



FINANCIAL AUDIT REPORT
HUMANITY GIFTS REGISTRY
PHILADELPHIA, PENNSYLVANIA
FOR THE FISCAL YEARS ENDED
JUNE 30, 2012, AND JUNE 30, 2011

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

and

Bruce Hirsch, Ph.D.
President
Humanity Gifts Registry
1015 Chestnut Street
Room 1221
Philadelphia, PA 19107

Dear Governor Corbett and Dr. Hirsch:

We have audited the accompanying statement of assets and liabilities on a cash basis of Humanity Gifts Registry as of June 30, 2012, and June 30, 2011, and the related statement of cash receipts and disbursements for the fiscal years then ended. These financial statements are the responsibility of the Humanity Gifts Registry's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and with generally accepted government auditing standards. 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, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The Honorable Tom Corbett
Dr. Bruce Hirsch
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In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities on a cash basis of Humanity Gifts Registry as of June 30, 2012, and June 30, 2011, and the cash receipts and disbursements during the fiscal years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2013 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, 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 in considering the results of our audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

EUGENE A. DEPASQUALE
Auditor General

July 17, 2013

Humanity Gifts Registry
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Background Section

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Background Section

Humanity Gifts Registry

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 Humanity Gifts Registry, which we refer to as “Registry” in this report, formerly called the Anatomical Board, has been in existence since 1883 created by an act of the General Assembly.¹

The Registry receives cadavers through donations or when cadavers are not claimed by family or friends. The Registry coordinates the distribution of these cadavers among all medical and dental schools throughout the state for medical education and research. The Registry is the only organization in Pennsylvania which operates by specific legislative authority to receive bodies for education and research. The following is a listing of member schools:

- Drexel University College of Medicine
- Lake Erie College of Osteopathic Medicine
- Penn State College of Medicine (Hershey)
- Philadelphia College of Osteopathic Medicine
- Temple University
- Thomas Jefferson Medical College
- The Commonwealth Medical College
- University of Pennsylvania
- University of Pittsburgh

The member schools pay only for the actual expenses involved in obtaining and distributing the donated bodies. By law, these bodies and body parts must remain in Pennsylvania. No tissues are sold to researchers or commercial firms. After studies are completed the bodies are cremated, and the remains are interred in cemetery plots maintained by the Registry, and family members can visit their gravesites. Alternatively, when requested by the next of kin, the cremated remains can be returned to the family. Each year the students who study anatomy at the member schools hold memorial Celebrations of Remembrance in Philadelphia, Pittsburgh, and Hershey. The families and friends of those who died and donated their bodies to education and science are invited to join the students in honoring their memories and thanking them for making such a selfless gift.²

¹ 35 P.S. § 1091.

² <http://hgrpa.com/our-role.html>, accessed February 5, 2013, and re-verified on June 3, 2013.

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Financial Section

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Financial Section

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

As of June 30, 2012, and June 30, 2011

	2012	2011
Assets		
Cash (Note 2)	<u>\$211,191</u>	<u>\$180,060</u>
Total Assets	<u>\$211,191</u>	<u>\$180,060</u>
Liabilities and Net Assets		
Liabilities	\$ 0	\$ 0
Net Assets (Note 3)	<u>211,191</u>	<u>180,060</u>
Total Liabilities and Net Assets	<u>\$211,191</u>	<u>\$180,060</u>

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

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Humanity Gifts Registry
Statement of Cash Receipts and Disbursements

For the Fiscal Years Ended June 30, 2012, and June 30, 2011

	2012	2011
<u>Cash Receipts</u>		
Assessment for cadavers	\$387,250	\$363,000
Burial reimbursement	7,410	7,400
Transportation reimbursement	53,205	50,690
Donations	3,000	1,650
Interest earned	265	308
Void checks	268	2,549
Total cash receipts	<u>\$451,398</u>	<u>\$425,597</u>
<u>Cash Disbursements</u>		
Salaries	\$103,991	\$100,476
Employee benefits	41,871	39,987
Payroll taxes	31,143	32,703
Tax employer	11,841	10,909
Transportation	170,126	142,330
Rent	19,809	19,391
Office supplies and expenses	13,155	16,679
Telephone	8,958	7,387
Postage	3,660	3,652
Memorial and burial expenses	15,514	15,291
Bank charges	136	22
Returned checks fee	24	10
Unemployment tax adjustment	39	0
Total cash disbursements	<u>\$420,267</u>	<u>\$388,837</u>
Net increase (decrease) in cash	\$31,131	\$36,760
Cash balance at beginning of year	<u>\$180,060</u>	<u>\$143,300</u>
Cash balance at end of year	<u>\$211,191</u>	<u>\$180,060</u>

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

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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, 2012, and June 30, 2011, and cash receipts and disbursements for the fiscal years ended June 30, 2012, and June 30, 2011.

2. Cash

Cash consisted of the following amounts at June 30, 2012, and June 30, 2011:

	<u>2012</u>	<u>2011</u>
Checking Account	\$ 51,146	\$ 55,269
Savings Account	156,906	121,652
Rent Escrow Account	<u>3,139</u>	<u>3,139</u>
Total Cash	<u>\$211,191</u>	<u>\$180,060</u>

Checking account and savings account cash is considered to be liquid and available to cover operating activities. The rent escrow account is a security deposit held by the leaser until the end of the lease period and is not available for operating activities.

3. Net Assets

Net assets, the amount equal to the cash balance at year end, may consist of funds that are unrestricted, temporarily restricted in their use by donors, or permanently restricted in

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their use. All net assets of \$211,191 at June 30, 2012, and \$180,060 at June 30, 2011, were unrestricted funds.

4. Services and Sources of Cash Receipts

The Registry receives cadavers through donations or when cadavers are not claimed by family or friends. The Registry coordinates the distribution of these cadavers among all medical and dental schools throughout the state for medical education and research purposes. The Registry is the only organization in Pennsylvania which operates by specific legislative authority to receive bodies for education and research. Sources of cash receipts for Registry services are primarily obtained from the assessment of cadavers distributed to member schools. The assessment of cadavers is the fee charged to the member schools for the medical use of cadavers. The fee is established and approved by the Humanity Gifts Registry Board.

5. Employer-Paid Pension Plan

The two full-time employees of Humanity Gifts Registry are covered by a Teachers Insurance and Annuity Association – College Retirement Equities Fund (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 for the fiscal years ended June 30, 2012 and 2011, were \$10,586 and \$10,277, respectively. The plan is funded on a current basis.

6. Vacation, Sick, and Personal Leave

The two full-time employees of Humanity Gifts Registry receive four weeks of vacation, ten sick days, and two personal days each year. The vacation, sick, and personal leave cannot be accrued and carried over to the next year.

7. Operating Lease

The Humanity Gifts Registry entered into a ten-year operating lease agreement for its offices with a landlord, which contains provisions for future rent increases based on an additional .50 cents per square footage occupied each year. The Registry records

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monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. For the fiscal years ended June 30, 2012, and June 30, 2011, the Humanity Gifts Registry recorded \$19,809 and \$19,391 respectively, for the operating lease.

The following schedule presents lease amounts for the next five years:

<u>Fiscal year ended:</u>	<u>Annual amount</u>
June 30, 2013	\$20,228
June 30, 2014	\$20,646
June 30, 2015	\$21,065
June 30, 2016	\$21,483
June 30, 2017	\$21,902

8. Date of Management's Review

The Humanity Gifts Registry evaluated subsequent events through July 17, 2013, the date its financial statements were available to be issued.



Commonwealth of Pennsylvania
Department of the Auditor General
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EUGENE A. DePASQUALE
AUDITOR GENERAL

**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 Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

and

Bruce Hirsch, Ph.D.
President
Humanity Gifts Registry
1015 Chestnut Street
Room 1221
Philadelphia, PA 19107

Dear Governor Corbett and Dr. Hirsch:

We have audited the financial statements of Humanity Gifts Registry as of and for the fiscal years ended June 30, 2012 and 2011, including the Statement of Assets and Liabilities on a Cash Basis and the Statement of Cash Receipts and Disbursements, and have issued our report thereon dated July 17, 2013. 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

Management of Humanity Gifts Registry is responsible for establishing and maintaining effective 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 the purpose of expressing an opinion on the effectiveness of 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 disclosed no 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 management and board of Humanity Gifts Registry, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



EUGENE A. DEPASQUALE
Auditor General

July 17, 2013

Humanity Gifts Registry
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Audit Results

Audit Results

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Audit Results

Audit Findings

The audit did not identify any reportable findings.

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Audit Report Distribution List

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

The Honorable Michael Wolf
Secretary
Department of Health
Commonwealth of Pennsylvania

Humanity Gifts Registry

Dr. Bruce Hirsch
President

Dr. Richard Ochs
Member

Dr. Michael McGuinness
Executive Secretary

Dr. Susan Amara
Member

Dr. Nancy Minugh-Purvis
Treasurer

Dr. Brett Oxberry
Member

Dr. Michelle Lazarus
Member

Dr. Stephen Pilder
Member

Dr. Richard Schmidt
Member

Dr. Arthur Washburn
Member

Dr. Jonathan Kalmey
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Dr. Susan Perlis
Member

Dr. Michael Speirs
Member

Ms. Rochelle Wells
Administrator

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Media questions about the report can be directed to the Pennsylvania Department of the Auditor
General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to:
news@auditor.gen.state.pa.us.*