

**CENTRAL OHIO DIABETES  
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2012 and 2011**

**(With Independent Auditors' Report Thereon)**

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Central Ohio Diabetes Association, Inc.  
Columbus, Ohio

### **Report on the Financial Statements**

We have audited the accompanying statements of Central Ohio Diabetes Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

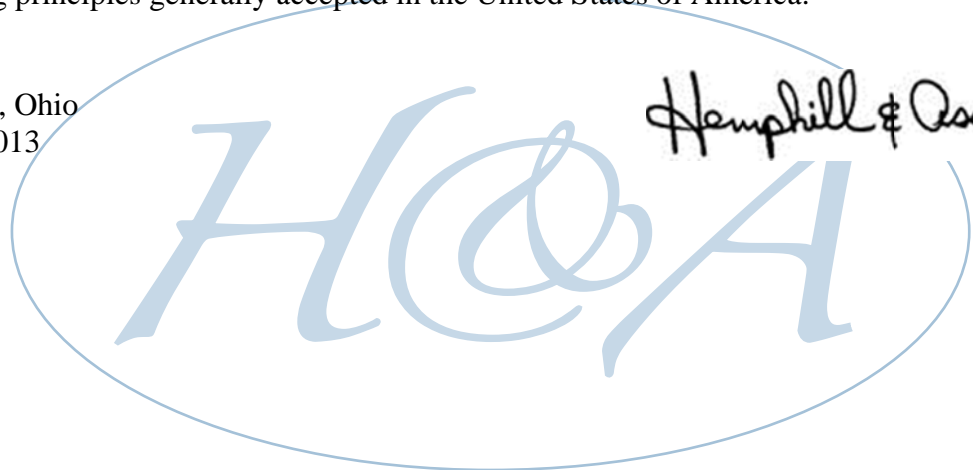
**INDEPENDENT AUDITOR'S REPORT**  
(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Ohio Diabetes Association, Inc. as of December 31, 2012 and 2011, 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.

Columbus, Ohio  
July 26, 2013

*Hemphill & Associates*  


**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 56,337	\$ 56,915
Investments (Note 3)	2,651,233	2,237,239
Accounts receivable, less allowance of \$3,000 in 2012 and \$3,000 in 2011	34,518	26,721
Pledges receivable, current (Note 5)	5,000	9,206
Deposits and prepaid expenses	7,055	5,798
Total Current Assets	2,754,143	2,335,879
<b>Property and Equipment, Net (Note 6)</b>	1,438,307	1,629,332
<b>Long-Term Portion of Pledges Receivable, Net (Note 5)</b>	27,562	37,452
<b>TOTAL ASSETS</b>	\$4,220,012	\$4,002,663
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 76,248	\$ 87,435
Deferred revenue (Note 4)	31,000	57,986
Total Current Liabilities	107,248	145,421
 <b>NET ASSETS</b>		
Unrestricted		
Undesignated	2,414,486	2,323,085
Board designated	1,569,477	1,409,735
Total unrestricted	3,983,963	3,732,820
Temporarily restricted	70,088	68,633
Permanently restricted	58,713	55,789
<b>TOTAL NET ASSETS</b>	4,112,764	3,857,242
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$4,220,012	\$4,002,663

See accompanying notes to the financial statements

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2012**

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Undesignated	Board Designated	Total Unrestricted			
<b>REVENUE</b>						
<b>Public Support</b>						
Individual contributions	\$ 206,417	\$ -	\$ 206,417	\$ -	\$ -	\$ 206,417
Grants	222,456	-	222,456	-	-	222,456
Special events	210,506	-	210,506	-	-	210,506
Memorials	28,135	-	28,135	-	-	28,135
Bequests	513,410	-	513,410	-	-	513,410
United Way	185,891	-	185,891	-	-	185,891
In-kind contributions	114,073	-	114,073	-	-	114,073
	<u>1,480,888</u>	<u>-</u>	<u>1,480,888</u>	<u>-</u>	<u>-</u>	<u>1,480,888</u>
<b>Other Revenue</b>						
Fee for service	109,428	-	109,428	-	-	109,428
Publications and memberships	890	-	890	-	-	890
Miscellaneous	12,123	-	12,123	-	-	12,123
	<u>122,441</u>	<u>-</u>	<u>122,441</u>	<u>-</u>	<u>-</u>	<u>122,441</u>
<b>TOTAL PUBLIC SUPPORT AND OTHER REVENUE</b>	<u>1,603,329</u>	<u>-</u>	<u>1,603,329</u>	<u>-</u>	<u>-</u>	<u>1,603,329</u>
<b>EXPENSES</b>						
Program services	1,093,266	-	1,093,266	-	-	1,093,266
Fundraising	217,254	-	217,254	-	-	217,254
Management and general	90,056	-	90,056	-	-	90,056
<b>TOTAL EXPENSES</b>	<u>1,400,576</u>	<u>-</u>	<u>1,400,576</u>	<u>-</u>	<u>-</u>	<u>1,400,576</u>
OPERATING INCOME (LOSS)	202,753	-	202,753	-	-	202,753
<b>NON-OPERATING REVENUE (LOSS)</b>						
Impairment of camp (Note 12)	(145,000)	-	(145,000)	-	-	(145,000)
Investment and interest income (loss)	3,601	44,389	47,990	1,455	-	49,445
Net gain on investments	30,047	115,353	145,400	-	2,924	148,324
<b>TOTAL NON-OPERATING REVENUE (LOSS)</b>	<u>(111,352)</u>	<u>159,742</u>	<u>48,390</u>	<u>1,455</u>	<u>2,924</u>	<u>52,769</u>
TRANSFERS	-	-	-	-	-	-
CHANGE IN NET ASSETS	91,401	159,742	251,143	1,455	2,924	255,522
BEGINNING NET ASSETS	<u>2,323,085</u>	<u>1,409,735</u>	<u>3,732,820</u>	<u>68,633</u>	<u>55,789</u>	<u>3,857,242</u>
ENDING NET ASSETS	<u>\$ 2,414,486</u>	<u>\$ 1,569,477</u>	<u>\$ 3,983,963</u>	<u>\$ 70,088</u>	<u>\$ 58,713</u>	<u>\$ 4,112,764</u>

See accompanying notes to the financial statements

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2011**

	<b>Unrestricted</b>			<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
	<b>Undesignated</b>	<b>Board Designated</b>	<b>Total Unrestricted</b>			
<b>REVENUE</b>						
<b>Public Support</b>						
Individual contributions	\$ 185,395	\$ -	\$ 185,395	\$ -	\$ -	\$ 185,395
Grants	191,119	-	191,119	-	-	191,119
Special events	207,687	-	207,687	-	-	207,687
Memorials	26,978	-	26,978	-	-	26,978
Bequests	352,788	-	352,788	-	-	352,788
United Way	195,263	-	195,263	-	-	195,263
In-kind contributions	110,303	-	110,303	-	-	110,303
	<u>1,269,533</u>	<u>-</u>	<u>1,269,533</u>	<u>-</u>	<u>-</u>	<u>1,269,533</u>
<b>Other Revenue</b>						
Fee for service	119,639	-	119,639	-	-	119,639
Publications and memberships	969	-	969	-	-	969
Miscellaneous	3,024	-	3,024	-	-	3,024
Net assets releases from restrictions	55,789	-	55,789	(55,789)	-	-
	<u>179,421</u>	<u>-</u>	<u>179,421</u>	<u>(55,789)</u>	<u>-</u>	<u>123,632</u>
<b>TOTAL PUBLIC SUPPORT AND OTHER REVENUE</b>	<u>1,448,954</u>	<u>-</u>	<u>1,448,954</u>	<u>(55,789)</u>	<u>-</u>	<u>1,393,165</u>
<b>EXPENSES</b>						
Program services	1,054,582	-	1,054,582	-	-	1,054,582
Fundraising	264,028	-	264,028	-	-	264,028
Management and general	48,388	-	48,388	-	-	48,388
<b>TOTAL EXPENSES</b>	<u>1,366,998</u>	<u>-</u>	<u>1,366,998</u>	<u>-</u>	<u>-</u>	<u>1,366,998</u>
OPERATING INCOME (LOSS)	81,956	-	81,956	(55,789)	-	26,167
<b>NON-OPERATING REVENUE (LOSS)</b>						
Impairment of camp (Note 12)	(90,000)	-	(90,000)	-	-	(90,000)
Investment and interest income (loss)	(11,399)	43,365	31,966	834	9,110	41,910
Net loss on investments	(29,466)	(54,963)	(84,429)	-	-	(84,429)
<b>TOTAL NON-OPERATING REVENUE (LOSS)</b>	<u>(130,865)</u>	<u>(11,598)</u>	<u>(142,463)</u>	<u>834</u>	<u>9,110</u>	<u>(132,519)</u>
TRANSFERS	26,311	(30,000)	(3,689)	3,689	-	-
CHANGE IN NET ASSETS	(22,598)	(41,598)	(64,196)	(51,266)	9,110	(106,352)
BEGINNING NET ASSETS	<u>2,345,683</u>	<u>1,451,333</u>	<u>3,797,016</u>	<u>119,899</u>	<u>46,679</u>	<u>3,963,594</u>
ENDING NET ASSETS	<u>\$ 2,323,085</u>	<u>\$ 1,409,735</u>	<u>\$ 3,732,820</u>	<u>\$ 68,633</u>	<u>\$ 55,789</u>	<u>\$ 3,857,242</u>

See accompanying notes to the financial statements

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2012**

	<b>Program Services</b>				<b>Total</b>	<b>Fund-raising</b>	<b>Management and General</b>	<b>Total</b>
	<b>Health Education</b>	<b>Detection Outreach</b>	<b>Camp and Youth</b>	<b>Camp Site Development</b>				
Salaries	\$ 280,021	\$ 135,850	\$ 136,609	\$ 6,070	\$ 558,550	\$ 84,268	\$ 54,631	\$ 697,449
Payroll taxes	19,157	11,175	11,175	532	42,039	6,386	4,789	53,214
Employee benefits	38,502	22,459	22,459	1,069	84,489	12,834	9,625	106,948
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>337,680</b>	<b>169,484</b>	<b>170,243</b>	<b>7,671</b>	<b>685,078</b>	<b>103,488</b>	<b>69,045</b>	<b>857,611</b>
Contract	6,736	3,930	3,930	187	14,783	2,245	1,684	18,712
Telephone	3,991	2,328	2,328	111	8,758	1,330	998	11,086
Office supplies	2,462	1,436	1,436	68	5,402	821	616	6,839
Postage	2,186	1,275	1,275	61	4,797	729	546	6,072
Occupancy	10,744	6,267	6,267	298	23,576	3,581	2,686	29,843
Equipment rental and maintenance	7,708	4,496	4,496	214	16,914	2,569	1,927	21,410
Printing	1,622	946	946	45	3,559	541	406	4,506
Travel	2,181	1,272	1,272	61	4,786	727	545	6,058
Youth	-	-	14,358	-	14,358	-	-	14,358
Camp	-	-	89,959	-	89,959	-	-	89,959
Special events	-	-	-	-	-	85,276	-	85,276
Education	9,081	-	-	-	9,081	-	-	9,081
Detection outreach	-	16,213	-	-	16,213	-	-	16,213
Staff development	3,163	-	633	-	3,796	211	211	4,218
Medical assistance	7,283	-	-	-	7,283	-	-	7,283
Miscellaneous	13,037	7,607	7,606	363	28,613	4,346	3,259	36,218
In-kind donations	9,771	12,564	81,973	69	104,377	5,775	3,921	114,073
Camp site development	-	-	-	14,968	14,968	-	-	14,968
<b>TOTAL BEFORE DEPRECIATION</b>	<b>417,645</b>	<b>227,818</b>	<b>386,722</b>	<b>24,116</b>	<b>1,056,301</b>	<b>211,639</b>	<b>85,844</b>	<b>1,353,784</b>
Depreciation	16,845	9,826	9,826	468	36,965	5,615	4,212	46,792
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>\$ 434,490</b>	<b>\$ 237,644</b>	<b>\$ 396,548</b>	<b>\$ 24,584</b>	<b>\$ 1,093,266</b>	<b>\$ 217,254</b>	<b>\$ 90,056</b>	<b>\$ 1,400,576</b>

See accompanying notes to the financial statements



**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2011**

	<b>Program Services</b>				<b>Total</b>	<b>Fund-raising</b>	<b>Management and General</b>	<b>Total</b>
	<b>Health Education</b>	<b>Detection Outreach</b>	<b>Camp and Youth</b>	<b>Camp Site Development</b>				
Salaries	\$ 223,200	\$ 167,189	\$ 108,304	\$ 10,325	\$ 509,018	\$ 81,586	\$ 31,725	\$ 622,329
Payroll taxes	16,949	12,664	10,011	664	40,288	6,115	2,304	48,707
Employee benefits	36,099	27,075	17,047	2,006	82,227	15,041	3,008	100,276
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>276,248</b>	<b>206,928</b>	<b>135,362</b>	<b>12,995</b>	<b>631,533</b>	<b>102,742</b>	<b>37,037</b>	<b>771,312</b>
Contract	21,725	16,294	10,259	1,207	49,485	9,052	1,811	60,348
Telephone	4,506	3,379	2,128	250	10,263	1,877	376	12,516
Office supplies	2,571	1,928	1,214	143	5,856	1,071	214	7,141
Postage	1,705	1,278	805	95	3,883	710	142	4,735
Occupancy	16,223	12,167	7,661	901	36,952	6,760	1,352	45,064
Equipment rental and maintenance	6,131	4,598	2,895	341	13,965	2,554	510	17,029
Printing	1,970	1,477	930	109	4,486	821	164	5,471
Travel	2,064	1,548	974	115	4,701	860	171	5,732
Youth	-	-	9,151	-	9,151	-	-	9,151
Camp	-	-	87,680	-	87,680	-	-	87,680
Special events	-	-	-	-	-	72,803	-	72,803
Education	9,801	-	-	-	9,801	-	-	9,801
Detection outreach	-	22,281	-	-	22,281	-	-	22,281
Staff development	10	-	35	-	45	164	171	380
Medical assistance	-	8,296	-	-	8,296	-	-	8,296
Miscellaneous	20,746	15,561	9,797	1,153	47,257	8,646	2,510	58,413
In-kind donations	7,690	43,654	8,434	-	59,778	48,158	2,367	110,303
Camp site development	-	-	-	6,474	6,474	-	-	6,474
<b>TOTAL BEFORE DEPRECIATION</b>	<b>371,390</b>	<b>339,389</b>	<b>277,325</b>	<b>23,783</b>	<b>1,011,887</b>	<b>256,218</b>	<b>46,825</b>	<b>1,314,930</b>
Depreciation	18,744	14,058	8,852	1,041	42,695	7,810	1,563	52,068
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>\$ 390,134</b>	<b>\$ 353,447</b>	<b>\$ 286,177</b>	<b>\$ 24,824</b>	<b>\$ 1,054,582</b>	<b>\$ 264,028</b>	<b>\$ 48,388</b>	<b>\$ 1,366,998</b>

See accompanying notes to the financial statements

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 255,522	\$ (106,352)
<b>Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities</b>		
Depreciation	46,792	52,068
Impairment on property and equipment	145,000	90,000
Realized gain on investments	(68,218)	(18,399)
Unrealized (gain) loss on investments	(80,106)	102,828
Reinvested investment income	(64,326)	(55,959)
<b>Change In</b>		
Accounts receivable	6,299	(5,347)
Deposits and prepaid expenses	(1,257)	137
Accounts payable and accrued expenses	(11,187)	21,703
Deferred revenue	(26,986)	35,307
Cash Provided by Operating Activities	201,533	115,986
<b>Cash Flows from Investing Activities</b>		
Payments for the purchase of property and equipment	(767)	(2,879)
Payments for the purchase of investments	(636,368)	(352,677)
Proceeds from the sale of investments	435,024	237,103
Cash Used in Investing Activities	(202,111)	(118,453)
<b>Cash Flows from Financing Activities</b>		
Payments on line of credit	-	(18,196)
Cash Used in Financing Activities	-	(18,196)
Net Change in Cash & Cash Equivalents	(578)	(20,663)
Beginning of Year	56,915	77,578
End of Year	\$ 56,337	\$ 56,915
<b>Supplemental Disclosure</b>		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ 158

See accompanying notes to the financial statements

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

**1. ASSOCIATION**

Central Ohio Diabetes Association, Inc. (the "Association") is an Ohio not-for-profit corporation that helps central Ohio residents with diabetes detect their condition, prevent the onset of complications, and learn to live well with the challenge of diabetes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions.

**Cash and Cash Equivalents**

The Association considers short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated by the Board for investment.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and writes off at year-end all balances that are deemed to be uncollectible. Receivables are considered past due when they are more than 30 days outstanding. Periodically, the Association's management reviews past due receivables and allows for all accounts deemed uncollectible after all reasonable collection efforts have been exhausted.

Bad debt expense was \$1,498 and \$1,477 for the years ended December 31, 2012 and 2011, respectively.

**Property and Equipment**

Property and equipment is recorded at cost, or if donated, at the approximate fair value as of the date of donation. Maintenance and repairs are charged to operations when incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which vary between five and 40 years. Assets with a cost or estimated fair market value of at least \$500 are capitalized; all others are charged to expense. Depreciation expense was \$46,792 and \$52,068 for the years ended December 31, 2012 and 2011, respectively.

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

<b>2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)</b>
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**Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received at their fair values. Conditional promises to give are recognized when they become unconditional, that is, when the conditions are substantially met. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

In addition, the Association has conditional promises to give at December 31, 2012 and 2011 totaling \$310,000 that are bequest and beneficiary designations. These conditional promises are not included in these financial statements.

**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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Donated Supplies and Services**

A substantial number of volunteers have donated significant amounts of time in the Association's program and supporting services. There were no material contributed services meeting the requirement for disclosure, and no amounts for these services have been reported in the financial statements.

The Association also receives donated supplies and professional services as in-kind contributions for the Association's programs and supporting services. These in-kind contributions are recorded in the statement of activities at fair value and are recognized as revenue and expenses in the period they are received. Donated services are required to be recognized in the financial statements if the services either create or enhance a non-financial asset or require specialized skill provided by the person possessing those skills, and would need to be purchased if they are not donated. During the years ended December 31, 2012 and 2011, these donated professional services and supplies totaled \$114,073 and \$110,303, respectively.

**Concentration of Credit Risk**

The Association maintains cash and investment balances at financial institutions, which may at times be in excess of federally insured levels. At December 31, 2012 and 2011, the Association had \$1,901,232 and \$1,474,667 in uninsured cash and investment balances, respectively.

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

The following methods and assumptions were used by the Association in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Accounts receivable – The carrying amount reported in the statement of financial position approximates fair value because receivables are shown at their net realizable value and due to their short term nature.

Accounts Payable - The carrying amount reported in the statement of financial position approximates fair value because the short term due date of the liability.

Deferred Revenue - The carrying amount reported in the statement of financial position approximates the amount of cash received by the Association that would be required to be repaid if not used in accordance with the existing agreements.

Accrued Payroll and Related Expenses - The carrying amount reported in the statement of financial position approximates fair value because the value was determined by the employee's rate of pay.

**Accounting for Uncertainty in Income Taxes**

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no tax provisions have been made. The Association's federal exempt Association tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. The Association does not have a provision for unpaid federal income taxes (liability for unrecognized tax benefits) related to uncertain tax positions in the statement of financial position as it believes all tax positions taken would "more likely than not" be sustained upon IRS examination.

**3. INVESTMENTS**

At year-end, investments are measured at fair value based on Level 1, 2, or 3 inputs. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The level of input used is determined by the type of investment the Association holds. The Association holds investments valued using only Level 1 inputs.

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

**3. INVESTMENTS (CONTINUED)**

The investments consisted of the following at December 31, 2012 and 2011:

<b>Description</b>	<b>2012</b>		
	<b>Fair Value</b>	<b>Cost</b>	<b>Unrealized Gain / (Loss)</b>
<b>Trading Securities</b>			
Cash & money market	\$ 650,668	\$ 650,668	\$ -
Debt securities	607,953	563,647	44,306
Equity securities	1,290,778	1,111,645	179,133
Commodities	38,762	50,000	(11,238)
Asset backed securities	63,072	39,545	23,527
<b>Total</b>	<b>\$2,651,233</b>	<b>\$ 2,415,505</b>	<b>\$ 235,728</b>

<b>Description</b>	<b>2011</b>		
	<b>Fair Value</b>	<b>Cost</b>	<b>Unrealized Gain / (Loss)</b>
<b>Trading Securities</b>			
Income	\$ 620,149	\$ 620,149	\$ -
Debt securities	573,182	550,643	22,539
Equity securities	987,613	862,312	125,301
Asset backed securities	56,295	39,545	16,750
<b>Total</b>	<b>\$2,237,239</b>	<b>\$ 2,072,649</b>	<b>\$ 164,590</b>

Investment income consisted of the following at December 31:

	<b>2012</b>	<b>2011</b>
Interest and dividend income	\$ 64,326	\$ 56,470
Realized gain on investments	68,218	18,399
Unrealized gains (losses) on investments	80,106	(102,828)
Brokerage fees	(14,881)	(14,560)
	<b>\$197,769</b>	<b>\$(42,519)</b>

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
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**4. DEFERRED REVENUE**

Deferred revenue consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
Grants for Education	\$ 10,000	\$ 41,276
Grants for Camp	20,000	-
Other	1,000	-
Grants for Healthy U	-	4,310
Grants for Youth	-	12,400
	<u>\$ 31,000</u>	<u>\$ 57,986</u>

**5. PLEDGES RECEIVABLE AND UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are reflected as pledges receivable on the statement of financial position and they are considered to be fully collectible at December 31, 2012 and 2011. Unconditional promises to give discounted to net present value at December 31 are as follows:

	<u>2012</u>	<u>2011</u>
Receivable in less than one year	\$ 5,000	\$ 9,206
Receivable in one to five years	30,000	41,687
Total unconditional promises to give, undiscounted	35,000	50,893
Discount for future collection	<u>(2,438)</u>	<u>(4,235)</u>
Total unconditional promises to give, discounted	32,562	46,658
Current portion	<u>(5,000)</u>	<u>(9,206)</u>
Long-term	<u>\$27,562</u>	<u>\$37,452</u>

Discount rate on long-term promises to give was 3.25% at both December 31, 2012 and 2011.

**6. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
<b>Non-Depreciable</b>		
Camp property held for sale	\$ 250,000	\$ 395,000
<b>Depreciable</b>		
Building and improvements	1,557,226	1,557,226
Equipment and furniture	<u>275,267</u>	<u>274,500</u>
Total property and equipment	2,082,493	2,226,726
Accumulated depreciation	<u>(644,186)</u>	<u>(597,394)</u>
<b>Property and equipment, net</b>	<u>\$1,438,307</u>	<u>\$1,629,332</u>

**CENTRAL OHIO DIABETES ASSOCIATION, INC.  
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**7. SPECIAL EVENTS**

The Association carries out several special events to help raise funds in support of the Association's mission. The major events and revenue raised during the years ended December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Swim	\$ 146	\$ 87,203
Celebrities	65,269	51,825
Golf	65,530	58,373
Walk	21,675	-
Tuscan Moon	39,453	-
Others	18,433	10,286
	<u>\$210,506</u>	<u>\$207,687</u>

**8. PENSION PLAN**

The Association sponsors a Section 401(k) salary reduction plan for all qualified employees. The plan provides for 100% vesting after one year of service. Until April 2009, for each dollar an employee contributes, up to 6% of annual pay, the Association matched fifty cents on the dollar. As of 2012 the Association is providing a match of 10% of what the employee contributes into the plan. For the years ended December 31, 2012 and 2011, the Association paid fees and contributed \$3,818 and \$1,800, respectively.

**9. UNITED WAY**

The Association is a member of the United Way of Central Ohio. As a member, the Association is eligible for annual allocations, excess designated contributions over its annual allocations, and occasional special grants. The United Way of Central Ohio funding was \$185,891 and \$195,263 for the years ended December 31, 2012 and 2011, respectively.

**10. NET ASSETS**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein, are classified and reported as follows:

Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. Unrestricted net assets are composed of undesignated and Board designated net assets.



**CENTRAL OHIO DIABETES ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
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<b>10. NET ASSETS (CONTINUED)</b>
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Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association or the passage of time. Donations and contributions with restrictions that are met in the same year they are received are treated as unrestricted.

Permanently restricted net assets are net assets subject to donor-imposed stipulations that will be maintained permanently by the Association.

**Unrestricted Net Assets**

The Association has two classes of unrestricted net assets - undesignated and Board designated. The designations of unrestricted net assets are made at the discretion of, and are subject to modification by, the Board of Directors (the "Board"). The Board established a formal depreciation funding policy whereby cash will be transferred into Board designated funds in amounts determined by the Board. There were no funds transferred in 2012 and 2011. When replacement capital expenditures are incurred, Board designated funds will be transferred to an undesignated cash or investment account. These transfers will only be made with Board approval.

No restrictions were applied to bequests received in 2012 and 2011.

Unrestricted net assets include the following at December 31:

	<b>2012</b>	<b>2011</b>
Unrestricted net assets		
Undesignated	\$2,414,486	\$2,323,085
Board designated		
Reserves	878,144	848,063
Research and other	673,231	544,095
Funded depreciation	18,102	17,577
Total board designated	1,569,477	1,409,735
Total unrestricted net assets	\$3,983,963	\$3,732,820

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

<b>10. NET ASSETS (CONTINUED)</b>
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**Temporarily Restricted Net Assets**

The following is a summary of changes in temporarily restricted net assets:

	<b>Medical Assistance</b>	<b>Camp and Youth</b>	<b>Research</b>	<b>Total</b>
December 31, 2010	\$ (2,451)	\$ 53,717	\$ 68,633	\$119,899
Contributions	-	-	-	-
Investment Income	-	834	-	834
Transfers	2,451	1,238	-	3,689
Released from restrictions	-	(55,789)	-	(55,789)
December 31, 2011	-	-	68,633	68,633
Contributions	-	-	-	-
Investment Income	-	-	1,455	-
Transfers	-	-	-	-
Released from restrictions	-	-	-	-
December 31, 2012	\$ -	\$ -	\$ 70,088	\$ 68,633

**Permanently restricted net assets**

The following is a summary of changes in permanently restricted net assets:

December 31, 2010	\$46,679
Contributions	-
Investment Income	9,110
Released from restrictions	-
December 31, 2011	55,789
Contributions	-
Investment Income	2,924
Released from restrictions	-
December 31, 2012	\$ 58,713

<b>11. SUBSEQUENT EVENTS</b>
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Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through July 26, 2013, the date on which the financial statements were available to be issued.

**CENTRAL OHIO DIABETES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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<b>12. IMPAIRMENT OF CAMP PROPERTY</b>
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During 2011, the Association began exploring options for its camp property which had been donated in 2005. It was determined that operating the land and facilities as a camp for the Association was no longer feasible. An analysis of the carrying value of the property was conducted and it was determined that an impairment charge of \$90,000 for the year ended December 31, 2011 was appropriate. Subsequent to year end, the Association listed the property for sale.

During 2012, the Association recorded an additional impairment charge of \$145,000.