

**VISITATION HOSPITAL FOUNDATION**

**Financial Statements - Cash Basis**

**For the Year Ended December 31, 2006**

**(With Independent Auditor's Report Thereon)**

**MAGGART & ASSOCIATES, P.C.**  
*CERTIFIED PUBLIC ACCOUNTANTS*  
NASHVILLE, TENNESSEE

*VISITATION HOSPITAL FOUNDATION*

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*VISITATION HOSPITAL FOUNDATION*

*Statement of Revenues, Expenses and Other Changes in Net Assets - Cash Basis*

*For the Year Ended December 31, 2006*

Unrestricted revenues:	
Contributions	\$ 398,760
Interest and dividends	439
Other income	10
Net assets released from restrictions	<u>4,416</u>
Total unrestricted revenues	<u>403,625</u>
Expenses:	
Program	163,541
Administration	14,313
Fundraising	<u>38,336</u>
Total expenses	<u>216,190</u>
Increase in unrestricted net assets	<u>187,435</u>
Temporarily restricted revenues:	
Contributions	1,710
Net assets released from restrictions	<u>(4,416)</u>
Decrease in temporarily restricted net assets	<u>(2,706)</u>
Increase in net assets	184,729
Net assets at beginning of year	<u>241,773</u>
Net assets at end of year	<u>\$ 426,502</u>

See accompanying notes to financial statements.

# *VISITATION HOSPITAL FOUNDATION*

## *Notes to Financial Statements - Cash Basis*

*For the Year Ended December 31, 2006*

### *(1) Summary of Significant Accounting Policies*

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### *(a) Organization*

Visitation Hospital Foundation was founded in 1999 to provide health benefits to the people of Haiti through the construction of a medical facility and providing medical supplies.

#### *(b) Financial Statement Presentation*

The accompanying financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. As such, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when obligations are incurred.

The Organization follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

- Unrestricted net assets represent those net assets that are not subject to donor imposed stipulations.
- Temporarily restricted net assets include net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
- Permanently restricted net assets are those net assets subject to donor-imposed stipulations that require the net assets to be maintained permanently by the Organization. The Organization does not maintain any permanently restricted net assets.

# *VISITATION HOSPITAL FOUNDATION*

## *Notes to Financial Statements - Cash Basis, Continued*

*For the Year Ended December 31, 2006*

### *(1) Summary of Significant Accounting Policies, Continued*

#### *(c) Contributions*

The Organization adheres to the provisions of SFAS No. 116, "Accounting for Contributions Received and Made". SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. However, under the modified cash basis of accounting the Organization records contribution revenue upon receipt as described in (b) above instead of recognizing unconditional promises to give in the period the promise is received. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses, and other change in net assets - cash basis as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated current value.

#### *(d) Contributed Services*

Various members of the Board of Directors volunteer their time and effort to provide administrative services to the Organization through its various programs throughout the year on an as-needed basis. In addition, the Organization actively promotes recruitment of volunteers to facilitate the programs undertaken in the Haiti locale. No amounts have been recognized in the accompanying financial statements for those services.

#### *(e) Furniture and Fixtures*

Furniture and fixtures are stated at cost at date of acquisition or estimated fair market value at date of donation in case of gifts. Depreciation of equipment is provided over the estimated useful lives of the respective assets on an accelerated basis.

#### *(f) Cash and Cash Equivalents*

The Organization considers all cash and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains balances in financial institutions that management considers to be financially sound. The balances held at the various financial institutions may at times exceed Federally insured limits.

# *VISITATION HOSPITAL FOUNDATION*

## *Notes to Financial Statements - Cash Basis, Continued*

*For the Year Ended December 31, 2006*

*(1) Summary of Significant Accounting Policies, Continued*

*(g) Income Taxes*

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization is classified by the Internal Revenue Service as other than a private foundation.

*(h) Estimates*

The preparation of financial statements in conformity with the modified cash basis method of accounting requires the Organization 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*(i) Expense Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses and other changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*(2) Expenses*

Expenses incurred were for:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 74,258	4,641	13,924	92,823
Payroll taxes	5,942	371	1,114	7,427
Hope and healing	-	-	2,496	2,496
Clinic related expenditures	17,208	-	-	17,208
Storage	6,039	-	-	6,039
Water purification	13,106	-	-	13,106
Accounting	5,909	2,638	2,005	10,552
Health insurance	5,453	341	1,022	6,816
Postage	-	-	7,617	7,617
Office supplies	5,205	325	976	6,506
Photography and video	-	-	2,283	2,283
Printing and copying	14,032	877	2,631	17,540
Rent	8,264	516	1,550	10,330
Telephone	3,775	236	708	4,719
Other	4,350	4,368	2,010	10,728
	<u>\$ 163,541</u>	<u>14,313</u>	<u>38,336</u>	<u>216,190</u>

*VISITATION HOSPITAL FOUNDATION*

*Notes to Financial Statements - Cash Basis, Continued*

*For the Year Ended December 31, 2006*

**(3) Commitments and Contingencies**

The Organization currently does not maintain insurance. Management is not aware of any pending or threatened claims against the Organization as of the date of this report.

The Organization currently rents space on a month-to-month basis in the amount of approximately \$950 per month.

The Organization currently rents extra storage space on a month-to-month basis in the amount of \$191 per month.

The Organization has entered into a five year agreement beginning February 19, 2007 with a company to provide water purification services to residents of Petite Riviere de Nippes, Haiti. The agreement may be withdrawn from by either party by giving the other party 30 days notice. The Organization anticipates expending \$10,000 for these services in 2007.

The Organization has entered into a construction contract with a Haitian company for the construction of a medical clinic in Petite Riviere de Nippes, Haiti. The total estimated contract amount is for \$338,505. During 2006, the Organization made payments on this contract in the amount of \$65,387.

Over Haiti's history there has been occasional political turmoil, which may under certain circumstances affect the Organization's program services.

**(4) Medical Facility Construction**

During 2006, a religious organization, in exchange for \$10,000, deeded a parcel of land to the Organization for the purpose of providing a site for construction of a medical facility. The deed is conditional and requires the land to be reconveyed to the religious organization in the event the Organization ceases operations or the project is not completed. Management anticipates meeting all requirements of the deed and has therefore capitalized the land.

In addition, the Organization has constructed a storage facility on the site at a cost of approximately \$33,000 and has begun construction on the medical facility previously discussed with expenditures of approximately \$65,000 during 2006. The storage facility and initial construction costs are included in construction in process in the accompanying financial statements.

**(5) Board Designated Net Assets**

Certain funds have been designated as restricted by the Organization's Board of Directors. Since these funds do not have donor restrictions and could be used for other purposes of the Organization they have not been classified as temporarily restricted funds. Unrestricted funds totaling \$284,485 have been designated by the Board for construction of a medical facility in Haiti.

*VISITATION HOSPITAL FOUNDATION*

*Notes to Financial Statements - Cash Basis, Continued*

*For the Year Ended December 31, 2006*

*(6) Concentration of Credit Risk*

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2006, the Organization's uninsured cash balances approximated \$200,000.