

Audited Financial Statements
LONG TERM CARE OMBUDSMAN
December 31, 2010

LONG TERM CARE OMBUDSMAN

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December 31, 2010

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Dingus and Daga, Inc.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Long Term Care Ombudsman
Cleveland, Ohio

We have audited the accompanying statement of financial position of Long Term Care Ombudsman (Organization) as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Term Care Ombudsman as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Dingus and Daga, Inc.

Shaker Heights, Ohio
June 21, 2011

LONG TERM CARE OMBUDSMAN

STATEMENT OF FINANCIAL POSITION

December 31, 2010

(with summary financial information for December 31, 2009)

ASSETS	Unrestricted	Temporarily Restricted	Totals	
			2010	2009
Cash and cash equivalents	\$ 160,870		\$ 160,870	\$ 116,757
Unconditional Promise to give:				
United Way Service Allocation		\$ 16,686	16,686	17,497
Receivables - governmental	80,513		80,513	61,875
Receivables - other	2,534		2,534	
Deposit	2,141		2,141	2,141
Property and equipment, net	32,338		32,338	25,935
TOTAL ASSETS	<u>\$ 278,396</u>	<u>\$ 16,686</u>	<u>\$ 295,082</u>	<u>\$ 224,205</u>
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 4,414		\$ 4,414	\$ 903
Accrued Expenses	3,851		3,851	5,573
TOTAL LIABILITIES	<u>8,265</u>		<u>8,265</u>	<u>6,476</u>
NET ASSETS				
Unrestricted	270,131		270,131	200,232
Temporarily restricted		\$ 16,686	16,686	17,497
TOTAL NET ASSETS	<u>270,131</u>	<u>16,686</u>	<u>286,817</u>	<u>217,729</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 278,396</u>	<u>\$ 16,686</u>	<u>\$ 295,082</u>	<u>\$ 224,205</u>

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

LONG TERM CARE OMBUDSMAN

STATEMENT OF ACTIVITIES

Year Ended December 31, 2010
(with summary financial information for December 31, 2009)

	Unrestricted	Temporarily Restricted	Totals	
			2010	2009
PUBLIC SUPPORT AND REVENUE				
Allocation from United Way Services, Inc.	\$ 16,686	\$ 16,686	\$ 33,372	\$ 34,993
Fees and grants from governmental agencies	703,587		703,587	608,758
Contributions	18,110		18,110	15,921
Home Choice Revenue	71,000		71,000	2,000
Interest income	116		116	68
Miscellaneous income			-	1,157
Reclassification of Net Assets	17,497	(17,497)	-	
TOTAL PUBLIC SUPPORT AND REVENUE	826,996	(811)	826,185	662,897
EXPENSES				
Program Services:				
Ombudsman Services	599,563		599,563	590,372
Home Choice	21,823		21,823	
Total Program Services	621,386		621,386	590,372
Supporting Services:				
Fundraising	7,571		7,571	
Management and General	128,140		128,140	111,719
Total Supporting Services	135,711		135,711	111,719
TOTAL EXPENSES	757,097		757,097	702,091
CHANGE IN NET ASSETS	69,899	(811)	69,088	(39,194)
NET ASSETS AT BEGINNING OF YEAR	200,232	17,497	217,729	256,923
NET ASSETS AT END OF YEAR	\$ 270,131	\$ 16,686	\$ 286,817	\$ 217,729

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

LONG TERM CARE OMBUDSMAN

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2010
(with summary financial information for December 31, 2009)

	Program Services			Supporting Services			Totals	
	Ombudsman Services	Home Choice	Total	Fundraising	Management and General	Total	2010	2009
Salaries	\$ 390,977	\$ 14,232	\$ 405,209	\$ 4,937	\$ 83,561	88,498	\$ 493,707	\$ 451,310
Employee health and retirement benefits	56,405	2,053	58,458	712	12,055	12,767	71,225	64,140
Payroll taxes	37,652	1,371	39,023	475	8,048	8,523	47,546	37,662
Total salaries and related expenses	485,034	17,656	502,690	6,124	103,664	109,788	612,478	553,112
Professional Fees	16,544	602	17,146	209	3,536	3,745	20,891	21,344
Supplies	9,704	353	10,057	123	2,073	2,196	12,253	13,908
In-house copying	1,743	63	1,806	22	372	394	2,200	1,620
Telephone	8,150	297	8,447	103	1,742	1,845	10,292	8,192
Postage and shipping	2,641	96	2,737	33	565	598	3,335	5,454
Office rent and electricity	42,815	1,558	44,373	541	9,150	9,691	54,064	62,023
Repairs and maintenance	2,099	76	2,175	26	449	475	2,650	449
Equipment Rental	3,016	110	3,126	38	645	683	3,809	3,635
Publications	129	5	134	2	27	29	163	336
Outside Printing	1,548	56	1,604	20	330	350	1,954	8,171
Professional dues	2,072	75	2,147	26	443	469	2,616	
Advertising	-	-	-	-	-	-	-	498
Travel Reimbursement	11,203	408	11,611	141	2,395	2,536	14,147	9,553
Workshop, Conference and Meeting	5,769	210	5,979	73	1,233	1,306	7,285	8,381
Insurance	2,469	90	2,559	31	528	559	3,118	3,113
Depreciation	4,562	166	4,728	58	974	1,032	5,760	1,852
Miscellaneous	-	-	-	-	-	-	-	373
Interest	65	2	67	1	14	15	82	77
Total expenses	\$ 599,563	\$ 21,823	\$ 621,386	\$ 7,571	\$ 128,140	\$ 135,711	\$ 757,097	\$ 702,091

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

LONG TERM CARE OMBUDSMAN

STATEMENT OF CASH FLOWS

Year Ended December 31, 2010
(with summary financial information for December 31, 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 69,088	\$ (39,194)
Depreciation	5,760	1,852
Change in operating assets and liabilities:		
Decrease in unconditional promises to give	811	2,705
Decrease in accounts receivable - foundation and others		30,408
Increase in receivables - governmental	(18,638)	(61,875)
Increase in receivables - other	(2,534)	
Decrease in accounts payable and accrued expenses	1,789	(7,970)
Decrease in deferred revenue		(2,710)
Net Cash provided/(used) by Operating Activities	<u>56,276</u>	<u>(76,784)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(12,163)</u>	<u>(27,787)</u>
Net Cash used by Investing Activities	<u>(12,163)</u>	<u>(27,787)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	44,113	(104,571)
BEGINNING CASH AND CASH EQUIVALENTS	<u>116,757</u>	<u>221,328</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 160,870</u>	<u>\$ 116,757</u>

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

LONG TERM CARE OMBUDSMAN
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

Note 1. Summary of Significant Accounting Policies:

Nature of Activities – Long Term Care Ombudsman (Organization) was organized to be advocates for long term care consumers. The Organization serves as a “voice” of residents of nursing homes, residential and adult care facilities, and consumers of in-home long term care services. It provides the following services for long term care consumers: complaint investigation, general information, facility selection assistance, advocacy, community education and volunteer services in the Cuyahoga, Geauga, Lake, Lorain and Medina counties of Ohio. The Organization is funded primarily by federal and state of Ohio funds which flow through the Western Reserve Area Agency on Aging and other foundations.

Property and Equipment - Property and equipment is recorded at cost at the date of acquisition. Donated assets are stated at their fair market value at the date of the gift. Depreciation is calculated on a straight-line basis over the estimated useful life (5 years) of the equipment.

The Organization's policy is to capitalize assets with estimated useful lives greater than one year and an acquisition cost of \$2,000 or greater.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give a specified amount to the Organization. Most donor funds are received with no restrictions.

All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

LONG TERM CARE OMBUDSMAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2010

Note 1. Summary of Significant Accounting Policies (continued):

Cash and Cash Equivalents - Cash and cash equivalents consist primarily of cash in a checking account with a financial institution and minor amounts with United Way Services.

Grant Revenue - The Organization accrues grant revenue in the period that expenses are incurred to be reimbursed under terms of the grants.

Grants and contracts - The Organization records revenue from certain government sources as services are rendered and eligible costs are incurred. A receivable is recorded to the extent grant or contract support earned exceeds cash advances.

Certain monies received under government grants and reimbursement contracts are subject to subsequent review by the grantors and payers. The financial statements do not reflect any such adjustments, since management believes that it has properly performed all the tasks necessary to fulfill the contract terms for the monies it has received.

Fair Value of Financial Instruments - The carrying value of financial instruments, including cash and cash equivalents, receivables, unconditional promises to give, grants receivable and accounts payable approximates fair value due to the short-term nature of these instruments.

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status - The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

Subsequent Events - The Organization has evaluated subsequent events for potential recognition and/or disclosure through June 21, 2011, the date the financial statements were available to be issued and found none.

LONG TERM CARE OMBUDSMAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2010

Note 2. Property and equipment:

Property and equipment consist of:

Furniture and fixtures	\$ 63,514
Software	27,787
Accumulated depreciation	<u>(58,963)</u>
Property and equipment, net	<u>\$ 32,338</u>

Note 3. Retirement Plan:

The Organization provides a 403(b) plan for the benefit of its employees. Total pension expense for the year ended December 31, 2010 amounted to \$21,752.

Note 4. Operating Leases:

The Organization is obligated under an operating lease for the rental of office space, payment of utilities, and parking through June 30, 2015. The total rent expense, including utilities, for the year ended December 31, 2010 amounted to \$54,064.

Future minimum lease payments (excluding utilities) for the next five years are as follows:

Year ending	
<u>December 31</u>	
2011	40,748
2012	41,960
2013	43,220
2014	44,527
2015	22,594

The Organization is also obligated under a direct financing lease for a copier for thirty six months. The lease is secured by the leased equipment. The required minimum rental payment is \$247 per month. Lease expense under this arrangement amounted to \$2,964 for the year ended December 31, 2010.

LONG TERM CARE OMBUDSMAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2010

Note 5. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the benefit of the next program year.

Note 6. Concentration of Credit Risk:

The Organization maintains cash balances at a financial institution located in Cleveland, Ohio. Accounts at the institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Organization had no uninsured balances at December 31, 2010.

Note 7. Line of Credit:

The Organization has a \$25,000 line of credit with a financial institution located in Cleveland, Ohio. The line of credit is secured by assets of the Organization and bears a variable interest rate at the institution's prime commercial rate (3.25 percent at December 31, 2010). The Organization had no outstanding balances on this line of credit at December 31, 2010.

Note 8. Summarized Information:

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2009, from which the summarized information was derived.