

**OHIO ACADEMY OF FAMILY  
PHYSICIANS FOUNDATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**OHIO ACADEMY OF FAMILY  
PHYSICIANS FOUNDATION**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Ohio Academy of Family Physicians Foundation (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Ottinger & Associates, LLC*

**Ottinger & Associates, LLC**

**February 23, 2011**

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**Ohio Academy of Family Physicians Foundation**  
**Statement of Financial Position**  
**December 31, 2010**

	<u>Unrestricted</u>	<u>Restricted Temporarily</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Cash & Cash Equivalents	\$ 137,813		\$ 137,813
Prepaid Expenses and Other Current Assets	93		93
Unconditional Promises to Give - Current Portion		1,797	1,797
Less: Allowance for Doubtful Pledges		(505)	(505)
Accounts Receivable, Net of Allowance of -0-	18,159		18,159
	<u>156,065</u>	<u>1,292</u>	<u>157,357</u>
<b>TOTAL CURRENT ASSETS</b>			
Endowed Investments	792,074		792,074
Life Insurance Benefit		15,000	15,000
Furniture and Fixtures	13,856		13,856
Less: Accumulated Deprecation	(13,037)		(13,037)
	<u>792,893</u>	<u>15,000</u>	<u>807,893</u>
<b>TOTAL OTHER ASSETS</b>			
<b>TOTAL ASSETS</b>	<u>\$ 948,958</u>	<u>\$ 16,292</u>	<u>\$ 965,250</u>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 11,628		\$ 11,628
Due To/Due From	30,245	(30,245)	0
Accrued Vacation	1,784		1,784
	<u>43,657</u>	<u>(30,245)</u>	<u>13,412</u>
<b>TOTAL CURRENT LIABILITIES</b>			
Life Insurance Benefit	0	15,000	15,000
<b>TOTAL LIABILITIES</b>	<u>43,657</u>	<u>(15,245)</u>	<u>28,412</u>
<b><u>NET ASSETS:</u></b>			
Net Assets	905,301	31,537	936,838
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 948,958</u>	<u>\$ 16,292</u>	<u>\$ 965,250</u>

See Independent Accountants' Report and Accompanying Notes to Financial Statements.

**Ohio Academy of Family Physicians Foundation**  
**Statement of Activities**  
**For The Year Ended December 31, 2010**

**CHANGES IN NET ASSETS:**

	<u>Unrestricted</u>	<u>Restricted Temporarily</u>	<u>Total</u>
<b><u>INCREASES IN NET ASSETS:</u></b>			
<b><u>Support and Revenue:</u></b>			
Unrestricted Gifts/Contributions	\$ 17,379		\$ 17,379
In Kind Contributions	5,600		5,600
Academy Dues Commitment	47,650		47,650
Restricted Gifts/Contributions	63,216	24,400	87,616
Endowment Contributions		4,100	4,100
Investment Revenue	15,347		15,347
<b>TOTAL INCREASES IN NET ASSETS</b>	<b>\$ 149,192</b>	<b>\$ 28,500</b>	<b>\$ 177,692</b>
<b><u>DECREASES IN NET ASSETS:</u></b>			
<b><u>Expenses:</u></b>			
Travel	132		132
Grants	38,118		38,118
Recognition and Awards	319		319
General and Administrative	2,321		2,321
Academy Staff Support	11,866		11,866
Salaries	28,975		28,975
Payroll Taxes	2,403		2,403
Fringe Benefits	2,753		2,753
Professional Fees	3,810		3,810
Account Management and Bank Charges	3,221		3,221
Advertising and Promotion	3,197		3,197
Printing and Duplicating	600		600
Postage	727		727
Bad Debt - Pledges	6,552		6,552
Depreciation	617		617
<b>TOTAL DECREASES IN NET ASSETS</b>	<b>105,611</b>	<b>-</b>	<b>105,611</b>
Unrealized Gains on Investments	45,179		45,179
Reclassification of Net Assets	25,943	(25,943)	-
<b>NET INCREASE/(DECREASE) IN NET ASSETS</b>	<b>114,703</b>	<b>2,557</b>	<b>117,260</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>790,598</b>	<b>28,980</b>	<b>819,578</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 905,301</b>	<b>\$ 31,537</b>	<b>\$ 936,838</b>

See Independent Accountants' Report and Accompanying Notes to Financial Statements.

**Ohio Academy of Family Physicians Foundation**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2010**

	<u>Unrestricted</u>	<u>Restricted Temporarily</u>	<u>Total</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>			
Net Increase/(Decrease) in Net Assets	\$ 114,703	\$ 2,557	\$ 117,260
<b>Adjustments to Reconcile Net Increase/(Decrease) in Net Assets to Net Cash Provided by Operating Activities:</b>			
Depreciation	617		617
Unrealized Gains	(45,179)		(45,179)
<b>(Increase)/Decrease in Assets:</b>			
Accounts Receivable	(15,259)		(15,259)
Prepaid Expenses/Other Current Assets	456		456
Pledges Receivable		8,297	8,297
<b>Increase/(Decrease) in Liabilities:</b>			
Accounts Payable	(744)		(744)
Due To/Due From	10,854	(10,854)	0
Accrued Vacation	121		121
<b>Net Cash Provided By Operating Activities</b>	<u>65,569</u>	<u>0</u>	<u>65,569</u>
<b>CASH FLOWS (USED IN) INVESTING ACTIVITIES:</b>			
Purchase of Endowed Investments	(91,412)		(91,412)
Proceeds from Sale of Investments	2,948		2,948
<b>Net Cash (Used In) Investing Activities</b>	<u>(88,464)</u>	<u>-</u>	<u>(88,464)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(22,895)</u>	<u>0</u>	<u>(22,895)</u>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<u>160,708</u>	<u>0</u>	<u>160,708</u>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<u>\$ 137,813</u>	<u>\$ -</u>	<u>\$ 137,813</u>

See Independent Accountants' Report and Accompanying Notes to Financial Statements.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 1 – General and Summary of Significant Accounting Policies**

**Organization and Purpose**

The Ohio Academy of Family Physicians Foundation (The Foundation) is a nonprofit 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. The Foundation's office is located in Columbus, Ohio and primarily operates within the boundaries of the state of Ohio.

**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. 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.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**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, 2010, 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 2010 is \$617. The Foundation's capitalization policy includes capitalizing purchases over \$500 and repairs and maintenance costs are properly expensed.

**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, 2010, the total amount of cash and cash equivalents was \$137,813. No interest or taxes were paid during the year.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**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 2010, \$6,291 was invested from contributions from donors. Also, the Trustees approved a \$70,000 investment of excess operating reserves.

Investments in equity securities with readily determinable fair values and investments in debt securities are carried at fair value in the statements of financial position. The fair values of all investments are determined using quoted prices in active markets for identical assets (Level 1, as defined in Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*). This is now Accounting Standards Codification 820 (ASC 820). Realized and unrealized gains or losses are recognized in the statement of activities as increases or decreases in unrestricted net assets.

As of December 31, 2010, the fair market value of these investments resulted in a net gain of \$45,179. This gain has been presented as an unrealized gain on the statement of activities. The Endowed Investments were held at Ameriprise Financial.

**NOTE 4 – Related Party**

The Ohio Academy of Family Physicians, a nonprofit 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, 2010, the Foundation had accounts payable to the Academy for \$11,628 for these reimbursed costs. Also, the Foundation had a receivable from the Academy of \$14,650 related to dues commitment and other gifts.

During the year, the Foundation received dues commitment from the Academy for \$47,650. 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  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**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, 2010, 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 \$47,650 from its related entity, Ohio Academy of Family Physicians. This support represents twenty-six percent (26%) 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, 2010, the Foundation's checking account didn't exceed the federally insured limit of \$250,000 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, 2010, include the following:

Unconditional Promises to Give Due In:

Less than one year	\$ 2,428
	<u>2,428</u>
Less: Discount to present value	( 631)
Allowance for Doubtful Pledges	<u>( 505)</u>
Net Unconditional Promises To Give	<u>\$ 1,292</u>

See Independent Accountants' Report and Accompanying Notes to Financial Statements.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**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, 2010, The Foundation recorded net endowment contributions of \$4,100. As of December 31, 2010, the Foundation determined certain pledges were deemed to be uncollectible in the amount of \$6,552; which is being reported as bad debt on the statement of activities.

**NOTE 8 – Pension Plan**

The Foundation participates in the Academy's 401(K) 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 2010, the Foundation contributed \$ 2,753 into the plan.

**NOTE 9 – Due To/Due From**

In accordance generally accepted accounting principles (See Note 1), the Foundation has classified its assets and liabilities as to Unrestricted and Temporarily Restricted.

As of December 31, 2010, the Foundation had a due to/due from of \$30,345 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 2011. Also included in this amount are other restricted contributions received before year end and contributions that have been designated for 2011. Therefore, \$30,245 is reported as a due to/due from between Unrestricted and Temporarily Restricted Net Assets.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**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, 2010 by function:

Management and General	\$ 27,065
Program Services	58,167
Fundraising Activities	<u>20,379</u>
<b>Total Functional Expenses</b>	<b><u>\$ 105,611</u></b>

**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.