

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019 AND 2018**

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**INDEX TO FINANCIAL STATEMENTS**

Independent Auditor's Report.....	1 - 2
Financial Statements.....	
Statements of Financial Position .....	3
Statement of Activities for the year ended June 30, 2019.....	4
Statement of Activities for the year ended June 30, 2018.....	5
Statement of Functional Expenses for the year ended June 30, 2019.....	6
Statement of Functional Expenses for the year ended June 30, 2018.....	7
Statements of Cash Flows .....	8
Notes to Financial Statements.....	9 - 18



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, 2019 and 2018 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, 2019 and 2018 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.

## Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Greene County Memorial Hospital Foundation adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the classification of net assets, information about liquidity and availability of resources, methods used to allocate costs, and direction for consistency about information provided relative to expenses and investment returns. The adoption of the standard resulted in additional footnote disclosures, changes to the classification of net assets, and changes to the disclosures related to net assets. Our opinion is not modified with respect to this matter.



Palermo/Kissinger & Associates, P.C.

Washington, Pennsylvania

February 24, 2020

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 540,702	\$ 495,947
Investments	7,647,725	8,155,510
Accounts receivable	-	34,123
Pledges receivable due within one year (net of \$126,650 allowance for uncollectible pledges)	156,241	-
Prepaid expenses	109,344	82,061
<b>TOTAL CURRENT ASSETS</b>	<b>8,454,012</b>	<b>8,767,641</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	607,508	607,508
Recreation Center	9,284,230	9,284,230
Furniture and equipment	401,018	401,018
	10,292,756	10,292,756
Less: accumulated depreciation	(674,928)	(399,379)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>9,617,828</b>	<b>9,893,377</b>
<b>OTHER ASSETS</b>		
Pledges receivable (net of \$15,900 and \$104,500, allowance for uncollectible pledges)	123,810	718,698
Security deposits	548	548
<b>TOTAL OTHER ASSETS</b>	<b>124,358</b>	<b>719,246</b>
<b>TOTAL ASSETS</b>	<b>\$ 18,196,198</b>	<b>\$ 19,380,264</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 48,734	\$ 31,602
Liability for payroll related withholdings	3,483	3,073
Deferred revenue	4,700	12,750
Line of credit payable	4,044,852	4,499,851
<b>TOTAL LIABILITIES</b>	<b>4,101,769</b>	<b>4,547,276</b>
<b>NET ASSETS</b>		
Net assets without donor restrictions:		
Invested in fixed assets, net of related debt	5,572,976	5,393,526
Undesignated	7,904,988	8,730,800
Total net assets without donor restrictions	13,477,964	14,124,326
Net assets with donor restrictions	616,465	708,662
<b>TOTAL NET ASSETS</b>	<b>14,094,429</b>	<b>14,832,988</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,196,198</b>	<b>\$ 19,380,264</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT, REVENUE, AND GAINS</b>			
<b>SUPPORT:</b>			
Contributions and grants	\$ 33,389	\$ 1,958	\$ 35,347
Bequests	12,310	-	12,310
<b>TOTAL SUPPORT</b>	<u>45,699</u>	<u>1,958</u>	<u>47,657</u>
<b>REVENUE AND GAINS:</b>			
Special events (net of special events expenses of \$36,994)	41,301	-	41,301
Program revenue	979,115	-	979,115
Rental income	9,298	-	9,298
Investment income (net of investment expenses of \$58,865)	120,395	17	120,412
Realized gain on investments	1,108,597	-	1,108,597
Unrealized loss on investments	(813,192)	-	(813,192)
<b>TOTAL REVENUE AND GAINS</b>	<u>1,445,514</u>	<u>17</u>	<u>1,445,531</u>
<b>TOTAL SUPPORT, REVENUE, AND GAINS</b>	1,491,213	1,975	1,493,188
Net assets released from purpose restrictions	11,000	(11,000)	-
Net assets released from time restrictions	83,172	(83,172)	-
<b>TOTAL SUPPORT, REVENUE, GAINS, AND RECLASSIFICATIONS</b>	<u>1,585,385</u>	<u>(92,197)</u>	<u>1,493,188</u>
<b>EXPENSES</b>			
Recreation center	1,814,990	-	1,814,990
Other program services	280,687	-	280,687
Management and general	100,162	-	100,162
Fundraising	35,908	-	35,908
<b>TOTAL EXPENSES</b>	<u>2,231,747</u>	<u>-</u>	<u>2,231,747</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(646,362)	(92,197)	(738,559)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>14,124,326</u>	<u>708,662</u>	<u>14,832,988</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 13,477,964</u>	<u>\$ 616,465</u>	<u>\$ 14,094,429</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT, REVENUE, AND GAINS</b>			
<b>SUPPORT:</b>			
Contributions and grants	\$ -	\$ 739,738	\$ 739,738
Bequests	11,418	-	11,418
<b>TOTAL SUPPORT</b>	<u>11,418</u>	<u>739,738</u>	<u>751,156</u>
<b>REVENUE AND GAINS:</b>			
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			
(net of investment expenses of \$65,860)	122,768	18	122,786
Realized gain on investments	570,422	-	570,422
Unrealized gain on investments	87,502	-	87,502
<b>TOTAL REVENUE AND GAINS</b>	<u>1,431,367</u>	<u>18</u>	<u>1,431,385</u>
<b>TOTAL SUPPORT, REVENUE, AND GAINS</b>	<u>1,442,785</u>	<u>739,756</u>	<u>2,182,541</u>
Net assets released from purpose restrictions	294,768	(294,768)	-
Net assets released from time restrictions	512,918	(512,918)	-
<b>TOTAL SUPPORT, REVENUE, GAINS, AND RECLASSIFICATIONS</b>	<u>2,250,471</u>	<u>(67,930)</u>	<u>2,182,541</u>
<b>EXPENSES</b>			
Recreation center	1,430,497	-	1,430,497
Other program services	458,688	-	458,688
Management and general	86,644	-	86,644
Fundraising	55,570	-	55,570
<b>TOTAL EXPENSES</b>	<u>2,031,399</u>	<u>-</u>	<u>2,031,399</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	219,072	(67,930)	151,142
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>13,905,254</u>	<u>776,592</u>	<u>14,681,846</u>
<b>NET ASSETS AT END OF YEAR</b>	<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 FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	Program Services		Total Program Services	Supportive Services		Total Supportive Services
	Recreation Center Services	Other Program Services		Management and General	Fundraising	
<b>PERSONNEL EXPENSES</b>						
Salaries and wages	\$ -	\$ 95,911	\$ 95,911	\$ 19,182	\$ 12,788	\$ 31,970
Employee taxes and benefits	-	12,638	12,638	2,528	1,685	4,213
Contracted services	963,129	-	963,129	-	-	-
<b>TOTAL PERSONNEL EXPENSES</b>	963,129	108,549	1,071,678	21,710	14,473	36,183
<b>OPERATING EXPENSES</b>						
Grants to other agencies	-	108,192	108,192	-	-	-
Occupancy	82,895	475	83,370	8,269	4,172	12,441
Insurance	18,079	38,912	56,991	6,332	-	6,332
Supplies	95,787	2,228	98,015	3,451	661	4,112
Repairs and maintenance	29,240	2,228	31,468	3,953	223	4,176
Professional services	74,387	14,877	89,264	53,551	7,439	60,990
Travel and meetings	904	97	1,001	1,027	100	1,127
Advertising	52,548	2,005	54,553	1,787	7,649	9,436
Bad debt expense	38,050	-	38,050	-	-	-
Bank fees	24,546	-	24,546	37	-	37
Miscellaneous	3,476	-	3,476	45	1,191	1,236
Interest	159,524	-	159,524	-	-	-
Depreciation	272,425	3,124	275,549	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,814,990</b>	<b>\$ 280,687</b>	<b>\$ 2,095,677</b>	<b>\$ 100,162</b>	<b>\$ 35,908</b>	<b>\$ 136,070</b>
						<b>\$ 2,231,747</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018

	Program Services			Supportive Services		
	Recreation Center Services	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supportive Services
<b>PERSONNEL EXPENSES</b>						
Salaries and wages	\$ -	\$ 85,091	\$ 85,091	\$ 17,018	\$ 11,345	\$ 28,363
Employee taxes and benefits	-	11,595	11,595	2,319	1,546	3,865
Contracted services	709,250	-	709,250	-	-	-
<b>TOTAL PERSONNEL EXPENSES</b>	709,250	96,686	805,936	19,337	12,891	32,228
<b>OPERATING EXPENSES</b>						
Grants to other agencies	-	227,986	227,986	-	-	-
Occupancy	90,470	13,480	103,950	6,633	3,387	10,020
Insurance	9,610	24,249	33,859	7,472	-	7,472
Supplies	91,277	7,646	98,923	5,392	2,052	7,444
Repairs and maintenance	1,019	604	1,623	267	30	297
Professional services	91,879	61,863	153,742	45,071	32,856	77,927
Travel and meetings		97	97	2,097	100	2,197
Advertising	64,190	20,782	84,972	269	3,429	3,698
Bad debt expense	39,600	-	39,600	-	-	-
Bank fees	12,020	-	12,020	-	-	-
Miscellaneous	9,046	2,171	11,217	106	825	931
Interest	128,861	-	128,861	-	-	-
Depreciation	183,275	3,124	186,399	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,430,497</b>	<b>\$ 458,688</b>	<b>\$ 1,889,185</b>	<b>\$ 86,644</b>	<b>\$ 55,570</b>	<b>\$ 142,214</b>
						<b>\$ 2,031,399</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (738,559)	\$ 151,142
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	275,549	186,399
Unrealized gain on investments	813,192	(87,502)
Decreases (increases) in assets:		
Decrease (increase) in accounts receivable	34,123	(34,123)
Decrease (increase) in pledges receivable, net	438,647	509,012
Decrease (increase) in prepaid expenses	(27,283)	(70,506)
Decrease (increase) in security deposits	-	(548)
Increase (decreases) in liabilities:		
Increase (decrease) in accounts payable	17,132	(51,442)
Increase (decrease) in payroll taxes payable	410	(48)
Increase (decrease) in deferred revenue	(8,050)	12,750
	<b>805,161</b>	<b>615,134</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(184,277)
Additions to construction in progress	-	(3,916,938)
Sale of investments	10,167,746	7,534,830
Purchase of investments	(10,473,152)	(5,584,096)
	<b>(305,406)</b>	<b>(2,150,481)</b>
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>		
<b>FINANCING ACTIVITIES</b>		
Proceeds from the line of credit	-	1,724,851
Repayment of the line of credit	(455,000)	(500,000)
	<b>(455,000)</b>	<b>1,224,851</b>
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>44,755</b>	<b>(310,496)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>495,947</b>	<b>806,443</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 540,702</b>	<b>\$ 495,947</b>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid during the period for:		
Interest	<b>\$ 159,524</b>	<b>\$ 128,861</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**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 a recreation 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.

The financial statements of the Greene County Memorial Hospital Foundation are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Presentation of Financial Statements of Not-for-Profit Entities, dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Greene County Memorial Hospital Foundation had \$616,465 and \$708,662 of net assets with donor restrictions at June 30, 2019 or 2018, respectively.

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.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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.

Donated Materials and Services

Donated materials or services when received are reflected as contributions in the accompanying statements at their estimated fair market values at date of receipt.

Contributions

Under generally accepted accounting principles for not-for-profit Organizations, contributions received are recorded depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income Tax Status (continued)

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 2016 through 2018, which are the years that remain subject to examination by the Internal Revenue Service and various state agencies as of June 30, 2019.

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.

Expense Allocation

The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefitted in a systematic and rational manner as determined by management.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Utilities	Square footage
Insurance	Time and effort
Professional services	Time and effort

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**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.

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.

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, 2019 and 2018 were \$63,989 and \$88,670, respectively.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Subsequent Events

In accordance with Accounting Standards Codification (ASC) 855-10, *Subsequent Events*, the Organization has evaluated subsequent February 24, 2020, which is the date financial statements were available to be issued.

Recently Issues Accounting Pronouncements

- On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The implementation of this FASB pronouncement is required for the year ended June 30, 2019. The Greene County Memorial Hospital Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.
- In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance requires the rights and obligations of new and existing arrangements to be recognized as assets and liabilities on the statement of financial position. The Guidance will require disclosures to better inform financial statement users of the amount, timing and uncertainty of cash flows arising from leases. The primary impact of this guidance, which will be effective for periods beginning after December 15, 2020 will be to record right-of-use assets and obligations for current operating leases.
- In May, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* which will supersede virtually all revenue recognition guidance in U.S. GAAP. This guidance converged and replaced existing revenue recognition guidance, including industry-specific guidance and requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled to receive in an exchange of goods or services. This pronouncement is effective for the years beginning after December 15, 2018. Adopting the new standard is not expected to have a significant impact on the Organization's financial position or results of operation as the new guidance is substantially consistent with the current revenue recognition model.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Recently Issues Accounting Pronouncements (continued)

- In June, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018. The Organization is assessing the impact that ASU No. 2018-08 will have on its results of operations, financial position and cash flows.

**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.

As of June 30, pledges receivable were as follows:

	2019	2018
Amounts due in:		
Less than one year	\$ 161,850	\$ -
One to five years	<u>273,650</u>	<u>852,500</u>
Total	435,500	852,500
Less fair value adjustments:		
Discount of 2.38% to present value	( 12,899)	( 29,302)
Allowance for doubtful accounts	<u>(142,550)</u>	<u>( 104,500)</u>
Pledges receivable, net	<u>\$ 280,051</u>	<u>\$ 718,698</u>



**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 3 – INVESTMENTS**

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

Investments at June 30, 2019 consisted of the following:

	<u>Fair Value</u>	<u>Cost Basis</u>
Fixed income	\$ 2,795,097	\$ 2,734,324
Equities	<u>4,852,628</u>	<u>3,850,411</u>
	<u>\$ 7,647,725</u>	<u>\$ 6,584,734</u>

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>

At June 30, 2019 and 2018, the investment plan also held \$204,921 and \$218,111 in cash and cash equivalents, respectively.

For the years ended June 30, 2019 and 2018, the Greene County Memorial Hospital Foundation incurred investment expenses of \$58,865 and \$65,860, respectively.

**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, 2019 and 2018 was \$275,549 and \$186,399, respectively.

Fixed assets consist of the following:

	2019	2018
Land	\$ 607,508	\$ 607,508
Recreation Center	9,284,230	9,284,230
Furniture and equipment	<u>401,018</u>	<u>401,018</u>
	10,292,756	10,292,756
Less: accumulated depreciation	<u>( 674,928)</u>	<u>( 399,379)</u>
Net Fixed Assets	<u>\$9,617,828</u>	<u>\$9,893,377</u>

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 5 – 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, 2019 and 2018, the rate was 3.77% and 3.33%, respectively. The outstanding balance at June 30, 2019 and 2018 was \$4,044,852 and \$4,499,851, respectively. The outstanding balances represent construction costs of the recreation center completed during the year ended June 30, 2018.

Interest expense related to the line of credit was \$159,524 and \$128,861 for the year ended June 30, 2019 and 2018, respectively.

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

The activity of Net Assets with Donor Restrictions consisted of the following:

Beginning balance – July 1, 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	\$ 708,662
Plus: contributions	1,958
Plus: investment income	17
Less: net assets released from restrictions	<u>( 94,172)</u>
Ending balance – June 30, 2019	<u>\$ 616,465</u>

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

	2019	2019
Tuition assistance awards	\$ 34,262	\$ 43,287
New recreation center	<u>582,203</u>	<u>665,375</u>
Total	<u>\$ 616,465</u>	<u>\$ 708,662</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.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 7 – 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 in November 2017. Total rent expense paid for the year ended June 30, 2019 and 2018 under this lease was \$-0- and \$21,750, respectively.
- B) The Foundation entered into a lease agreement for its administrative office on December 16, 2011 ending November 14, 2021, at a monthly rate of \$400. Total rent expense paid for the year ended June 30, 2019 and 2018 under this lease was \$4,800 and \$4,800, respectively.

Future minimum lease payments are as follows:

<u>Fiscal years ending June 30,</u>	
2020	\$ 4,800
2021	<u>4,800</u>
Total	<u>\$ 9,600</u>

**NOTE 8– 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 9 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS**

The Organization maintains its cash balances in one financial institution located in Pennsylvania. At June 30, 2019 and 2018, the carrying balance of these accounts was \$335,781 and \$277,835, respectively. The bank balance of these accounts was \$475,764 and \$385,430, respectively. The Federal Deposit Insurance Corporation (FDIC) covered the June 30, 2019 and 2018 carrying balance. The Organization on occasion will maintain cash balances in the bank in excess of the FDIC insurance amount.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 10 – LIQUIDITY**

Greene County Memorial Hospital Foundation's financial assets available within one year of June 30, 2019 for general expenses are as follows:

Cash and cash equivalents	\$ 506,440
Investments	7,647,725
Prepaid expenses	<u>109,344</u>
Total	<u>\$8,263,509</u>

As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.