

**CHARITY HOSPITAL**  
**SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2005 AND 2004**

**ERICKSEN KRENTEL & LA PORTE L.L.P.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Charity Hospital School of Nursing Alumni Association

We have audited the accompanying statements of financial position of Charity Hospital School of Nursing Alumni Association (a nonprofit organization) as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Charity Hospital School of Nursing Alumni Association as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

October 10, 2006

*Ericksen, Krentel & La Porte LLP*

Certified Public Accountants

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2005 AND 2004**

**ASSETS**

	<u>2005</u>	<u>2004</u>
<b><u>ASSETS:</u></b>		
Cash and cash equivalents	\$ 88,699	\$ 77,320
Investments	42,885	40,706
Merchandise inventory	<u>265</u>	<u>318</u>
 Total assets	 <u>\$ 131,849</u>	 <u>\$ 118,344</u>

**LIABILITIES AND NET ASSETS**

<b><u>LIABILITIES</u></b>	<u>\$ -</u>	<u>\$ -</u>
 Total liabilities	 <u>-</u>	 <u>-</u>
 <b><u>NET ASSETS:</u></b>		
Net assets - unrestricted	117,359	100,130
Net assets - temporarily restricted	<u>14,490</u>	<u>18,214</u>
 Total net assets	 <u>131,849</u>	 <u>118,344</u>
 Total liabilities and net assets	 <u>\$ 131,849</u>	 <u>\$ 118,344</u>

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
DECEMBER 31, 2005 AND 2004

	2005	2004
<b>UNRESTRICTED NET ASSETS</b>		
<b><u>Unrestricted Revenue:</u></b>		
Special events	\$ 12,232	\$ 16,848
Membership fees	19,020	11,271
Commemorative sales	10,666	4,329
Newsletter contributions	961	3,374
Member contributions	5,495	5,098
Miscellaneous income	825	1,003
Investment return	2,385	9,099
Total unrestricted revenues	51,584	51,022
<b><u>Net Assets Released from Restrictions:</u></b>		
Restrictions satisfied by awarding of scholarships	5,605	4,041
Total unrestricted revenues and other support	57,189	55,063
<b><u>Expenses:</u></b>		
Program services:		
Special events	11,095	10,171
Newsletter	13,086	10,592
Scholarships	5,605	4,041
Commemorative sales	2,438	2,344
Student events	-	2,273
Support services:		
Management and general	7,736	8,361
Total expenses	39,960	37,782
Increase in unrestricted net assets	17,229	17,281
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Scholarship contributions	1,881	4,180
Net assets released from restrictions:		
Restrictions satisfied by awarding of scholarships	(5,605)	(4,041)
Increase in temporarily restricted net assets	(3,724)	139
Increase in net assets	13,505	17,420
Net assets at beginning of year	118,344	100,924
Net assets at end of year	\$ 131,849	\$ 118,344

See accompanying NOTES TO FINANCIAL STATEMENTS

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Increase in net assets	\$ 13,505	\$ 17,420
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Unrealized (gain) on investments	(742)	(3,622)
Changes in assets and liabilities:		
(Increase) decrease in:		
Merchandise inventory	53	199
Increase (decrease) in:		
Deferred revenue	-	(1,102)
	<u>12,816</u>	<u>12,895</u>
Net cash from operating activities		
<b><u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u></b>		
Purchase of investments through re-invested dividends	<u>(1,437)</u>	<u>(1,478)</u>
Net cash used for investing activities	<u>(1,437)</u>	<u>(1,478)</u>
Net increase in cash and cash equivalents	11,379	11,417
Cash and cash equivalents at beginning of year	<u>77,320</u>	<u>65,903</u>
Cash and cash equivalents at end of year	<u>\$ 88,699</u>	<u>\$ 77,320</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005 AND 2004**

**(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Charity Hospital School of Nursing Alumni Association (the Association) provides support for current nursing students through scholarships and by raising funds for student activities. The Association members pay membership dues each year and sell commemorative items in order to raise funds.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Merchandise Inventory**

Inventory, which consists of merchandise for resale, is stated at the lower of cost (first-in, first-out method) or market.

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2005 AND 2004

**(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

The Association has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**Income Taxes**

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(7) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**(2) INVESTMENTS**

Investments are recorded at quoted market prices and are subject to normal market risk. Investments as of December 31, 2005 and 2004 are summarized as follows:

	Fair Value	Carrying Value
Unrestricted as of December 31, 2005:		
JP Morgan Chase common stock, 1,082 shares	\$ 42,885	\$ 42,885
Unrestricted as of December 31, 2004:		
JP Morgan Chase common stock, 1,042 shares	\$ 40,706	\$ 40,706

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2005 and 2004:

	Unrestricted 2005	Unrestricted 2004
Interest and dividend	\$ 1,643	\$ 5,477
Unrealized gain	742	3,622
Total investment return	\$ 2,385	\$ 9,099

**(3) RESTRICTIONS ON NET ASSETS**

All of the restrictions are related to contributions specifically for scholarships. Those restrictions are considered to expire when scholarships are awarded. As of December 31, 2005 and 2004, temporarily restricted net assets totaled \$14,490 and \$18,214, respectively.