

**OHIO ACADEMY OF FAMILY
PHYSICIANS FOUNDATION**

**FINANCIAL STATEMENTS
DECEMBER 31, 2007**

**OHIO ACADEMY OF FAMILY
PHYSICIANS FOUNDATION**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**To the Board of Trustees
Ohio Academy of Family Physicians Foundation
Columbus, Ohio**

I have reviewed the accompanying statement of financial position of the Ohio Academy of Family Physicians Foundation (a not-for-profit organization) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended, in accordance with statements on standards for accounting and review services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Ohio Academy of Family Physicians Foundation.

A review consists principally of inquiries of the Foundation's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Mirisola & Company

March 4, 2008

Ohio Academy of Family Physicians Foundation
Statement of Financial Position
December 31, 2007

	Unrestricted	Restricted Temporarily	Total
<u>ASSETS:</u>			
Cash & Cash Equivalents - Note 2	\$ 121,104		\$ 121,104
Endowed Investments - Note 3	780,220		780,220
Prepaid Expenses and Other Current Assets	175		175
Unconditional Promises to Give - Current Portion - Note 7		11,575	11,575
Accounts Receivable - Note 4	3,685		3,685
	905,184	11,575	916,759
TOTAL CURRENT ASSETS			
Unconditional Promises to Give-Long Term Portion - Note 7		14,175	14,175
Allowance for Doubtful Pledges - Note 7		(1,288)	(1,288)
Life Insurance Benefit - Note 5		15,000	15,000
Furniture and Fixtures - Note 1	16,885		16,885
Accumulated Deprecation - Note 1	(15,153)		(15,153)
	1,732	27,887	29,619
TOTAL OTHER ASSETS			
	\$906,916	\$39,462	\$946,378
TOTAL ASSETS			
<u>LIABILITIES:</u>			
Accounts Payable - Note 4	\$ 30,578		\$ 30,578
Due To/Due From - Note 9	75,135	(75,135)	0
Accrued Vacation	1,729		1,729
	107,442	(75,135)	32,307
TOTAL CURRENT LIABILITIES			
Life Insurance Benefit - Note 5	0	15,000	15,000
	107,442	(60,135)	47,307
TOTAL LIABILITIES			
<u>NET ASSETS:</u>			
Net Assets - Note 1	799,474	99,597	899,071
	\$906,916	\$39,462	\$946,378
TOTAL LIABILITIES & NET ASSETS			

See Independent Accountant's Review Report and Accompanying Notes.

Ohio Academy of Family Physicians Foundation
Statement of Activities
For The Year Ended December 31, 2007

CHANGES IN NET ASSETS:

	<u>Unrestricted</u>	<u>Restricted Temporarily</u>	<u>Total</u>
<u>INCREASES IN NET ASSETS:</u>			
<u>Support and Revenue:</u>			
Unrestricted Gifts/Contributions	\$ 16,750		\$ 16,750
In Kind Contributions	5,241		5,241
Academy Dues Commitment - Note 4	51,550		51,550
Restricted Gifts/Contributions	44,639	65,725	110,364
Endowment Contributions - Note 7		2,980	2,980
Investment Revenue	56,590		56,590
Realized Gains on Investments - Note 3	6,117		6,117
TOTAL INCREASES IN NET ASSETS	<u>\$180,887</u>	<u>\$68,705</u>	<u>\$249,592</u>

DECREASES IN NET ASSETS:

<u>Expenses:</u>			
Meeting Expenses	464		464
Grants	33,349		33,349
Recognition and Awards	699		699
General and Administrative	2,389		2,389
Academy Staff Support - Note 4	13,353		13,353
Salaries	24,994		24,994
Payroll Taxes	2,116		2,116
Fringe Benefits - Note 8	2,374		2,374
Professional Fees	3,010		3,010
Account Management and Bank Charges	5,296		5,296
Advertising and Promotion	2,655		2,655
Printing and Duplicating	276		276
Postage	746		746
Depreciation - Note 1	1,963		1,963
TOTAL DECREASES IN NET ASSETS	<u>93,684</u>	<u>-</u>	<u>93,684</u>

Unrealized (Losses) on Investments - Note 3	(17,840)	-	(17,840)
Reclassification of Net Assets - Notes 1 & 3	38,735	(38,735)	-
NET INCREASE/(DECREASE) IN NET ASSETS	<u>108,098</u>	<u>29,970</u>	<u>138,068</u>
NET ASSETS - BEGINNING OF YEAR	<u>691,376</u>	<u>69,627</u>	<u>761,003</u>
NET ASSETS - END OF YEAR - NOTE 1	<u>\$799,474</u>	<u>\$99,597</u>	<u>\$899,071</u>

Ohio Academy of Family Physicians Foundation
Statement of Cash Flows
For The Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Restricted Temporarily</u>	<u>Total</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Net Increase/(Decrease) in Net Assets	\$108,098	\$29,970	\$138,068
Adjustments to Reconcile Net Increase/ (Decrease) in Net Assets to Net Cash Provided by Operating Activities:			
Depreciation	1,963		1,963
Realized Gains	(6,117)		(6,117)
Unrealized Losses	17,840		17,840
(Increase)/Decrease in Assets:			
Accounts Receivable	432		432
Prepaid Expenses/Other Current Assets	(15)		(15)
Pledges Receivable		23,721	23,721
Allowance for Doubtful Pledges		(1,186)	(1,186)
Increase/(Decrease) in Liabilities:			
Accounts Payable	(2,011)		(2,011)
Due To/Due From	52,505	(52,505)	0
Accrued Vacation	(2)		(2)
Net Cash Provided By Operating Activities	172,693	0	172,693
CASH FLOWS (USED IN) INVESTING ACTIVITIES:			
Purchase of Endowed Investments	(102,770)		(102,770)
Proceeds from Sale of Investments	11,095		11,095
Net Cash Provided By/(Used In) Investing Activities	(91,675)	-	(91,675)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	81,018	0	81,018
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	40,086	0	40,086
CASH AND CASH EQUIVALENTS END OF YEAR	\$121,104	\$0	\$121,104

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1 – General and Summary of Significant Accounting Policies

Organization and Purpose

The Ohio Academy of Family Physicians Foundation (The Foundation) is a not-for-profit organization designed to assist in the advancement of family practice in the areas of research, education, academic advancement, student interest, and health care delivery. The Foundation supports the philanthropic goals and projects of the Ohio Academy of Family Physicians.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which recognizes income when it's earned and expenses when they incur. Also, the Foundation has applied SFAS No. 117, "Financial Statements of Not-For-Profit Organizations." This standard has established guidelines for the presentation of the financial statements. Under SFAS No. 117, the Foundation 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.

Unrestricted Net Assets – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Trustees.

Temporarily Restricted Net Assets – subject to donor-imposed stipulations that may be fulfilled by actions to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – subject to donor-imposed stipulations that they be retained and invested permanently. The donors require use of all or part of the investment return on these net assets for specified or unspecified purposes.

Support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions that are not satisfied in the accounting period. Gains and losses on investments and other assets or liabilities are recorded as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. All expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets, that is, the expiration of the donor imposed stipulated purposes or the elapsing of the specified time period, are reported as reclassifications of net assets.

See Independent Accountant's Report and Accompanying Notes to Financial Statements.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1 – General and Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Contributions subject to donor-imposed restrictions are recorded as temporarily restricted support and are reclassified as unrestricted when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed. Promises to give that are scheduled to be received after the end of the reporting period are shown as increases in temporarily restricted net assets and reclassified to unrestricted net assets when the purpose or time restriction is met. Promises to give, subject to donor-imposed stipulations that the corpus be maintained permanently, are recognized as increases in permanently restricted net assets. As of December 31, 2007, The Foundation had no permanently restricted net assets.

Furniture and Fixtures

Furniture and fixtures are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of furniture and fixtures is provided over the estimated useful lives of the respective assets ranging from three to seven years on a straight-line basis. Depreciation expense for 2007 is \$1,963.

Income Taxes

No provisions are made for federal income tax; Ohio Academy of Family Physicians Foundation is exempt from tax under Internal Revenue Code Section 501(c)(3). In addition, the Foundation has been determined by Internal Revenue Service to not be a private foundation within the meaning of Section 509(a) of the Code.

NOTE 2 – Cash and Cash Equivalents

Cash and Cash Equivalents consists of the checking and cash management accounts (maturities of three months or less). As of December 31, 2007, the total amount of cash and cash equivalents was \$121,104. No interest or taxes were paid during the year.

OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION

See Independent Accountant's Report and Accompanying Notes to Financial Statements.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 3 – Endowment Investments

The Foundation's Endowment fund was established by the Board of Trustees to provide and ensure the future of the Foundation's programs. Throughout the year, donors make contributions designated for the Endowment Fund. These net assets are temporarily restricted until the funds are deposited into the Endowment Investments. Once deposited into the endowed investments, net assets are reclassified to unrestricted net assets. For 2007, \$40,247 was invested.

The investments are presented at fair market value as of December 31, 2007. This amount, \$780,220, is presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 124, Accounting for Certain Investments Held by Not-For-Profit Organizations. SFAS 124 requires that all investments in debt and equity securities with readily determinable fair values be reported at fair value on the statement of financial position with net changes in the fair value of these securities included in the statement of activities.

As of December 31, 2007, the fair market value of these investments resulted in a net loss of \$17,840. This loss has been presented as an unrealized loss on the statement of activities. Also, investments were sold during the year, resulting in a realized gain of \$6,117. The Endowed Investments were held at Ameriprise Financial.

NOTE 4 – Related Party

The Ohio Academy of Family Physicians, a not-for-profit organization with Internal Revenue Code Section 501(c)(6) status, appoints one board member to the Foundation's board. However, the Foundation is not under common control of the Academy's board of directors.

The Foundation shares personnel and office space with the Ohio Academy of Family Physicians. During the year, the Foundation reimbursed The Academy for these shared costs. As of December 31, 2007, the Foundation had accounts payable to the Academy for \$11,352 for these reimbursed costs. Also, the Foundation had a receivable from the Academy of \$675 related to dues commitment and other gifts.

During the year, the Foundation received dues commitment from the Academy for \$57,275. A portion of this commitment was recognized in 2006 as an increase in temporarily restricted net assets. The Foundation has also recorded a Gift In Kind Contribution for the donated staff support received from the Academy.

OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION

See Independent Accountant's Report and Accompanying Notes to Financial Statements.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 5 – Life Insurance Benefits

During prior years, The Foundation received gifts from donors in the form of life insurance policies, whereby, The Foundation is listed as the beneficiary. As of December 31, 2007, the total death benefits were \$15,000. The Foundation has recorded these benefits as an asset with a corresponding liability. The donors' contribution will be recorded as revenue once it has been earned.

NOTE 6 – Concentration of Credit Risk

The Foundation received support of \$57,275 from its related entity, Ohio Academy of Family Physicians. This support represents thirty-two percent (32%) of the Foundation's total support and revenue. A significant reduction in the Academy's support could adversely affect the Foundation's programs, if it were to occur.

The Foundation's maintains their checking and certificates of deposit accounts at federally insured financial institutions. As of December 31, 2007, the Foundation's checking account did exceed the federally insured limit of \$100,000 with US Bank.

The equity securities held at Ameriprise Financial are not insured against any loss. The funds are invested in mutual funds and marketable securities and backed in full faith by the corporations in which the funds have shares of common stock. There is a risk that the Foundation's funds could sustain a loss due to the fluctuations in the stock market.

NOTE 7 – Unconditional Promises To Give

Unconditional promises to give, that are expected to be collected within one year, are recorded at net realizable value. Unconditional promises to give, that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows.

Unconditional promises to give at December 31, 2007, include the following:

Unconditional Promises to Give Due In:	
Less than one year	\$ 11,575
Two to five years	15,766
More than five years	<u>0</u>
	27,341
Less: Discount to present value	(1,591)
Allowance for Doubtful Pledges	<u>(1,288)</u>
Net Unconditional Promises To Give	<u>\$ 24,462</u>

See Independent Accountant's Report and Accompanying Notes to Financial Statements.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 7 – Unconditional Promises To Give (Continued)

Contributions were discounted at 3%. The fair value of the contributions receivable approximates the carrying value after allowances for doubtful pledges, as determined by discounting the expected future cash flows by a risk-free rate of return for similar terms of the contributions receivable.

During the year ended December 31, 2007, The Foundation recorded net endowment contributions of \$2,980.

NOTE 8 – Pension Plan

The Foundation participates in the Academy's 401K pension plan. The plan establishes an individual retirement account for eligible employees. Eligible employees are at least 21 years of age and are paid \$300 or more in salary for any calendar year. The plan calls for contributions of nine and one half percent (9.5%) of the eligible employees' salary. During 2007, the Foundation contributed \$ 2,374 into the plan.

NOTE 9 – Due To/Due From

In accordance with SFAS No. 117, "Financial Statements of Not-For-Profit Organizations" (See Note 1), the Foundation has classified its assets and liabilities as to Unrestricted and Temporarily Restricted.

As of December 31, 2007, the Foundation had a due to / due from of \$75,135 between unrestricted and temporarily restricted net assets.

This amount includes the balance of campaign collections that were received prior to year end; however, the funds were not transferred to the endowed investments until 2008. Therefore, \$75,135 is reported as a due to / due from between Unrestricted and Temporarily Restricted Net Assets.

For the year ended December 31, 2007, the Foundation received restricted gifts and contributions totaling \$65,800, which are temporarily restricted until the donors' stipulations have been met.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 10 – Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

NOTE 11 – Functional Expenses

The Foundation has maintained and reported their expenses on a functionalized basis and the following represents the total expenses for the year ended December 31, 2007 by function:

Management and General	\$ 26,753
Program Services	48,479
Fundraising Activities	<u>18,452</u>
Total Functional Expenses	<u>\$ 93,684</u>

NOTE 12 – Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments appearing on the statement of financial position for which it is practicable to estimate that value:

a. **Cash and cash equivalents**

Cash and cash equivalents consist principally of investments in short-term (three months or less), interest bearing instruments and are carried at cost plus accrued interest, which approximates fair value.

b. **Pledges receivable**

The fair value of pledges receivable, after allowances for uncollectible pledges, was determined by discounting the expected future cash flows by a risk-free rate of return for similar terms of pledges receivable.

c. **Investments**

The fair value of investments which consists principally of debt and equity securities was based principally upon quoted market prices.

See Independent Accountant's Report and Accompanying Notes to Financial Statements.