

**Greene County Memorial Hospital Foundation**

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Waynesburg, PA 15370

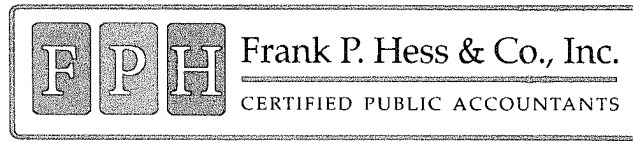
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**FINANCIAL REPORT**

**June 30, 2015**

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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 financial statements of Greene County Memorial Hospital Foundation, which comprise the balance sheet as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes of the financial statements. 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; 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **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 accordance with accounting principles generally accepted in the United States of America.

April 6, 2016  
Pittsburgh, PA

*Frank P. Hess and Co., Inc.*

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

BALANCE SHEET

June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 661,931	\$ 46,823	\$ 708,754
Marketable Investments [Note 2]	12,019,986	0	12,019,986
Pledges Receivable, Net [Note 3]	0	106,900	106,900
Prepaid Expense	<u>9,541</u>	<u>0</u>	<u>9,541</u>
TOTAL CURRENT ASSETS	12,691,458	153,723	12,845,181
Property & Equipment, Net [Note 4]	52,698	0	52,698
Construction in Progress [Note 4]	<u>673,717</u>	<u>0</u>	<u>673,717</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 13,417,873</u>	 <u>\$ 153,723</u>	 <u>\$ 13,571,596</u>
 <u>LIABILITIES AND NET ASSETS [Note 5]</u>			
 <u>LIABILITIES</u> - Accounts Payable	 \$ 63,380	 \$ 0	 \$ 63,380
 <u>NET ASSETS</u> [Note 6]	 <u>13,354,493</u>	 <u>153,723</u>	 <u>13,508,216</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 13,417,873</u>	 <u>\$ 153,723</u>	 <u>\$ 13,571,596</u>

See Accountant's Review Report and Notes to Financial Statements

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Investment Income [Note 2]	\$ 327,443	\$ 0	\$ 327,443
Contributions, Bequests, & Grants [Note 7]	19,017	172,500	191,517
Program Revenue [Note 8]	164,060	0	164,060
Special Events (Net of \$47,456 Direct Costs)	41,271	0	41,271
Net Assets Released from Restrictions	<u>55,600</u>	<u>(55,600)</u>	<u>0</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>607,391</u>	<u>116,900</u>	<u>724,291</u>
<u>EXPENSES</u> [Note 9]			
Program	1,030,431	0	1,030,431
General & Administrative	79,876	0	79,876
Fund Raising	<u>29,500</u>	<u>0</u>	<u>29,500</u>
<u>TOTAL EXPENSES</u>	<u>1,139,807</u>	<u>0</u>	<u>1,139,807</u>
<u>CHANGE IN NET ASSETS</u>	(532,416)	116,900	(415,516)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>13,886,909</u>	<u>36,823</u>	<u>13,923,732</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 13,354,493</u>	<u>\$ 153,723</u>	<u>\$ 13,508,216</u>

See Accountant's Review Report and Notes to Financial Statements

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (415,516)
Add (Deduct) Items Not Affecting Cash	
Depreciation	30,963
Allowance for Uncollectible Pledges	10,000
Capital Gains	(135,289)
Change in Investment Income Receivable	22,260
Change in Pledges Receivable	(116,900)
Change in Prepaid Expense	83,629
Change in Accounts Payable	<u>(2,710)</u>
<u>NET CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>(523,563)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Investments	9,908,990
Purchase of Investments	(8,862,938)
Construction in Progress	<u>(523,637)</u>
<u>NET CASH FLOWS FROM INVESTING ACTIVITIES</u>	<u>522,415</u>

CASH FLOWS FROM FINANCING ACTIVITIES

	<u>0</u>
<u>NET CASH FLOWS</u>	(1,148)
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>709,902</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 708,754</u>

There were no noncash investing and financing transactions for the year ended June 30, 2015.

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 April 6, 2016, 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 tax exempt 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.

Tax Status

Since incorporation, the Foundation has operated as a public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Tax form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2013, 2014 and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

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.

### Pledges Receivable

Pledges Receivable are presented at net realizable value.

### 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

Marketable Investments are composed of the following:

<u>Description</u>	<u>Amount</u>
Equity Funds	\$ 7,644,747
Debt Funds	4,162,602
Cash and Cash Equivalents	<u>212,637</u>
	<u>\$ 12,019,986</u>

Investment Income is composed of the following:

<u>Description</u>	<u>Amount</u>
Realized Gains	\$ 1,253,666
Interest and Dividends	262,497
Unrealized Losses	(1,118,377)
Investment Fees	<u>(70,343)</u>
	<u>\$ 327,443</u>

3. PLEDGES RECEIVABLE

Most pledges receivable are expected to be collected within a year, thus management has deemed a discount to present value immaterial. An allowance for uncollectible pledges has been established in the amount of \$10,000.

4. PROPERTY AND EQUIPMENT

Property and equipment are composed of the following:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment, Furniture & Fixtures	<u>\$ 216,740</u>	<u>\$ (164,042)</u>	<u>\$ 52,698</u>

In July 2013, the Foundation began plans for a new recreation center. The Foundation estimates the new recreation center will cost \$6 million and construction of the project is underway.

5. 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, 2015 this rate was 1.75% and nothing was drawn on the line. The Foundation's investments are collateral for the loan.

6. 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, 2014 to June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Support and Revenue</u>	<u>Release of Net Assets</u>	<u>Ending Balance</u>
Recreation Center	\$ 0	\$ 152,500	\$ (35,600)	\$ 116,900
Tuition Assistance Awards	<u>36,823</u>	<u>20,000</u>	<u>(20,000)</u>	<u>36,823</u>
	<u>\$ 36,823</u>	<u>\$ 172,500</u>	<u>\$ (55,600)</u>	<u>\$ 153,723</u>

7. CONTRIBUTIONS, BEQUESTS AND GRANTS

During the year ended June 30, 2015, the Foundation received grants totaling \$50,000 from a single source. The remaining contributions were received in smaller amounts from the general public.

8. PROGRAM REVENUE

Program Revenue results from operating the Foundation for Wellness.

9. 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	\$ 470,814	\$ 0	\$ 0	\$ 470,814
Professional Fees*	265,135	37,197	6,000	308,332
Occupancy Expenses	130,714	15,025	4,507	150,246
Salaries and Related Expense	95,541	19,107	12,738	127,386
Depreciation	30,963	0	0	30,963
Advertising	24,361	0	2,707	27,068
Supplies, Postage & Printing	10,481	7,336	3,144	20,961
Travel & Meetings	2,422	1,211	404	4,037
	<u>\$ 1,030,431</u>	<u>\$ 79,876</u>	<u>\$ 29,500</u>	<u>\$ 1,139,807</u>

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

10. RENT EXPENSE

The Foundation is leasing the Foundation for Wellness on a month to month basis for \$7,250 per month. Once their new building is finished they will no longer need to rent space.

11. CONCENTRATION OF CREDIT RISK

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