

Financial Audit Report

Humanity Gifts Registry

Philadelphia, Pennsylvania

For the Years Ended June 30, 2007, and June 30, 2008



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January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Table of Contents

Introductory Section.....	3
Humanity Gifts Registry	5
Financial Section.....	7
Independent Auditor’s Report	8
Statement of Assets and Liabilities on a Cash Basis.....	10
Statement of Cash Receipts, Disbursements, and Changes in Cash	11
Statement of Cash Flow Activity	12
Notes To The Financial Statements	13
1. Summary of Significant Accounting Policies.....	13
2. Reporting Entity.....	13
3. Cash	13
4. Net Assets	14
5. Employer-Paid Pension Plans.....	14
6. Vacation and Sick Leave	14
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15
Audit Results	17
Audit Findings.....	18
Audit Report Distribution List.....	19

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Introductory Section

Introductory Section

January 14, 2011

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

and

Bruce Hirsch, Ph.D.
Executive Secretary
Humanity Gifts Registry
1015 Chestnut Street
Room 1220
Philadelphia, PA 19107

Dear Governor Rendell and Dr. Hirsch:

Enclosed is the independent auditor's report for the statement of assets and liabilities on a cash basis as of June 30, 2007, and June 30, 2008, and the related statement of cash receipts, disbursements, and changes in cash and statement of cash flow activity of the Humanity Gifts Registry, Philadelphia County, Pennsylvania, for the years ended June 30, 2007, and June 30, 2008. You will note that our opinion is dated December 13, 2010, which is the date that our audit work closed.

Sincerely,

JACK WAGNER
Auditor General

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Introductory Section

Humanity Gifts Registry

The Anatomical Board of the State of Pennsylvania was created by an act of the General Assembly, known as the Anatomical Law on June 13, 1883, (P.L. 119).¹ The Anatomical Board was charged with the following purpose, as summarized in the synopsis of the original law:

For the promotion of medical science by the distribution and use of unclaimed human bodies for scientific purposes through a board created for that purpose, ... and to prevent unauthorized uses and traffic in human bodies.

The name of the Anatomical Board of the State of Pennsylvania was changed to the Humanity Gifts Registry in 1971. The Humanity Gifts Registry, which we will refer to in this report as “Registry,” has established a more up-to-date mission statement as defined on its website as follows:

*The Humanity Gifts Registry is a nonprofit agency of the Commonwealth of Pennsylvania concerned primarily with the receipt and distribution of bodies donated to all medical and dental schools in the state for teaching purposes. The Registry, formerly called the Anatomical Board, has been in existence since 1883.*²

The Registry receives cadavers through donations, or when cadavers are not claimed by family or friends. The cadavers are distributed to medical, dental, and podiatric schools and colleges based on availability and the number of students enrolled at each respective school and college.

The Executive Committee of the Registry is comprised of a representative from the 12 medical, dental, and podiatry schools and colleges in the Commonwealth. The 12 member schools and colleges are as follows:

- Drexel University College of Medicine
- Philadelphia College of Osteopathic Medicine
- Penn State Milton S. Hershey Medical Center

¹ 35 P.S. § 1091.

² <http://hgrpa.com/faq/html>, accessed January 11, 2011.

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Introductory Section

- Jefferson Medical College
- Temple University School of Podiatric Medicine
- Temple University School of Dentistry
- Temple University School of Medicine
- University of Pennsylvania School of Dental Medicine
- University of Pennsylvania School of Medicine
- University of Pittsburgh School of Dental Medicine
- University of Pittsburgh School of Medicine
- Lake Erie College of Osteopathic Medicine

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Financial Section

Financial Section

Independent Auditor's Report

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

and

Bruce Hirsch, Ph.D.
Executive Secretary
Humanity Gifts Registry
1015 Chestnut Street
Room 1220
Philadelphia, PA 19107

Dear Governor Rendell and Dr. Hirsch:

We have audited the accompanying statement of assets and liabilities on a cash basis as of June 30, 2007, and June 30, 2008, and the related statement of cash receipts, disbursements, and changes in cash and statement of cash flow activity of the Humanity Gifts Registry, Philadelphia County, Pennsylvania, for the years ended June 30, 2007, and June 30, 2008. These financial statements are the responsibility of the management of Humanity Gifts Registry. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with *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 audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the accompanying financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Honorable Edward G. Rendell
Page 2

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Humanity Gifts Registry, as of June 30, 2007, and June 30, 2008, and the results of its operations and cash flow activity for the years ended June 30, 2007, and June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010, on our consideration of the Humanity Gifts Registry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. 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 in considering the results of our audit.

Sincerely,

JACK WAGNER
Auditor General

December 13, 2010

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Financial Section

Humanity Gifts Registry
Statement of Assets and Liabilities on a Cash Basis

As of June 30, 2007, and June 30, 2008

	2007	2008
Assets		
Cash (Note 3)	<u>\$90,255.36</u>	<u>\$124,583.15</u>
Total Assets	<u>\$90,255.36</u>	<u>\$124,583.15</u>
Liabilities and Net Assets		
Liabilities	\$ 0.00	\$ 0.00
Net Assets (Note 4)	<u>90,255.36</u>	<u>124,583.15</u>
Total Liabilities and Net Assets	<u>\$90,255.36</u>	<u>\$124,583.15</u>

Notes to the Financial Statements are an integral part of this report.

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Financial Section

Humanity Gifts Registry
Statement of Cash Receipts, Disbursements, and Changes in Cash

For the Years Ended June 30, 2007, and June 30, 2008

	2007	2008
<u>Cash Receipts</u>		
Assessment for cadavers	\$293,400.00	\$316,500.00
Transportation reimbursement	38,080.60	42,963.62
Burial receipts	6,190.00	7,400.02
Infant reimbursement	3,740.00	4,240.00
Reclaimed cadavers	560.00	805.00
Bankruptcy proceeds	162.83	81.42
Donations	2,191.00	2,515.00
Interest earned	323.16	482.33
Bank adjustments	0.00	50.00
Void checks	0.00	4,419.00
Application fee	25.00	0.00
Total cash receipts	<u>\$344,672.59</u>	<u>\$379,456.39</u>
<u>Cash Disbursements</u>		
Transportation and professional services	103,351.75	128,398.68
Memorial and burial expenses	9,766.75	11,759.25
Infant disposition	1,110.00	1,800.00
Salaries	84,288.15	89,653.32
Employee benefits	29,807.13	32,751.30
Payroll taxes	29,624.77	29,844.39
Tax employer	9,335.59	9,726.00
Rents	17,270.30	17,728.91
Office supplies and expenses	5,858.31	14,230.10
Telephone	5,816.06	6,005.16
Postage	3,100.00	3,034.00
Bank charges	113.97	162.49
Returned checks fee	0.00	10.00
Returned checks	0.00	25.00
Total cash disbursements	<u>\$299,442.78</u>	<u>\$345,128.60</u>
Net increase (decrease) in cash	45,229.81	34,327.79
Cash balance at beginning of year	45,025.55	90,255.36
Cash balance at end of year	<u>\$ 90,255.36</u>	<u>\$124,583.15</u>

Notes to the Financial Statements are an integral part of this report.

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Financial Section

Humanity Gifts Registry
Statement of Cash Flow Activity

For the Years Ended June 30, 2007, and June 30, 2008

	2007	2008
<u>Cash flows from operating activities</u>		
Cash received from service recipients	\$342,158.43	\$371,990.06
Cash received from contributors	2,191.00	2,515.00
Interest and dividends received	323.16	482.33
Miscellaneous receipts	0.00	4,469.00
Interest paid	0.00	0.00
Cash paid to employees and suppliers	<u>299,442.78</u>	<u>345,128.60</u>
Net cash used by operating activities	<u>\$ 45,229.81</u>	<u>\$ 34,327.79</u>
Net increase (decrease) in cash	45,229.81	34,327.79
Cash at beginning of year	<u>45,025.55</u>	<u>90,255.36</u>
Cash at end of year	<u>\$ 90,255.36</u>	<u>\$124,583.15</u>
<u>Reconciliation of change in net assets to net cash used by operating activities</u>		
Change in net assets	\$45,229.81	\$34,327.79
Adjustments to reconcile change in net assets to net cash used by operating activities	<u>0.00</u>	<u>0.00</u>
Net cash used by operating activities	<u>\$45,229.81</u>	<u>\$34,327.79</u>

Notes to the Financial Statements are an integral part of this report.

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Financial Section

Notes To The Financial Statements

1. Summary of Significant Accounting Policies

Basis of Accounting. The Humanity Gifts Registry maintains its financial records on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash receipts and disbursements basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

The accompanying financial statements reflect the cash receipts and disbursements basis of accounting for assets, liabilities, and net assets arising from transactions of the Registry as of June 30, 2007, and June 30, 2008, and changes in cash for the years ended June 30, 2007, and June 30, 2008.

2. Reporting Entity

The Registry is a not-for-profit organization that was created by Commonwealth law in 1883. The Registry distributes cadavers to medical, dental, and podiatric schools based on need and availability.

3. Cash

Cash consisted of the following amounts at June 30, 2007, and June 30, 2008:

	2007	2008
Checking Account	\$23,145.44	\$ 37,064.72
Savings Account	<u>67,109.92</u>	<u>87,518.43</u>
Total Cash	<u>\$90,255.36</u>	<u>\$124,583.15</u>

All cash is considered to be available to cover operating activities.

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Financial Section

4. Net Assets

Net assets, the amount equal to cash balance at year end, may consist of funds that are unrestricted, temporarily restricted in its use by donors, or permanently restricted in its use. All net assets of \$90,255.36 at June 30, 2007, and \$124,583.15 at June 30, 2008, are unrestricted funds.

5. Employer-Paid Pension Plans

Certain employees are covered by a TIAA-CREF defined contribution plan. The Registry contributes an amount equal to ten percent of the employees' monthly salary to this plan. The amounts paid at June 30, 2007, and June 30, 2008, were \$739 and \$790, respectively. The plan is funded on a current basis.

6. Vacation and Sick Leave

Certain employees receive four weeks of vacation and ten days of personal/sick time each year. The vacation and personal/sick leave cannot be carried over to the next year.

**Report on Internal Control over Financial Reporting and on Compliance
and other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

and

Bruce Hirsch, Ph.D.
Executive Secretary
Humanity Gifts Registry
1015 Chestnut Street
Room 1220
Philadelphia, PA 19107

Dear Governor Rendell and Dr. Hirsch:

We have audited the accompanying statement of monetary assets arising from cash transactions as of June 30, 2008, and the related statement of cash receipts, disbursements, and changes in cash of the Humanity Gifts Registry, Philadelphia County, Pennsylvania, for the years ended June 30, 2007, and June 30, 2008, and have issued our report thereon dated December 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting. In planning and performing our audit, we considered Humanity Gifts Registry's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinion on the financial statements, but not for expressing an opinion on the effectiveness of the Humanity Gifts Registry's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Humanity Gifts Registry's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the Humanity Gifts Registry's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Humanity Gifts Registry. The report is not intended to be used (and should not be used) by anyone other than the specified party.

Sincerely,

JACK WAGNER
Auditor General

December 13, 2010

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Audit Results

Audit Results

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Audit Results

Audit Findings

The audit did not identify any reportable findings.

January 2011
Humanity Gifts Registry
Financial Audit Report
For the Fiscal Years Ended June 30, 2007, and June 30, 2008

Audit Report Distribution List

Audit Report Distribution List

The Honorable Edward G. Rendell
Governor

The Honorable Anna C. Verna
City Council President

Humanity Gifts Registry
Bruce Hirsch, Ph.D.
Executive Secretary

Ms. Rochelle Wells
Administrator

This report is a matter of public record and is accessible at www.auditor.gen.state.pa.us or by contacting the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. Telephone: 717-787-1381.