

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION

REVIEWED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021 AND 2020

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
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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 (a nonprofit organization), which comprise the statement financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements 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.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements for the year ended June 30, 2021 and 2020 in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Palermo/Kissinger - Assoc., P.C.

Palermo/Kissinger & Associates, P.C.
Washington, Pennsylvania

December 16, 2021

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

| ASSETS | 2021 | 2020 |
|---|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 416,854 | \$ 937,384 |
| Investments | 9,293,607 | 7,781,971 |
| Accounts receivable | 1,878 | - |
| Pledges receivable due within one year (net of \$-0- and \$74,150 allowance for uncollectible pledges) | - | 64,952 |
| Prepaid expenses | 7,082 | - |
| TOTAL CURRENT ASSETS | 9,719,421 | 8,784,307 |
| PROPERTY AND EQUIPMENT | | |
| Land | 607,508 | 607,508 |
| Recreation Center | 9,284,230 | 9,284,230 |
| Furniture and equipment | 202,911 | 401,018 |
| | 10,094,649 | 10,292,756 |
| Less: accumulated depreciation | (1,008,299) | (949,841) |
| TOTAL PROPERTY AND EQUIPMENT | 9,086,350 | 9,342,915 |
| OTHER ASSETS | | |
| Pledges receivable (net of \$-0- and \$8,950, allowance for uncollectible pledges) | 7,240 | 67,871 |
| Security deposits | 518 | 518 |
| TOTAL OTHER ASSETS | 7,758 | 68,389 |
| TOTAL ASSETS | \$ 18,813,529 | \$ 18,195,611 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 26,729 | \$ 41,224 |
| Liability for payroll related withholdings | 3,470 | 3,015 |
| Deferred revenue | 29,309 | - |
| Paycheck protection program loan payable | - | 22,700 |
| Line of credit payable | 3,704,852 | 3,894,852 |
| TOTAL LIABILITIES | 3,764,360 | 3,961,791 |
| NET ASSETS | | |
| Net assets without donor restrictions: | | |
| Invested in fixed assets, net of related debt | 5,381,498 | 5,448,063 |
| Undesignated | 9,200,283 | 8,264,182 |
| Total net assets without donor restrictions | 14,581,781 | 13,712,245 |
| Net assets with donor restrictions | 467,388 | 521,575 |
| TOTAL NET ASSETS | 15,049,169 | 14,233,820 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 18,813,529 | \$ 18,195,611 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| SUPPORT, REVENUE, AND GAINS | | | |
| SUPPORT: | | | |
| Contributions and grants | \$ 186,882 | \$ 3,232 | \$ 190,114 |
| Payroll Protection Plan debt forgiveness | 22,700 | - | 22,700 |
| Bequests | 13,100 | - | 13,100 |
| TOTAL SUPPORT | <u>222,682</u> | <u>3,232</u> | <u>225,914</u> |
| REVENUE AND GAINS: | | | |
| Special events (net of special events expenses of \$2,605) | 3,095 | - | 3,095 |
| Program revenue | 698,000 | - | 698,000 |
| Rental income | 3,984 | - | 3,984 |
| Insurance proceeds, net of related expenses | (1,998) | - | (1,998) |
| Investment income (net of investment expenses of \$63,406) | 74,641 | 2 | 74,643 |
| Realized gain on investments | 863,209 | - | 863,209 |
| Unrealized loss on investments | 625,140 | - | 625,140 |
| TOTAL REVENUE AND GAINS | <u>2,266,071</u> | <u>2</u> | <u>2,266,073</u> |
| TOTAL SUPPORT, REVENUE, AND GAINS | 2,488,753 | 3,234 | 2,491,987 |
| Net assets released from purpose restrictions | 4,000 | (4,000) | - |
| Net assets released from time restrictions | 53,421 | (53,421) | - |
| TOTAL SUPPORT, REVENUE, GAINS, AND RECLASSIFICATIONS | <u>2,546,174</u> | <u>(54,187)</u> | <u>2,491,987</u> |
| EXPENSES | | | |
| Recreation center | 1,419,744 | - | 1,419,744 |
| Other program services | 149,744 | - | 149,744 |
| Management and general | 83,141 | - | 83,141 |
| Fundraising | 24,009 | - | 24,009 |
| TOTAL EXPENSES | <u>1,676,638</u> | <u>-</u> | <u>1,676,638</u> |
| INCREASE (DECREASE) IN NET ASSETS | 869,536 | (54,187) | 815,349 |
| NET ASSETS AT BEGINNING OF YEAR | <u>13,712,245</u> | <u>521,575</u> | <u>14,233,820</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 14,581,781</u> | <u>\$ 467,388</u> | <u>\$ 15,049,169</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| SUPPORT, REVENUE, AND GAINS | | | |
| SUPPORT: | | | |
| Contributions and grants | \$ 27,425 | \$ 750 | \$ 28,175 |
| Bequests | 10,562 | - | 10,562 |
| TOTAL SUPPORT | <u>37,987</u> | <u>750</u> | <u>38,737</u> |
| REVENUE AND GAINS: | | | |
| Special events (net of special events expenses of \$40,473) | 20,392 | - | 20,392 |
| Program revenue | 854,305 | - | 854,305 |
| Rental income | 4,455 | - | 4,455 |
| Insurance proceeds, net of related expenses | 13,562 | - | 13,562 |
| Settlement proceeds | 486,127 | - | 486,127 |
| Investment income (net of investment expenses of \$57,669) | 98,209 | 10 | 98,219 |
| Realized gain on investments | 413,128 | - | 413,128 |
| Unrealized gain on investments | 158,753 | - | 158,753 |
| TOTAL REVENUE AND GAINS | <u>2,048,931</u> | <u>10</u> | <u>2,048,941</u> |
| TOTAL SUPPORT, REVENUE, AND GAINS | <u>2,086,918</u> | <u>760</u> | <u>2,087,678</u> |
| Net assets released from purpose restrictions | 12,478 | (12,478) | - |
| Net assets released from time restrictions | 83,172 | (83,172) | - |
| TOTAL SUPPORT, REVENUE, GAINS, AND RECLASSIFICATIONS | <u>2,182,568</u> | <u>(94,890)</u> | <u>2,087,678</u> |
| EXPENSES | | | |
| Recreation center | 1,614,636 | - | 1,614,636 |
| Other program services | 205,837 | - | 205,837 |
| Management and general | 88,489 | - | 88,489 |
| Fundraising | 39,325 | - | 39,325 |
| TOTAL EXPENSES | <u>1,948,287</u> | <u>-</u> | <u>1,948,287</u> |
| INCREASE (DECREASE) IN NET ASSETS | 234,281 | (94,890) | 139,391 |
| NET ASSETS AT BEGINNING OF YEAR | <u>13,477,964</u> | <u>616,465</u> | <u>14,094,429</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 13,712,245</u> | <u>\$ 521,575</u> | <u>\$ 14,233,820</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

| | Program Services | | | Supportive Services | | | Total |
|----------------------------------|----------------------------|------------------------|------------------------|------------------------|------------------|---------------------------|---------------------|
| | Recreation Center Services | Other Program Services | Total Program Services | Management and General | Fundraising | Total Supportive Services | |
| PERSONNEL EXPENSES | | | | | | | |
| Salaries and wages | \$ - | \$ 95,974 | \$ 95,974 | \$ 19,195 | \$ 12,797 | \$ 31,992 | \$ 127,966 |
| Employee taxes and benefits | - | 12,102 | 12,102 | 2,421 | 1,614 | 4,035 | 16,137 |
| Contracted services | 749,004 | - | 749,004 | - | - | - | 749,004 |
| TOTAL PERSONNEL EXPENSES | 749,004 | 108,076 | 857,080 | 21,616 | 14,410 | 36,026 | 893,106 |
| OPERATING EXPENSES | | | | | | | |
| Grants to other agencies | - | 34,025 | 34,025 | - | - | - | 34,025 |
| Occupancy | 43,258 | 2,576 | 45,834 | 6,697 | 1,030 | 7,727 | 53,561 |
| Insurance | 42,527 | - | 42,527 | 5,502 | - | 5,502 | 48,029 |
| Supplies | 66,932 | 2,348 | 69,280 | 8,031 | 3,174 | 11,205 | 80,485 |
| Repairs and maintenance | 33,094 | - | 33,094 | 1,537 | - | 1,537 | 34,631 |
| Professional services | 93,014 | 1,719 | 94,733 | 38,290 | 768 | 39,058 | 133,791 |
| Travel and meetings | 6,973 | - | 6,973 | 237 | - | 237 | 7,210 |
| Advertising | 34,927 | 1,000 | 35,927 | 590 | 2,999 | 3,589 | 39,516 |
| Bad debt expense | 757 | - | 757 | - | - | - | 757 |
| Bank fees | 17,386 | - | 17,386 | 92 | - | 92 | 17,478 |
| Miscellaneous | 815 | - | 815 | 549 | 1,628 | 2,177 | 2,992 |
| Interest | 55,859 | - | 55,859 | - | - | - | 55,859 |
| Depreciation | 275,198 | - | 275,198 | - | - | - | 275,198 |
| TOTAL OPERATING EXPENSES | 670,740 | 41,668 | 712,408 | 61,525 | 9,599 | 71,124 | 783,532 |
| TOTAL FUNCTIONAL EXPENSES | \$ 1,419,744 | \$ 149,744 | \$ 1,569,488 | \$ 83,141 | \$ 24,009 | \$ 107,150 | \$ 1,676,638 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

| | Program Services | | | Supportive Services | | | Total |
|----------------------------------|----------------------------|------------------------|---------------------|------------------------|------------------|---------------------|---------------------|
| | Recreation Center Services | Other Program Services | Program Services | Management and General | Fundraising | Supportive Services | |
| PERSONNEL EXPENSES | | | | | | | |
| Salaries and wages | \$ - | \$ 97,343 | \$ 97,343 | \$ 19,469 | \$ 12,979 | \$ 32,448 | \$ 129,791 |
| Employee taxes and benefits | - | 12,599 | 12,599 | 2,520 | 1,680 | 4,200 | 16,799 |
| Contracted services | 887,395 | - | 887,395 | - | - | - | 887,395 |
| TOTAL PERSONNEL EXPENSES | 887,395 | 109,942 | 997,337 | 21,989 | 14,659 | 36,648 | 1,033,985 |
| OPERATING EXPENSES | | | | | | | |
| Grants to other agencies | - | 43,199 | 43,199 | - | - | - | 43,199 |
| Occupancy | 59,621 | 2,912 | 62,533 | 4,471 | 4,577 | 9,048 | 71,581 |
| Insurance | 49,406 | 14,866 | 64,272 | 1,854 | - | 1,854 | 66,126 |
| Supplies | 72,772 | 15,915 | 88,687 | 2,742 | 3,939 | 6,681 | 95,368 |
| Repairs and maintenance | 30,291 | 197 | 30,488 | 485 | 20 | 505 | 30,993 |
| Professional services | 77,925 | 15,585 | 93,510 | 55,338 | 7,793 | 63,131 | 156,641 |
| Travel and meetings | 1,390 | 97 | 1,487 | 1,610 | 100 | 1,710 | 3,197 |
| Advertising | 21,307 | - | 21,307 | - | 6,966 | 6,966 | 28,273 |
| Bad debt expense | - | - | - | - | - | - | - |
| Bank fees | 23,774 | - | 23,774 | - | - | - | 23,774 |
| Miscellaneous | 2,424 | - | 2,424 | - | 1,271 | 1,271 | 3,695 |
| Interest | 116,542 | - | 116,542 | - | - | - | 116,542 |
| Depreciation | 271,789 | 3,124 | 274,913 | - | - | - | 274,913 |
| TOTAL FUNCTIONAL EXPENSES | \$ 1,614,636 | \$ 205,837 | \$ 1,820,473 | \$ 88,489 | \$ 39,325 | \$ 127,814 | \$ 1,948,287 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Increase in net assets | \$ 815,349 | \$ 139,391 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 275,198 | 274,913 |
| Realized gain on investments | (863,209) | (413,128) |
| Unrealized (gain) loss on investments | (625,140) | (158,753) |
| PPP debt forgiveness | (22,700) | - |
| Decreases (increases) in assets: | | |
| Decrease (increase) in accounts receivable | (1,878) | - |
| Decrease (increase) in pledges receivable, net | 125,583 | 147,228 |
| Decrease (increase) in prepaid expenses | (7,082) | 109,344 |
| Decrease (increase) in security deposits | - | 30 |
| Increase (decreases) in liabilities: | | |
| Increase (decrease) in accounts payable | (14,495) | (7,510) |
| Increase (decrease) in payroll taxes payable | 455 | (468) |
| Increase (decrease) in deferred revenue | 29,309 | (4,700) |
| | (288,610) | 86,347 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | |
| INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (18,633) | - |
| Sale of investments | 710,000 | 465,000 |
| Purchase of investments | (733,287) | (27,365) |
| | (41,920) | 437,635 |
| NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES | | |
| FINANCING ACTIVITIES | | |
| Proceeds from paycheck protection program loan | - | 22,700 |
| Repayment of the line of credit | (190,000) | (150,000) |
| | (190,000) | (127,300) |
| NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (520,530) | 396,682 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 937,384 | 540,702 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 416,854 | \$ 937,384 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Cash paid during the period for: | | |
| Interest | \$ 55,859 | \$ 116,542 |
| Noncash financing activities: PPP debt forgiveness | \$ 22,700 | \$ - |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

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 \$467,388 and \$521,575 of net assets with donor restrictions at June 30, 2021 or 2020, 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, 2021 AND 2020**

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, 2021 AND 2020**

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 2018 through 2020, which are the years that remain subject to examination by the Internal Revenue Service and various state agencies as of June 30, 2021.

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, 2021 AND 2020**

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, 2021 and 2020 were \$39,516 and \$28,273, respectively.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

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 December 16, 2021, which is the date financial statements were available to be issued.

Recently Issues Accounting Pronouncements

- 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, 2021 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, 2019. Adopting the new standard did not 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.
- 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. Adopting the new standard did not have a significant impact on the Organization's operations, financial position and cash flows.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

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:

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|----------------|-------------------|
| Amounts due in: | | |
| Less than one year | \$ - | \$ 66,500 |
| One to five years | <u>7,500</u> | <u>71,050</u> |
| Total | 7,500 | 137,550 |
| Less fair value adjustments: | | |
| Discount of 2.38% to present value | (260) | (1,548) |
| Allowance for doubtful accounts | <u>-</u> | <u>(3,179)</u> |
| Pledges receivable, net | <u>\$7,240</u> | <u>\$ 132,823</u> |

NOTE 3 – INVESTMENTS

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

Investments at June 30, 2021 consisted of the following:

| | <u>Fair Value</u> | <u>Cost Basis</u> |
|--------------|---------------------|---------------------|
| Fixed income | \$ 3,211,025 | \$ 3,161,732 |
| Equities | <u>6,082,582</u> | <u>4,284,992</u> |
| | <u>\$ 9,293,607</u> | <u>\$ 7,446,724</u> |

Investments at June 30, 2020 consisted of the following:

| | <u>Fair Value</u> | <u>Cost Basis</u> |
|--------------|---------------------|---------------------|
| Fixed income | \$ 2,806,674 | \$ 2,661,857 |
| Equities | <u>4,975,297</u> | <u>3,898,422</u> |
| | <u>\$ 7,781,971</u> | <u>\$ 6,560,279</u> |

At June 30, 2021 and 2020, the investment plan also held \$17,133 and \$275,813 in cash and cash equivalents, respectively.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 3 – INVESTMENTS (continued)

For the years ended June 30, 2021 and 2020, the Greene County Memorial Hospital Foundation incurred investment expenses of \$63,406 and \$57,669, 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, 2021 and 2020 was \$275,198 and \$274,913, respectively.

Fixed assets consist of the following:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|---------------------|--------------------|
| Land | \$ 607,508 | \$ 607,508 |
| Recreation Center | 9,284,230 | 9,284,230 |
| Furniture and equipment | <u>202,911</u> | <u>401,018</u> |
| | 10,094,649 | 10,292,756 |
| Less: accumulated depreciation | <u>(1,008,299)</u> | <u>(949,841)</u> |
| Net Fixed Assets | <u>\$9,086,350</u> | <u>\$9,342,915</u> |

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, 2021 and 2020, the rate was 1.406% and 1.475%, respectively. The outstanding balance at June 30, 2021 and 2020 was \$3,704,852 and \$3,894,852, 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 \$55,859 and \$116,542 for the year ended June 30, 2021 and 2020, respectively.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

| | |
|---|-------------------|
| Beginning balance – July 1, 2019 | \$ 616,465 |
| Plus: contributions and grants | 750 |
| Plus: investment income | 10 |
| Less: net assets released from restrictions | <u>(95,650)</u> |
| Ending balance – June 30, 2020 | \$ 521,575 |
| Plus: contributions | 3,232 |
| Plus: investment income | 2 |
| Less: net assets released from restrictions | <u>(57,421)</u> |
| Ending balance – June 30, 2021 | <u>\$ 467,388</u> |

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

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-------------------|-------------------|
| Tuition assistance awards | \$21,778 | \$ 22,544 |
| Time restriction – recreation center | <u>445,610</u> | <u>499,031</u> |
| Total | <u>\$ 467,388</u> | <u>\$ 521,575</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 net assets with donor restrictions 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.

NOTE 7 – OPERATING LEASES

The Foundation entered into a lease agreement for its administrative office on December 16, 2011 ending December 14, 2021, at a monthly rate of \$400. Total rent expense paid for the year ended June 30, 2021 and 2020 under this lease was \$4,800 and \$4,800, respectively.

Future minimum lease payments are as follows:

| | |
|-------------------------------------|----------------|
| <u>Fiscal years ending June 30,</u> | |
| 2022 | <u>\$2,000</u> |

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 8– INSURANCE AND SETTLEMENT PROCEEDS

During the year ended June 30, 2020, the Greene County Memorial Hospital Foundation received insurance proceeds totaling \$42,262. These proceeds were received for lightning damage sustained to the recreation center during April 2020. The Greene County Memorial Hospital Foundation used \$28,700 of these proceeds for repairs related to the damage. The net proceeds of \$13,562 represents loss revenue from the recreation center.

The Greene County Memorial Hospital Foundation also received a settlement in the amount of \$486,127 to resolve a legal dispute during the year ended June 30, 2020. The Foundation used \$400,000 of the proceeds from this settlement to repay a portion of the line of credit outstanding.

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, 2021 and 2020, the carrying balance of these accounts was \$399,721 and \$661,571, respectively. The bank balance of these accounts was \$420,550 and \$799,552, respectively. The carrying balance exceed the Federal Deposit Insurance Corporation (FDIC) coverage by \$149,721 and \$411,571 at June 30, 2021 and 2020, respectively.

NOTE 11 – LIQUIDITY

Greene County Memorial Hospital Foundation’s financial assets available within one year of June 30, 2021 and 2020 for general expenses are as follows:

| | <u>2021</u> | <u>2020</u> |
|---------------------------|---------------------------|---------------------------|
| Cash and cash equivalents | \$ 395,076 | \$ 914,840 |
| Investments | 9,293,607 | 7,781,971 |
| Accounts receivable | 1,878 | - |
| Prepaid expenses | <u>7,082</u> | <u>-</u> |
| Total | <u>\$9,697,643</u> | <u>\$8,696,811</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.

**GREENE COUNTY MEMORIAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 12 – PAYROLL PROTECTION PLAN LOAN PAYABLE

During May 2021, Greene County Memorial Hospital Foundation received loan proceeds in the amount of \$22,700 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan bears interest at a rate of 1% annually, with payments deferred for six months from the origination date. The loan, as well as the accrued interest is forgivable under the CARES Act, as long as Greene County Memorial Hospital Foundation uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its current level of full-time equivalent employees. Any amount not forgiven is payable over a two-year period. The loan was forgiven during the year ended June 30, 2021, and the organization recognized \$22,700 of debt forgiveness.