

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018 AND 2017

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

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To the Board of Directors of the
Greene County Memorial Hospital Foundation
Waynesburg, PA 15370

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Greene County Memorial Hospital Foundation (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greene County Memorial Hospital Foundation as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Palermo/Kissinger & Associates, P.C.
Washington, Pennsylvania
February 28, 2019

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 495,947	\$ 806,443
Investments	8,155,510	10,018,742
Accounts receivable	34,123	-
Prepaid expenses	82,061	11,555
TOTAL CURRENT ASSETS	8,767,641	10,836,740
PROPERTY AND EQUIPMENT		
Land	607,508	-
Recreation Center	9,284,230	-
Furniture and equipment	401,018	216,740
Less: accumulated depreciation	(399,379)	(212,980)
TOTAL PROPERTY AND EQUIPMENT	9,893,377	3,760
OTHER ASSETS		
Pledges receivable (net of \$104,500 and \$64,900, allowance for uncollectible pledges)	718,698	1,227,710
Security deposits	548	-
Land held for future development	-	607,508
Construction in progress - Recreation Center	-	5,367,293
TOTAL OTHER ASSETS	719,246	7,202,511
TOTAL ASSETS	\$ 19,380,264	\$ 18,043,011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 31,602	\$ 83,044
Liability for payroll related withholdings	3,073	3,121
Deferred revenue	12,750	-
Line of credit payable	4,499,851	3,275,000
TOTAL LIABILITIES	4,547,276	3,361,165
NET ASSETS		
Unrestricted net assets:		
Undesignated	14,124,326	13,905,254
Temporarily restricted	708,662	776,592
TOTAL NET ASSETS	14,832,988	14,681,846
TOTAL LIABILITIES AND NET ASSETS	\$ 19,380,264	\$ 18,043,011

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS			
SUPPORT:			
Contributions and grants	\$ -	\$ 739,738	\$ 739,738
Bequests	11,418	-	11,418
TOTAL SUPPORT	<u>11,418</u>	<u>739,738</u>	<u>751,156</u>
REVENUE AND GAINS:			
Special events			
(net of special events expenses of \$42,530)	48,225	-	48,225
Program revenue	535,128	-	535,128
Rental income	67,322	-	67,322
Investment income	188,628	18	188,646
Realized gain on investments	570,422	-	570,422
Unrealized gain on investments	87,502	-	87,502
TOTAL REVENUE AND GAINS	<u>1,497,227</u>	<u>18</u>	<u>1,497,245</u>
TOTAL SUPPORT, REVENUE, AND GAINS	1,508,645	739,756	2,248,401
Net assets released from restrictions	<u>807,686</u>	<u>(807,686)</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, GAINS, AND RECLASSIFICATIONS	<u>2,316,331</u>	<u>(67,930)</u>	<u>2,248,401</u>
FUNCTIONAL EXPENSES:			
Program services			
Recreation center	1,430,497	-	1,430,497
Other program services	458,688	-	458,688
TOTAL PROGRAM SERVICES	<u>1,889,185</u>	<u>-</u>	<u>1,889,185</u>
Support services:			
Management and general	152,504	-	152,504
Fundraising	55,570	-	55,570
TOTAL SUPPORT SERVICES	<u>208,074</u>	<u>-</u>	<u>208,074</u>
TOTAL FUNCTIONAL EXPENSES	<u>2,097,259</u>	<u>-</u>	<u>2,097,259</u>
INCREASE (DECREASE) IN NET ASSETS	219,072	(67,930)	151,142
NET ASSETS AT BEGINNING OF YEAR	<u>13,905,254</u>	<u>776,592</u>	<u>14,681,846</u>
NET ASSETS AT END OF YEAR	<u>\$ 14,124,326</u>	<u>\$ 708,662</u>	<u>\$ 14,832,988</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS			
SUPPORT:			
Contributions and grants	\$ -	\$ 110,271	\$ 110,271
Bequests	10,327	-	10,327
TOTAL SUPPORT	<u>10,327</u>	<u>110,271</u>	<u>120,598</u>
REVENUE AND GAINS:			
Special events (net of special events expenses of \$38,601)	42,548	-	42,548
Program revenue	124,540	-	124,540
Rental income	14,345	-	14,345
Investment income	218,968	20	218,988
Realized gain on investments	551,405	-	551,405
Unrealized gain on investments	748,182	-	748,182
TOTAL REVENUE AND GAINS	<u>1,699,988</u>	<u>20</u>	<u>1,700,008</u>
TOTAL SUPPORT, REVENUE, AND GAINS	1,710,315	110,291	1,820,606
Net assets released from restrictions	429,820	(429,820)	-
TOTAL SUPPORT, REVENUE, GAINS, AND RECLASSIFICATIONS	<u>2,140,135</u>	<u>(319,529)</u>	<u>1,820,606</u>
FUNCTIONAL EXPENSES:			
Program services			
Wellness center	349,611	-	349,611
Other program services	577,160	-	577,160
TOTAL PROGRAM SERVICES	<u>926,771</u>	<u>-</u>	<u>926,771</u>
Support services:			
Management and general	179,372	-	179,372
Fundraising	69,112	-	69,112
TOTAL SUPPORT SERVICES	<u>248,484</u>	<u>-</u>	<u>248,484</u>
TOTAL FUNCTIONAL EXPENSES	<u>1,175,255</u>	<u>-</u>	<u>1,175,255</u>
INCREASE (DECREASE) IN NET ASSETS	964,880	(319,529)	645,351
NET ASSETS AT BEGINNING OF YEAR	<u>12,940,374</u>	<u>1,096,121</u>	<u>14,036,495</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,905,254</u>	<u>\$ 776,592</u>	<u>\$ 14,681,846</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
OPERATING ACTIVITIES		
Increase in net assets	\$ 151,142	\$ 645,351
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	186,399	17,976
Unrealized gain on investments	(87,502)	(748,182)
Decreases (increases) in assets:		
Decrease (increase) in accounts receivable	(34,123)	-
Decrease (increase) in pledges receivable, net	509,012	143,429
Decrease (increase) in prepaid expenses	(70,506)	
Decrease (increase) in security deposits	(548)	7,453
Increase (decreases) in liabilities:		
Increase (decrease) in accounts payable	(51,442)	58,426
Increase (decrease) in payroll taxes payable	(48)	(16)
Increase (decrease) in deferred revenue	12,750	(4,450)
	615,134	119,987
NET CASH PROVIDED BY OPERATING ACTIVITIES		
INVESTING ACTIVITIES		
Purchase of fixed assets	(184,277)	(14,500)
Additions to construction in progress	(3,916,938)	(4,384,748)
Sale of investments	7,534,830	12,373,211
Purchase of investments	(5,584,096)	(10,678,730)
	(2,150,481)	(2,704,767)
NET CASH USED FOR INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Proceeds from line of credit	1,224,851	2,875,000
	1,224,851	2,875,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(310,496)	290,220
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	806,443	516,223
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 495,947	\$ 806,443
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	\$ 128,861	\$ 24,446

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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. 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.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of Greene County Memorial Hospital Foundation are presented in accordance with Financial Accounting Standards Codification (FASC) 958-205, Presentation of Financial Statements of Not-for-Profit Entities. Under FASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents

For the purposes of the cash flows statement, the Organization considers investments with a maturity of three months or less to be cash equivalents.

Maintenance, Capitalization and Disposal Policies

Maintenance and repairs are charged to operations when paid. Betterments and renewals are capitalized. Property and equipment are capitalized and 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. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

Greene County Memorial Hospital Foundation is a nonprofit organization exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Greene County Memorial Hospital Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509 (a). Donors are entitled to deductions from income tax for contributions made to Greene County Memorial Hospital Foundation in accordance with these regulations.

Greene County Memorial Hospital Foundation has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 (formerly Interpretation Number 48 (FIN 48)), *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes. ASC 740-10 prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Management has determined that there are no material uncertain tax positions or unrecognized tax benefits and there is no material impact on the financial statements. In addition, there were no penalties or interest recognized on the statements of activity as a result of the adoption. Greene County Memorial Hospital Foundation's ASC 740-10 evaluation was performed for the tax years 2015 through 2017, which are the years that remain subject to examination by the Internal Revenue Service and various state agencies as of June 30, 2018.

Recognition of Revenue

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.

Contributions

Under generally accepted accounting principles for not-for-profit Organizations, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted in a systematic and rational matter as determined by management.

Fair Value Measurement

The Organization applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10 for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Investments

The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Compensated Absences

Full-time employees of Greene County Memorial Hospital Foundation are entitled to paid vacation depending on length of service. Compensated absences must be used by the end of each fiscal year. Accordingly, the costs of compensated absences are recognized when it is actually paid to employees.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Concentration of Credit Risk

The organization has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region. Periodically the organization will maintain cash balance in excess of FDIC Insurance.

Credit risk for accounts receivable is concentrated as well because substantially all of the balances are receivable from individuals located within the same geographic region.

Advertising costs

Advertising costs are expensed as incurred. Total advertising costs for the year ended June 30, 2018 and 2017 were \$88,670 and \$26,873, respectively.

Subsequent Events

In accordance with Accounting Standards Codification (ASC) 855-10, *Subsequent Events*, the Organization has evaluated subsequent February 28, 2019, which is the date financial statements were available to be issued.

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The guidance changes certain financial statement requirements for not-for-profit entities in an effort to make the information more meaningful to users and reduce reporting complexity. This guidance is effective for periods beginning after December 15, 2017, and will change the composition of the net asset classification on the statements of financial position and results of operation.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give and are reported at fair value by discounting the expected future pledge payments at the interest rate of the line of credit accessible to the Foundation at the end of the fiscal year. The discount rate used in the present value technique to determine fair value of pledges receivable is revised at the end of each fiscal year to reflect current market conditions and the creditworthiness of donors. In addition, management evaluates payment history to estimate allowances for doubtful pledges. Changes in the fair value of pledges receivable are reported in the statement of activities as contribution revenue except for changes in the allowance for doubtful pledges, which are reported as program expense at each subsequent reporting date.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 – PLEDGES RECEIVABLE (continued)

As of June 30, pledges receivable were as follows:

	2018	2017
Amounts due in:		
Less than one year	\$ -	\$ -
One to five years	<u>852,500</u>	<u>1,333,300</u>
Total	852,500	1,333,300
Less fair value adjustments:		
Discount of 2.38% to present value	(29,302)	(40,690)
Allowance for doubtful accounts	<u>(104,500)</u>	<u>(64,900)</u>
Pledges receivable, net	<u>\$ 718,698</u>	<u>\$ 1,227,710</u>

NOTE 3 – INVESTMENTS

Investments are recorded in the statement of financial position at fair value.

Investments at June 30, 2018 consisted of the following:

	<u>Fair Value</u>	<u>Cost Basis</u>
Fixed income	\$ 3,041,823	\$ 3,124,875
Equities	<u>5,113,687</u>	<u>3,154,454</u>
	<u>\$ 8,155,510</u>	<u>\$ 6,279,329</u>

Investments at June 30, 2017 consisted of the following:

	<u>Fair Value</u>	<u>Cost Basis</u>
Fixed income	\$ 3,693,478	\$ 3,696,883
Equities	<u>6,325,264</u>	<u>4,537,477</u>
	<u>\$10,018,742</u>	<u>\$ 8,234,360</u>

At June 30, 2018 and 2017 the investment plan also held \$218,111 and \$614,305 in cash and cash equivalents, respectively.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 – FIXED ASSETS

Fixed assets are recorded at cost. Donated fixed assets are recorded at fair market value on the date of the donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

Recreation Center	39 Years
Furniture and equipment	5 Years

Renewals and improvements which extend the useful lives of assets are capitalized at cost. Maintenance and repairs are included as expenses as incurred. Depreciation expense for the year ended June 30, 2018 and 2017 was \$186,399 and \$17,975, respectively.

Fixed assets consist of the following:

	2018	2017
Land	\$ 607,508	\$ -
Recreation Center	9,284,230	-
Furniture and equipment	401,018	216,740
Less: accumulated depreciation	<u>(399,379)</u>	<u>(212,980)</u>
Net Fixed Assets	<u>\$9,893,377</u>	<u>\$ 3,760</u>

NOTE 5 – LAND HELD FOR FUTURE DEVELOPMENT/CONSTRUCTION IN PROGRESS

In July 2013, the Foundation began plans for a new recreation center. In conjunction with the project, the Foundation purchased land in the amount of \$607,508 and incurred \$5,367,293 towards the construction of the new facility through June 30, 2017. The recreation center was completed during the year ended June 30, 2018. The total project cost of \$9,891,738 is shown as land and buildings. The Foundation funded these acquisition and construction costs with investment proceeds, proceeds from the line of credit, and contributions received from business and individuals.

NOTE 6 – LINE OF CREDIT

The Foundation maintains a \$5,000,000 line-of-credit arrangement with First National Bank to provide for working capital requirements. The line of credit is secured by the investments held by the Organization. Amounts borrowed on the line-of-credit bear interest at the bank's short-term cost of money plus 1.3%, adjusted monthly. At June 30, 2018 and 2017, the rate was 3.33% and 2.38%, respectively. The outstanding balance at June 30, 2018 and 2017 was \$4,499,851 and \$3,275,000, respectively.

Interest expense related to the line of credit was \$128,861 and \$24,446 for the year ended June 30, 2018 and 2017, respectively.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 - RESTRICTED NET ASSETS

The activity of Temporarily Restricted Net Assets consisted of the following:

Beginning balance – July 1, 2016	\$1,096,121
Plus: contributions and grants	110,271
Plus: investment income	20
Less: net assets released from restrictions	<u>(429,820)</u>
Ending balance – June 30, 2017	\$ 776,592
Plus: contributions and grants	739,738
Plus: investment income	18
Less: net assets released from restrictions	<u>(807,686)</u>
Ending balance – June 30, 2018	<u>\$ 708,662</u>

Temporarily Restricted Net Assets at June 30, consisted of the following:

	2018	2017
Tuition assistance awards	\$ 43,287	\$ 48,299
New recreation center	<u>665,375</u>	<u>728,293</u>
Total	<u>\$ 708,662</u>	<u>\$ 776,592</u>

During April 2016, Greene County Memorial Hospital Foundation received a pledge totaling \$1,000,000 for the construction of a new recreation center. In the event, the recreation center was not constructed or was sold within 10 years of the pledge, a portion of the pledge must be returned to the donor. The temporarily restricted net assets for the new recreation center consist of the portion, discounted at net present value, that would need to be returned to the donor, in the event the recreation center changed ownership.

There were no permanently restricted net assets at June 30, 2018 or 2017.

NOTE 8 – OPERATING LEASES

The Foundation has entered into the following operating leases:

- A) The Foundation entered into a one-year lease for the Foundation for Wellness Center on March 1, 2017 ending February 29, 2017 with monthly installments of \$7,250. The lease was extended on a month to month basis until the new recreation center is completed. Total rent expense paid for the year ended June 30, 2018 and 2017 under this lease was \$21,750 and \$87,000, respectively.

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 – OPERATING LEASES (continued)

Future minimum lease payments are as follows:

<u>Fiscal years ending June 30,</u>	
2019	\$ 4,800
2020	4,800
2021	<u>4,800</u>
Total	<u>\$14,400</u>

NOTE 9 – CONCENTRATIONS OF RISK ARISING FROM RECEIVABLES

The Organization grants credit without collateral to various agencies and individuals who are deemed to be credit worthy. Management believes that its collection policies are adequate to minimize potential risk.

NOTE 10 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS

The Organization maintains its cash balances in one financial institution located in Pennsylvania. At June 30, 2018 and 2017, the carrying balance of these accounts was \$277,835 and \$192,138, respectively. The bank balance of these accounts was \$385,430 and \$279,217, respectively. The Federal Deposit Insurance Corporation (FDIC) covered the June 30, 2018 and 2017 carrying balance. The Organization on occasion will maintain cash balances in the bank in excess of the FDIC insurance amount.