<u>0</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>2,055,722</u>	<u>(13,595)</u>	<u>2,042,127</u>
<u>EXPENSES</u> [Note 8]			
Program	746,928	0	746,928
General & Administrative	62,508	0	62,508
Fund Raising	<u>41,383</u>	<u>0</u>	<u>41,383</u>
<u>TOTAL EXPENSES</u>	<u>850,819</u>	<u>0</u>	<u>850,819</u>
<u>CHANGE IN NET ASSETS</u>	1,204,903	(13,595)	1,191,308
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>12,682,006</u>	<u>50,418</u>	<u>12,732,424</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 13,886,909</u>	<u>\$ 36,823</u>	<u>\$ 13,923,732</u>

See Accountant's Review Report and Notes to Financial Statements

# GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

## STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2014

### CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	1,191,308
Add (Deduct) Items Not Affecting Cash		
Depreciation		30,954
Capital Gains		(1,632,595)
Change in Investment Income Receivable		(138)
Change in Prepaid Expense		47,320
Change in Accounts Payable		2,832
<u>NET CASH FLOWS FROM OPERATING ACTIVITIES</u>		<u>(360,319)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Investments		10,037,788
Purchase of Investments		(9,490,183)
Construction in Progress		(150,080)
<u>NET CASH FLOWS FROM INVESTING ACTIVITIES</u>		<u>397,525</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

		<u>0</u>
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### NET CASH FLOWS

		37,206
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### CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

		<u>672,696</u>
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### CASH AND CASH EQUIVALENTS - END OF YEAR

	\$	<u><u>709,902</u></u>
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There were no noncash investing and financing transactions for the year ended June 30, 2014.

See Accountant's Review Report and Notes to Financial Statements

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Management has evaluated subsequent events through October 22, 2014, the date on which the financial statements were available to be issued.

Organization

Greene County Memorial Hospital Foundation ("Foundation") is a successor entity to the Greene County Memorial Hospital ("Hospital"). The Hospital was organized in 1907 to meet the medical needs of the community. In 2005, the hospital operations were sold and the residual assets are now managed by the Foundation, a 501(c)(3) public charity. The mission of the Foundation is to promote compassionate and caring healthcare and related outreach programs. The Foundation also operates the Foundation for Wellness, a fitness center open to the public.

Revenue Recognition

Contributions, Bequests, Grants, and Special Events revenue are recognized when the donor makes an unconditional promise to give. Program Revenue is recognized in the period in which it is earned.

Accounting for Restrictions

Net assets, revenues, expenses, gains and losses are classified based upon the existence or absence of donor imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Unrestricted Net Assets - Net assets which are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets which are subject to donor-imposed restrictions which will be satisfied by actions of the Foundation or by the passage of time.

Permanently Restricted Net Assets - Net assets which are subject to donor-imposed stipulations that they be maintained or used in a certain way or endowments which represent resources that must be invested permanently with income to be used for either general or specific purposes. The Foundation does not currently have permanently restricted net assets.

## Contributions

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restrictions accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## Contribution Restriction Policies

The Foundation has adopted the following policies for gifts received with a donor-imposed restriction:

In the absence of donor stipulations specifying how long-lived donated assets must be used, restrictions on long-lived assets and other personal property items, or cash to acquire long-lived assets or personal property items expire when the assets are placed in service or purchased as the case may be. The sale proceeds (or, in the case of a destroyed item, insurance proceeds) from either a donated asset or an asset purchased with a gift of cash are unrestricted unless specifically delineated otherwise by the original donor.

In the absence of donor stipulations, interest income earned on temporarily restricted funds is unrestricted and may be used for general operations, programs and services.

## Cash & Cash Equivalents

Cash and Cash Equivalents consist of cash, certificates of deposit and other highly liquid investments with maturities of three months or less.



### Fair Value Accounting

Marketable Investments are reported at fair value. Fair values are classified according to a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 – Securities traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 – Securities not traded in an active market but for which market inputs are readily available.

Level 3 – Securities not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

All Marketable Investments are Level 1 securities.

### Property & Equipment

Property and Equipment are depreciated under the straight-line method over the useful lives of the assets using the half-year convention. Estimated useful lives assigned for furniture, fixtures and equipment are three to seven years. Repairs and maintenance, which do not extend the lives of the applicable assets, are charged to expense as incurred. Gain or loss from the retirement or other disposition of assets is included in the statement of activities.

### Advertising

Advertising costs are expensed as incurred.

### Allocations

The Foundation reports fundraising costs and expenses by their functional classification. Some expenses have been allocated to functional classifications based on salary costs or square footage.

### Estimates

These financial statements use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. MARKETABLE INVESTMENTS

<u>Description</u>	<u>Amount</u>
Equity Funds	\$ 8,627,064
Debt Funds	4,226,586
Cash and Equivalents	<u>77,099</u>
	<u>\$12,930,749</u>

Investment Income is composed of the following:

<u>Description</u>	<u>Amount</u>
Realized Gains	\$ 1,259,116
Unrealized Gains	373,479
Interest and Dividends	269,900
Investment Fees	<u>(69,664)</u>
	<u>\$ 1,832,831</u>

3. PROPERTY & EQUIPMENT

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment, Furniture & Fixtures	<u>\$ 216,740</u>	<u>\$ 133,079</u>	<u>\$ 83,661</u>

In July 2013, the Foundation began plans for a new recreation center. \$10,000 hand money was put down on a land purchase agreement in October 2013 and plans are in the design stage. The Foundation estimates the new recreation center will cost \$6 million and plans to begin construction of the project in the next year.

4. LINE OF CREDIT

The Foundation has a \$2 million line of credit with First National Bank at the bank's short term cost of money plus 1.6% adjusted monthly. At June 30, 2014 this rate was 1.75% and nothing was drawn on the line. The Foundation's investments are collateral for the loan.

5. NET ASSETS

The Foundation currently maintains two separate net asset classifications in order to control in detail all gifts received. These classifications include: 1} Unrestricted, which is used to account for revenues earned and gifts received without a restricted directive; and 2} Temporarily Restricted, which is used to account for gifts received by the Foundation with donor-restricted directives. A summary of the activity in the open Temporarily Restricted Net Asset classes from July 1, 2013 to June 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Support and Revenue</u>	<u>Release of Net Assets</u>	<u>Ending Balance</u>
Tuition Assistance Awards	<u>\$ 50,418</u>	<u>\$ 10,000</u>	<u>\$ (23,595)</u>	<u>\$ 36,823</u>

6. PROGRAM REVENUE

Program Revenue results from operating the Foundation for Wellness.

7. CONTRIBUTIONS, BEQUESTS AND GRANTS

During the year ended June 30, 2014, the Foundation received grants totaling \$10,000 from a single source. The remaining contributions were received in smaller amounts from the general public.

8. EXPENSES

Detail of expenses by functional category is as follows:

<u>Expense</u>	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 288,830	\$ 0	\$ 0	\$ 288,830
Professional Fees*	217,504	19,291	18,449	255,244
Salaries & Related Benefits	100,760	20,151	13,436	134,347
Occupancy Expenses	67,962	7,812	2,344	78,118
Supplies, Postage & Printing	16,153	11,307	4,846	32,306
Depreciation	30,954	0	0	30,954
Advertising	16,077	0	1,786	17,863
Travel & Meetings	3,134	1,567	522	5,223
Miscellaneous	<u>5,554</u>	<u>2,380</u>	<u>0</u>	<u>7,934</u>
Total Expenses	<u>\$ 746,928</u>	<u>\$ 62,508</u>	<u>\$ 41,383</u>	<u>\$ 850,819</u>

\*Professional Fees are principally composed of leased employees who operate the Foundation for Wellness. The terms of the lease agreement are month to month.

9. RENT EXPENSE

The Foundation is leasing the Foundation for Wellness for a five-year period ending November 30, 2014 for \$40,000 per year or equivalent leasehold improvements. As of June 30, 2014, prepaid rent in the form of improvements was \$16,667.

The lease provides for two five-year renewal options under the same terms. If both options are exercised, the lease would expire on November 30, 2024. The Foundation has incurred \$65,280 of leasehold improvements that would apply to the first renewal period, and this amount is also included in prepaid rent.

10. CONCENTRATION OF CREDIT RISK

Although the Foundation maintains cash balances which may exceed federally insured limits, it has not historically experienced any credit loss.