OPRA

Ohio Provider Resource Association

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

McMANUS, DOSEN & CO.
Certified Public Accountants

OHIO PROVIDER RESOURCE ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

CONTENTS

McMANUS, DOSEN & CO.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF TRUSTEES
OHIO PROVIDER RESOURCE ASSOCIATION

We have audited the accompanying consolidated financial statements of the Ohio Provider Resource Association (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 entity'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 entity'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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

7251 Engle Road • Suite 406 • Middleburg Heights, Ohio 44130
PH: (440) 243-3400 • FAX: (440) 243-8003 • www.mcmanusdosen.com
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Provider Resource Association as of December 31, 2012 and 2011 and its activities, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McManus, Dosen & Co.

McMANUS, DOSEN & CO.

April 22, 2013

OHIO PROVIDER RESOURCE ASSOCIATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash equivalents (Notes 2, 5 and 9)	$ 378,189	$ 428,233
Accounts receivable, net of allowance (Note 2)	45,410	23,674
Prepaid expenses	10,779	2,622
Total current assets	434,378	454,529
PROPERTY (Note 2):		
Building	513,087	513,087
Furniture and equipment (Note 6)	136,434	140,603
Total	649,521	653,690
Less accumulated depreciation	(116,698)	(115,484)
Property, net	532,823	538,206
INVESTMENTS (Notes 2, 3, 4, 5, and 9)	2,123,146	2,071,410
TOTAL ASSETS	$ 3,090,347	$ 3,064,145
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line-of-credit (Note 5)	$ -	$ 275,032
Current portion of capital lease obligation	5,187	-
Accounts payable	101,057	31,027
Deferred revenue (Note 2)	46,892	64,114
Accrued vacation and related taxes	60,453	49,054
Accrued expenses	16,438	12,608
Accrued payroll and related taxes	1,369	-
Total current liabilities	231,396	431,835
CAPITAL LEASE OBLIGATION (Note 6)	20,258	-
NET ASSETS - UNRESTRICTED:		
Association	2,506,542	2,334,469
Foundation	332,151	297,841
Total net assets	2,838,693	2,632,310
TOTAL LIABILITIES AND NET ASSETS	$ 3,090,347	$ 3,064,145

The accompanying notes are an integral part of these financial statements.

OHIO PROVIDER RESOURCE ASSOCIATION

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
REVENUE (Note 2):		
Membership dues	$ 1,365,737	$ 1,351,672
Conference and training income	255,357	266,571
Royalty income, publication sales, and sponsorship	27,025	26,097
Grant income	787	80,000
Total revenue	1,648,906	1,724,340
EXPENSES (Note 10):		
Salaries and wages	643,966	596,971
Payroll taxes and fringe benefits	132,711	108,350
Total payroll costs	776,677	705,321
Legal fees	253,939	251,229
Professional fees	166,521	213,886
Conference and training	144,369	142,143
Lobbying and public relations	62,315	61,902
Office supplies and expense	60,685	57,246
Travel, meals and entertainment	36,450	30,663
Depreciation	36,537	37,468
Telephone	18,793	21,068
Dues and subscriptions	16,117	15,369
Interest expense	14,136	15,722
Real estate tax	13,168	12,607
Board expense	8,074	3,199
Utilities expense	8,674	8,736
Insurance	3,959	6,102
Employee training expense	3,911	4,683
Equipment leases	3,354	3,038
Bad debt expense (recovery)	4,850	(6,007)
Grant expense	787	85,000
Foundation grants	-	5,000
Total expenses	1,633,316	1,674,375
NET SURPLUS FROM OPERATIONS	15,590	49,965
INVESTMENT INCOME (LOSS) (Note 3)	190,793	(134,975)
NET SURPLUS (DEFICIT)	$ 206,383	$ (85,010)

The accompanying notes are an integral part of these financial statements.

OHIO PROVIDER RESOURCE ASSOCIATION

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
NET ASSETS AT BEGINNNING OF YEAR.	$ 2,632,310	$ 2,717,320
NET SURPLUS (DEFICIT)	206,383	(85,010)
NET ASSETS AT END OF YEAR.	$ 2,838,693	$ 2,632,310

The accompanying notes are an integral part of these financial statements.

OHIO PROVIDER RESOURCE ASSOCIATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES:		
Net surplus (deficit)	$ 206,383	$ (85,010)
Adjustments to reconcile net surplus (deficit) to net cash provided by operating activities:		
Depreciation	36,537	37,468
Realized gain on investments	(16,992)	(123,106)
Unrealized (gain) loss on investments	(134,416)	310,155
Decrease (Increase) in operating assets:		
Accounts receivable	(21,736)	1,366
Prepaid expenses	(8,157)	5,884
Increase (Decrease) in operating liabilities:		
Accounts payable	70,030	(35,388)
Accrued expenses	3,830	(17,929)
Accrued vacation and related taxes	11,399	(9,666)
Accrued payroll and related taxes	1,369	-
Deferred revenue	(17,222)	48,320
Net cash provided by operating activities	131,025	132,094
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,828)	(11,140)
Purchase of investments	(2,152,935)	(3,136,614)
Proceeds from sale of investments	2,252,607	2,963,248
Net cash provided by (used in) investing activities	96,844	(184,506)
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on line-of-credit	(275,032)	(137,966)
Payments on capital lease obligation	(2,881)	(2,145)
Net cash used in financing activities	(277,913)	(140,111)
NET DECREASE IN CASH EQUIVALENTS	(50,044)	(192,523)
CASH EQUIVALENTS AT BEGINNING OF YEAR	428,233	620,756
CASH EQUIVALENTS AT END OF YEAR	$ 378,189	$ 428,233
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	$ 14,136	$ 15,722
Non-cash investing and financing activities:		
Property acquired via capital lease	$ 28,326	$ -

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION

The organization, currently operating as The Ohio Provider Resource Association (OPRA), was originally incorporated in 1974 as the Ohio Private Residential Association – a nonprofit charitable organization tax-exempt under Section 501(c)(3) of the Internal Revenue Code. It served as a vehicle for, at the time, a small group of private providers of services for the developmentally disabled (DD) population and to discuss and address both local and statewide concerns. As the number of DD consumers continued to grow in the community - both because of court mandates and the needs of individuals living in the community - OPRA likewise expanded and now addresses the concerns of private providers across the state serving as a resource for information affecting the state budget and laws, departmental rules and practices.

Responding to the shift in the Organization's focus, in August 1997, the Board of the Association created a second non-profit corporation, which is exempt from tax under Section 501(c)(6) of the Internal Revenue Code. This entity carries out the work of the Association and is known as The Ohio Provider Resource Association (OPRA). Concurrent with the incorporation of OPRA, the Association Board changed the name of the original entity, the Ohio Private Residential Association, to The OPRA Foundation. OPRA represents over 100 providers, which in turn, provide support for over 15,000 individuals in a variety of services: licensed housing, ICF services, supported living, and many different waiver services – like the Individual Options Waiver.

During 2009, the Association formed OPRA Properties, LLC, an Ohio limited liability company whose sole member is The Ohio Provider Resource Association. In September 2009, OPRA Properties acquired and renovated a building, which it began leasing to the Association in February 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – Generally accepted accounting principles require related nonprofit organizations to present their financial statements on a consolidated basis if certain conditions related to control and economic interests between the organizations are met. The Ohio Provider Resource Association, which includes its wholly owned subsidiary OPRA Properties, LLC, and its sister organization, The OPRA Foundation, meet the requirements for consolidation. The consolidated financial statements include the accounts of OPRA, OPRA Properties, LLC and The OPRA Foundation (collectively, the "Association"). All material inter-affiliate accounts and transactions have been eliminated in consolidation.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – The Association prepares its financial statements in accordance with the FASB Accounting Standards Codification (ASC) Section 958-205 and subsections. Under the ASC, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, 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 – Net assets that are not subject to donor-imposed restrictions are considered unrestricted. Consistent with accounting principles generally accepted in the United States of America, board-designed funds, if any, are classified as unrestricted.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Association and/or the passage of time are considered temporarily restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Association had no temporarily restricted net assets at December 31, 2012 or 2011.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions, that they be maintained permanently by the Association, are considered permanently restricted. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes. The Association had no permanently restricted net assets at December 31, 2012 or 2011.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Association considers all cash on deposit in checking accounts, savings accounts, and money market accounts and highly liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2012 and 2011, the Association's cash equivalents consisted solely of money market funds.

Accounts Receivable – Accounts receivable, which are stated at the unpaid balances less an allowance for doubtful accounts, consist of amounts due to the Association for membership dues, fees for conferences and training, and sponsorships of conferences. The allowance is reviewed and updated by management each year based on historical experience and knowledge of individual circumstances of the organizations with outstanding balances. The allowance for doubtful accounts was $10,000 as of December 31, 2012 and 2011. Bad debt expense (recovery) reflected in the statement of activities was $4,850 and ($6,007) during 2012 and 2011, respectively.

Investments – The Association accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the Statement of Changes in Net Assets.

Property and Depreciation – The Association capitalizes all expenditures in excess of $1,000 for property at cost. Routine repairs and maintenance are expensed as incurred. Contributed property is recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building	40 years
Furniture and equipment	3 – 5 years

Revenues – The Association's primary sources of revenue are from membership dues, grants, semi-annual conferences and educational seminars. The Association has adopted the following accounting policies with respect to these revenues:

(a) Membership dues are recognized as revenue ratably over the year to which they apply. Members are billed in the fall of each year for membership dues for the following calendar year. Cash receipts on subsequent year dues are reported as deferred revenue in the Statement of Financial Position.

(b) Conference and training revenue and the related expenses are recognized in the year in which the event is held. Cash receipts on subsequent year's events are reported as deferred revenue in the Statement of Financial Position.

Support – Support is recorded in the year received and earned and is considered to be available for general use unless specifically restricted by the donor or the governing board. Contributions received that are restricted for future periods or are restricted by the donor for specific purposes are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Investment income on restricted assets follows donor restrictions, if any. Support, in a form other than cash, is recorded at the estimated market value at the date of receipt.

Accounting Estimates – Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

3. INVESTMENTS

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

	Cost	Fair Value	Unrealized Appreciation
Common stocks	$ 145,108	$ 170,386	$ 25,278
Mutual funds	1,605,340	1,671,441	66,101
Certificates of deposit	280,000	280,183	183
Corporate fixed income	1,088	1,136	48
Total	$2,031,536	$2,123,146	$ 91,610

The fair value of investments held by the Association and the Foundation at December 31, 2012 totaled $1,803,653 and $319,493, respectively.

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

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Common stocks	$ 137,095	$ 141,550	$ 4,455
Mutual funds	1,561,940	1,508,625	(53,315)
Corporate bonds	1,094	1,072	(22)
Certificates of deposit	420,000	419,867	(133)
Accrued interest receivable	296	296	-
Total	$2,120,425	$2,071,410	$ (49,015)

The fair value of investments held by the Association and the Foundation at December 31, 2011 totaled $1,789,628 and $281,782, respectively.

Investment income consisted of the following for the years ended December 31, 2012 and 2011:

	2012	2011
Interest and dividends	$ 59,558	$ 72,702
Realized gain on investments	16,992	123,106
Unrealized gain (loss) on investments	134,416	(310,155)
Investment advisor fees	(20,173)	(20,628)
Total	$ 190,793	$ (134,975)

4. FAIR VALUE MEASUREMENTS

ASC 820-10 and subsections defines fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make measurements of fair value more consistent and comparable. ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price.

To estimate the exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs including quoted prices of similar securities, interest rates, prepayment spreads, and credit risks.

Level 3: Significant unobservable inputs including an Organization's own assumptions in determining the fair value of investments.

All of the Association's investments in securities are recorded at fair market values defined under Level 1.

5. LINE-OF-CREDIT

In order to fund the purchase and renovation of a building used by the Association to house its corporate offices and training center, OPRA entered into a line-of-credit agreement in September 2009 with Smith Barney to borrow a total of $550,000. The borrowing was split into four fixed interest rate contracts of $137,500 each with one contract maturing each year over a four-year period. Interest was payable monthly, and the entire principal amount of each contract was due on the maturity date of each contract. Although the interest rate portion had a maturity date, the line-of-credit was due on demand. Therefore, the entire outstanding amount on the line was recorded as a current liability. The line-of-credit was collateralized by a first-priority lien and security interest in all cash and marketable securities held in the Association's accounts at Smith Barney. The Association paid off all outstanding amounts on the line of credit in September 2012.

6. CAPITAL LEASE OBLIGATION

In June 2012 the Association entered into a capital lease to acquire a multi-function copier. The agreement requires sixty monthly payments of $687 including maintenance of $139 and principal and interest of $548. The fair market value of the equipment, $28,326, was capitalized and the corresponding liability recorded at the inception of the lease using a stated interest rate of 6%. The equipment is being amortized over five years and the related amortization expense is included in depreciation expense in the statement of activities. Future lease payments are as follows:

	Principal	Interest	Maint	Total
2013	$ 5,187	$ 1,386	$ 1,668	$ 8,241
2014	5,507	1,066	1,668	8,241
2015	5,846	726	1,668	8,240
2016	6,207	365	1,668	8,240
2017	2,698	41	695	3,434
	$ 25,445	$ 3,584	$ 7,367	$ 36,396

7. LEASE COMMITTMENTS

During 2007 the Association entered into a sixty month lease for telephone equipment, which expired during 2012. Equipment lease expense related to this commitment during 2012 and 2011 amounted to approximately $1,800 and $2,400, respectively.

8. RETIREMENT PLAN

The Association maintains a defined contribution retirement plan, under which all full-time employees over age 21 with 1,000 hours of service are eligible to participate after one year of employment. Participants become 100% vested after three years of service. Eligible employees may make elective deferrals of up to 20% of their wages subject to an annual limit specified by law. Under the Plan, the Association makes a mandatory safe-harbor contribution of 3% of wages and may make additional discretionary contributions to the Plan (2.5% for 2012 and 2011, respectively). The Association contributed $28,268 and $21,937 into the Plan for 2012 and 2011, respectively.

9. CONCENTRATIONS

As of December 31, 2012 and 2011, all of the Association's and Foundation's cash equivalents, which consisted entirely of money market funds, were held at one financial institution. Although these assets are not FDIC insured, the Association's and Foundation's accounts are each insured up to $500,000 by the Securities Investor Protection Corporation (SIPC).

10. FUNCTIONAL CLASSIFICATION OF EXPENSES

The statement of activities presents expenses by natural classification. The table below presents these expenses on a functional basis. Management has allocated expenses between Member Services and General and Administration based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on payroll costs.

	2012			2011		
	Member Services	General and Admin	Total	Member Services	General and Admin	Total
Salaries and wages	$ 490,652	$ 153,314	$ 643,966	$ 464,918	$ 132,053	$ 596,971
Payroll taxes and fringe benefits	87,652	45,059	132,711	81,791	26,559	108,350
Total payroll costs	578,304	198,373	776,677	546,709	158,612	705,321
Legal fees	248,860	5,079	253,939	238,668	12,561	251,229
Professional fees	106,420	60,101	166,521	134,463	79,423	213,886
Conference and training	144,369	-	144,369	142,143	-	142,143
Lobbying and public relations	62,315	-	62,315	61,902	-	61,902
Office supplies and expense	46,121	14,564	60,685	44,652	12,594	57,246
Depreciation	27,768	8,769	36,537	29,225	8,243	37,468
Travel, meals and entertainment	27,702	8,748	36,450	23,917	6,746	30,663
Telephone	14,283	4,510	18,793	16,433	4,635	21,068
Dues and subscriptions	12,249	3,868	16,117	12,010	3,359	15,369
Interest expense	-	14,136	14,136	-	15,722	15,722
Real estate tax	10,008	3,160	13,168	9,833	2,774	12,607
Utilities expense	6,592	2,082	8,674	6,814	1,922	8,736
Board expense	-	8,074	8,074	-	3,199	3,199
Bad debt expense (recovery)	-	4,850	4,850	-	(6,007)	(6,007)
Insurance	3,009	950	3,959	4,760	1,342	6,102
Employee training expense	-	3,911	3,911	-	4,683	4,683
Equipment lease and maint	2,549	805	3,354	2,370	668	3,038
Grant expense - DODD	-	787	787	-	85,000	85,000
Foundation grants	-		-	5,000	-	5,000
Total expenses	$ 1,290,549	$ 342,767	$ 1,633,316	$ 1,278,899	$ 395,476	$ 1,674,375

11. TAX STATUS

OPRA – The Internal Revenue Service issued a determination letter on June 2, 1998 exempting the Ohio Provider Resource Association from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. OPRA Properties, LLC is a disregarded entity under the provisions of the U.S. Internal Revenue Code. As such, the tax exemption obtained by OPRA extends to the LLC and its assets, liabilities, and activities are combined with those of the Association in its annual tax filing.

Foundation – The Internal Revenue Service issued a determination letter on April 7, 1975 exempting the Foundation from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. On May 9, 1977, the Internal Revenue Service issued an additional determination letter classifying the Foundation as an organization that is publicly supported as defined in Section 509(a)(1) of the Internal Revenue Code.

These determination letters were issued based on information supplied by the organizations under the assumption that the operation of the organizations will be as stated in their applications for exemption.

Management has determined that the Association does not have any uncertain tax positions and the associated unrecognized benefits that materially impact the financial statements or related disclosures.

12. SUBSEQUENT EVENTS

Subsequent events are those events or transactions that occur following the Statement of Financial Position date, but before the financial statements are issued, or are available to be issued. Accounting Standards Codification Section 855, *Subsequent Events*, requires disclosure regarding the date through which subsequent events have been evaluated and the basis for determining that date. Subsequent events have been evaluated through May 30, 2013, which is the date the financial statements were available to be issued.