

Financial Statements

Clinton Memorial Hospital Foundation, Inc.

*Years ended December 31, 2000 and 1999 with Report of Independent Auditors*





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Trustees  
Clinton Memorial Hospital Foundation, Inc.  
610 W. Main Street  
Wilmington, Ohio 45177

We have reviewed the Independent Auditor's Report of the Clinton Memorial Hospital Foundation, Inc., Clinton County, prepared by Ernst & Young LLP, for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clinton Memorial Hospital Foundation, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

October 17, 2001

**This Page is Intentionally Left Blank.**

Clinton Memorial Hospital Foundation, Inc.

Financial Statements

Years ended December 31, 2000 and 1999

**Contents**

Report of Independent Auditors .....	1
Financial Statements	
Statements of Financial Position .....	2
Statements of Activities and Changes in Net Assets .....	3
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6

**This Page is Intentionally Left Blank.**

## Report of Independent Auditors

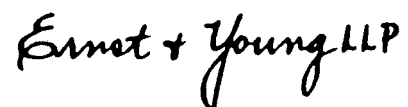
Board of Trustees  
Clinton Memorial Hospital Foundation, Inc.

We have audited the accompanying statements of financial position of Clinton Memorial Hospital Foundation, Inc. (the Foundation), as of December 31, 2000 and 1999, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clinton Memorial Hospital Foundation, Inc. at December 31, 2000 and 1999, and the results of its activities and changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with the *Government Auditing Standards*, we have issued a report dated April 27, 2001 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.



April 27, 2001

Clinton Memorial Hospital Foundation, Inc.

Statements of Financial Position

	<b>December 31</b>	
	<b>2000</b>	<b>1999</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,124,843	\$ 1,071,122
Pledges and accounts receivable	465,656	12,768
Inventory	39,938	48,886
Charitable remainder trust receivable	2,374,972	2,697,740
Note and interest receivable	332,670	291,308
Allowance for note and interest receivable	(332,670)	(291,308)
Property and equipment, net	81,354	81,763
Total assets	<u>\$ 4,086,763</u>	<u>\$ 3,912,279</u>
 <b>Liabilities and net assets</b>		
Accounts payable	\$ 8,068	\$ 11,316
Split-interest agreement obligations	400,941	435,900
Donor annuity obligations	660,046	862,502
Total liabilities	<u>1,069,055</u>	<u>1,309,718</u>
 Net assets:		
Unrestricted	236,628	218,898
Temporarily restricted	948,092	591,103
Permanently restricted	1,832,988	1,792,560
Total net assets	<u>3,017,708</u>	<u>2,602,561</u>
Total liabilities and net assets	<u>\$ 4,086,763</u>	<u>\$ 3,912,279</u>

*See accompanying notes.*



Clinton Memorial Hospital Foundation, Inc.

Statements of Activities and Changes in Net Assets

Year ended December 31, 2000

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Interest income	\$ 20,325	\$ 31,435	\$ 20,240	\$ 72,000
Contributions	48,471	564,192	112,839	725,502
Special events, net of direct costs of \$17,106	2,715	39,771	-	42,486
Auxiliary revenue	95,688	-	-	95,688
	<u>167,199</u>	<u>635,398</u>	<u>133,079</u>	<u>935,676</u>
Net assets released from restrictions	284,466	(284,466)	-	-
Total revenue and other support	<u>451,665</u>	<u>350,932</u>	<u>133,079</u>	<u>935,676</u>
Expenses:				
Grants and awards	48,794	-	-	48,794
Distribution to affiliate	235,672	-	-	235,672
Auxiliary expenses	89,900	-	-	89,900
Bad debt expense	41,362	-	-	41,362
Depreciation	409	-	-	409
Administrative expenses	19,039	-	-	19,039
Total expenses	<u>435,176</u>	<u>-</u>	<u>-</u>	<u>435,176</u>
Excess of revenue and other support over expenses	16,489	350,932	133,079	500,500
Other changes in net assets:				
Change in valuation of charitable remainder trust	-	-	(85,353)	(85,353)
Transfers	1,241	6,057	(7,298)	-
Increase in net assets	<u>17,730</u>	<u>356,989</u>	<u>40,428</u>	<u>415,147</u>
Net assets at beginning of year	218,898	591,103	1,792,560	2,602,561
Net assets at end of year	<u>\$ 236,628</u>	<u>\$ 948,092</u>	<u>\$ 1,832,988</u>	<u>\$ 3,017,708</u>

See accompanying notes.

## Clinton Memorial Hospital Foundation, Inc.

### Statements of Activities and Changes in Net Assets

Year ended December 31, 1999

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Revenue and other support:				
Interest income	\$ 15,744	\$ 24,198	\$ 16,015	\$ 55,957
Contributions	32,198	317,308	84,267	433,773
Special events, net of direct costs of \$19,272	2,410	33,860	-	36,270
Auxiliary revenue	92,318	-	-	92,318
	<u>142,670</u>	<u>375,366</u>	<u>100,282</u>	<u>618,318</u>
Net assets released from restrictions	218,825	(218,825)	-	-
Total revenue and other support	361,495	156,541	100,282	618,318
Expenses:				
Grants and awards	35,086	-	-	35,086
Distribution to affiliate	209,076	-	-	209,076
Auxiliary expenses	82,682	-	-	82,682
Bad debt expense	43,880	-	-	43,880
Depreciation	312	-	-	312
Administrative expenses	3,330	-	-	3,330
Total expenses	<u>374,366</u>	<u>-</u>	<u>-</u>	<u>374,366</u>
(Deficiency) excess of revenue and other support over expenses	(12,871)	156,541	100,282	243,952
Other changes in net assets:				
Change in valuation of charitable remainder trust	-	-	250,792	250,792
Transfers	27,412	(16,212)	(11,200)	-
Increase in net assets	14,541	140,329	339,874	494,744
Net assets at beginning of year	204,357	450,774	1,452,686	2,107,817
Net assets at end of year	<u>\$ 218,898</u>	<u>\$ 591,103</u>	<u>\$ 1,792,560</u>	<u>\$ 2,602,561</u>

*See accompanying notes.*

Clinton Memorial Hospital Foundation, Inc.

Statements of Cash Flows

	<b>December 31</b>	
	<b>2000</b>	<b>1999</b>
<b>Operating activities</b>		
Increase in net assets	\$ 415,147	\$ 494,744
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	409	312
Bad debt expense	41,362	43,880
Land donation	-	26,945
Change in valuation of charitable trust	85,353	(250,792)
Net change in operating assets and liabilities:		
Pledges and accounts receivable	(452,888)	(9,762)
Inventory	8,948	5,241
Accounts payable	(3,248)	(5,267)
Note and interest receivable	(16,362)	(43,880)
Charitable remainder trust receivable	-	(53,034)
Net cash provided by (used in) operating activities	<u>78,721</u>	<u>208,387</u>
<b>Investing Activities:</b>		
Advances of note receivable	(25,000)	-
Equipment purchases	-	(2,096)
Net cash used in investing activities	<u>(25,000)</u>	<u>(2,096)</u>
Increase in cash and cash equivalents	53,721	206,291
Cash and cash equivalents at beginning of year	1,071,122	864,831
Cash and cash equivalents at end of year	<u>\$ 1,124,843</u>	<u>\$ 1,071,122</u>

*See accompanying notes.*

# Clinton Memorial Hospital Foundation, Inc.

## Notes to Financial Statements

December 31, 2000 and 1999

### **1. Summary of Significant Accounting Policies**

#### **Organization and Mission**

Clinton Memorial Hospital Foundation, Inc. (the Foundation) is a not-for-profit Ohio corporation organized for the charitable purpose of raising funds in support of Clinton Memorial Hospital's (the Hospital) quality healthcare and educational programs.

The mission of the Foundation is to communicate the vision of the Hospital's quality healthcare and educational programs to the community and friends who are willing to invest through dedicated charitable giving to support these programs and services. The Foundation is exempt from federal income tax as defined under section 501(c)(3) of the Internal Revenue Code.

#### **Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting wherein revenue and expenses are recognized in the period earned or incurred.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 may differ from these estimates.

#### **Cash and Cash Equivalents**

For purposes of this statement, cash on deposit and other cash equivalents with a maturity of 90 days or less are included in the category of cash and equivalents. The carrying value of these assets approximates market value.

#### **Inventory**

Inventory consists of goods available for sale in the Hospital gift shop, and is stated at cost.

Clinton Memorial Hospital Foundation, Inc.

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

Property and equipment are stated at cost or fair market value at date of donation. Depreciation is calculated on the straight-line basis over estimated service lives for individual assets.

**Net Assets**

Unrestricted net assets are those which have no external restrictions. Temporarily restricted net assets are those for which use is limited by donors to a specific time period or purpose. Permanently restricted net assets are those which have been permanently restricted by donors to be maintained by the Foundation, the income from which is expendable to support the Foundation's purpose and make payments to annuitants.

**Revenue and Other Support**

Contributions are recognized during the period in which they are received. Contributions are considered to be available for unrestricted use unless specifically restricted by donor.

**Grants and Awards**

Grants and awards expense includes approved grants which will be distributed or have been distributed during the current fiscal year.

## Clinton Memorial Hospital Foundation, Inc.

### Notes to Financial Statements (continued)

#### **2. Deferred Charitable Remainder Annuity Trusts**

Charitable remainder trusts are trust agreements established by donors whereby the Foundation is a beneficiary. The Foundation has several of these trusts. Under these agreements, the Foundation pays the donor an annuity for a specified number of years. Under the terms of these trust agreements, these trusts are irrevocable and the assets are permanently restricted. Upon termination of these trust agreements, the trust funds will be distributed to the Hospital for an endowed fund with the earned income to be used for unrestricted purposes.

At the time of the gift, the assets are recorded at fair market value and an obligation is established for the present value of the annuity payments. The difference between the gift and the obligation is recognized as permanently restricted contributions. Changes in market value of the trust are recorded as an adjustment to permanently restricted net assets. As of December 31, 2000 and 1999, the Foundation has donor annuity obligations of approximately \$660,000 and \$863,000, respectively, of which \$157,685 and \$248,419 is payable in 2000 and 1999, respectively. Discount rates ranging from 3.5% to 5% were utilized to calculate the present value of the donor annuity obligations as of December 31, 2000 and 1999.

Certain of the agreements are split-interest agreements. Split-interest agreements are trust agreements established by donors under which the Foundation receives benefits that are shared with other beneficiaries. As of December 31, 2000 and 1999, the amount due to other beneficiaries under these agreements was \$400,941 and \$435,900, respectively.

Additionally, another trust agreement has been established by a donor that permits the donor to change the beneficiary. The Foundation's portion of this trust is approximately \$706,000 and \$879,000 at December 31, 2000 and 1999, respectively, and is not recorded in the financial statements until donor imposed conditions expire and the donation becomes unconditional. Subsequent to December 31, 2000, this trust agreement was amended and the designation of the Foundation as a beneficiary became irrevocable. This trust will be recorded as a donation in 2001.

#### **3. Related Party Transactions**

During 2000 and 1999, the Foundation transferred \$235,672 and \$209,076, respectively, to the Hospital. This amount was recorded as expense.

Report on Compliance and on Internal Control Over Financial Reporting Based on  
an Audit of the Financial Statements  
in Accordance With *Government Auditing Standards*

Board Of Trustees  
Clinton Memorial Hospital Foundation, Inc.  
and  
Jim Petro, Auditor of State:

We have audited the financial statements of Clinton Memorial Hospital Foundation, Inc. (the Foundation) as of and for the year ended December 31, 2000, and have issued our report thereon dated April 27, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Ernst & Young LLP*

April 27, 2001







STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**CLINTON MEMORIAL HOSPITAL FOUNDATION, INC.**

**CLINTON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 8, 2001**