

Greene County Memorial Hospital Foundation

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FINANCIAL REPORT

June 30, 2011

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FRANK P. HESS & CO., INC.

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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, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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. 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.

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.

Frank P. Hess & Co., Inc.

September 1, 2011

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

BALANCE SHEET
JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 651,113	\$ 97,705	\$ 748,818
Marketable Investments [Note 2]	11,417,337	0	11,417,337
Investment Income Receivable	22,538	0	22,538
Prepaid Expense [Note 8]	<u>161,488</u>	<u>0</u>	<u>161,488</u>
TOTAL CURRENT ASSETS	12,252,476	97,705	12,350,181
Property and Equipment, Net [Note 3]	<u>167,516</u>	<u>0</u>	<u>167,516</u>
<u>TOTAL ASSETS</u>	<u>\$ 12,419,992</u>	<u>\$ 97,705</u>	<u>\$ 12,517,697</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u> - Accounts Payable	\$ 33,212	\$ 0	\$ 33,212
<u>NET ASSETS</u> [Note 4]	<u>12,386,780</u>	<u>97,705</u>	<u>12,484,485</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 12,419,992</u>	<u>\$ 97,705</u>	<u>\$ 12,517,697</u>

See Accountant's Review Report and Notes to Financial Statements

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Investment Income [Note 2]	\$ 2,059,524	\$ 0	\$ 2,059,524
Program Revenue [Note 5]	152,775	0	152,775
Contributions, Bequests, & Grants [Note 6]	8,364	45,000	53,364
Special Events (Net of \$44,834 Direct Costs)	26,491	0	26,491
Insurance Refund	20,696	0	20,696
Net Assets Released from Restrictions	<u>45,000</u>	<u>(45,000)</u>	<u>0</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>2,312,850</u>	<u>0</u>	<u>2,312,850</u>
<u>EXPENSES</u> [Note 7]			
Program	431,386	0	431,386
General & Administrative	58,092	0	58,092
Fund Raising	<u>18,648</u>	<u>0</u>	<u>18,648</u>
<u>TOTAL EXPENSES</u>	<u>508,126</u>	<u>0</u>	<u>508,126</u>
<u>CHANGE IN NET ASSETS</u>	1,804,724	0	1,804,724
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>10,582,056</u>	<u>97,705</u>	<u>10,679,761</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 12,386,780</u>	<u>\$ 97,705</u>	<u>\$ 12,484,485</u>

See Accountant's Review Report and Notes to Financial Statements

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,804,724
Add (Deduct) Items Not Affecting Cash	
Depreciation	27,842
Capital Gains	(1,845,126)
Change in Investment Income Receivable	(7,501)
Change in Prepaid Expense	36,287
Change in Accounts Payable	<u>17,512</u>
<u>NET CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>33,738</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Investments	3,335,157
Purchase of Investments	(3,125,899)
Purchase of Property & Equipment	<u>(26,950)</u>
<u>NET CASH FLOWS FROM INVESTING ACTIVITIES</u>	<u>182,308</u>

CASH FLOWS FROM FINANCING ACTIVITIES

	<u>0</u>
<u>NET CASH FLOWS</u>	216,046
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>532,772</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 748,818</u>

There were no noncash investing and financing transactions for the year ended June 30, 2011.

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

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.

Basis of Accounting

All transactions of the Foundation have been accounted for using the accrual basis of accounting. All restricted gifts are separately identified in the financial statements and in the underlying accounting workpapers.

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 and 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 and 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 adheres to the AICPA's *Not-for-Profit Organizations Audit and Accounting Guide* in reporting fundraising costs and expenses by their functional classification. Accordingly, 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	\$ 7,210,628
Debt Funds	4,091,731
Certificate of Deposit	<u>114,978</u>
	<u>\$11,417,337</u>

Investment Income is composed of the following:

<u>Description</u>	<u>Amount</u>
Unrealized Gains	\$ 1,251,441
Realized Gains	593,685
Interest and Dividends	278,062
Investment Fees	<u>(63,664)</u>
	<u>\$2,059,524</u>

3. PROPERTY AND EQUIPMENT

Property and Equipment is composed of the following:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment, Furniture & Fixtures	<u>\$ 208,317</u>	<u>\$ 40,801</u>	<u>\$ 167,516</u>

4. 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, 2010 to June 30, 2011 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>\$ 97,705</u>	<u>\$ 45,000</u>	<u>\$ (45,000)</u>	<u>\$ 97,705</u>

5. PROGRAM REVENUE

Program Revenue results from operating the Foundation for Wellness.

6. CONTRIBUTIONS, BEQUESTS AND GRANTS

During the year ended June 30, 2011, the Foundation received grants totaling \$45,000 from a single source. The remaining contributions were received in smaller amounts from the general public.

7. EXPENSES

Detail of expenses by functional category is as follows:

<u>Expense</u>	<u>Program</u>	<u>General & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Professional Fees	\$ 153,018	\$ 21,899	\$ 0	\$ 174,917
Salaries & Related Benefits	85,336	17,068	11,378	113,782
Grants	86,361	0	0	86,361
Occupancy Expenses	55,372	6,365	1,909	63,646
Supplies, Postage & Printing	14,832	10,382	4,450	29,664
Depreciation	27,842	0	0	27,842
Travel & Meetings	3,074	1,537	512	5,123
Advertising	3,588	0	399	3,987
Miscellaneous	<u>1,963</u>	<u>841</u>	<u>0</u>	<u>2,804</u>
Total Expenses	<u>\$ 431,386</u>	<u>\$ 58,092</u>	<u>\$ 18,648</u>	<u>\$ 508,126</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.

8. 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, 2011, prepaid rent in the form of improvements was \$136,667.

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 \$11,185 of leasehold improvements that would apply to the first renewal period, and this amount is also included in prepaid rent.

9. CONCENTRATION OF CREDIT RISK

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

10. NO SUBSEQUENT EVENTS

The Foundation had no subsequent events during the period July 1, 2011 through September 1, 2011 which is the date the financial statements were available for issue.