

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Auditor's Report
And
Financial Statements
September 30, 2008

James L. Hayes, CPA & Associates
2771 Santa Maria Way, Suite A
Santa Maria, CA 93455
(805) 937-5637

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Auditor's Report
And
Financial Statements
September 30, 2008

Index

Financial Section

Independent Auditor's Report	1
Statement of Financial Position	2-3
Statement of Activities	4-7
Statement of Functional Expenses	8-10
Statement of Cash Flows	11
Notes to Financial Statements	12-16
Internal Control Report	17-18

Supplementary Information

Supplemental Schedule- United Cerebral Palsy (UCP) Comparative statement of Financial Position	19
Supplemental Schedule- United Cerebral Palsy (UCP) Comparative Statement of Activities	20-22
Supplemental Schedule- (TMA) Comparative Statement of Financial Position	23
Supplemental Schedule- (TMA) Comparative Statement of Activities	24-25
Supplemental Schedule- (Ride-On) Comparative Statement of Financial Position	26
Supplemental Schedule- (Ride-On) Comparative Statement of Activities	27-29

Report to Management- (Separate enclosure)

Letter to Board- (Separate enclosure)

James L. Hayes, CPA & Associates

Independent Auditor's Report

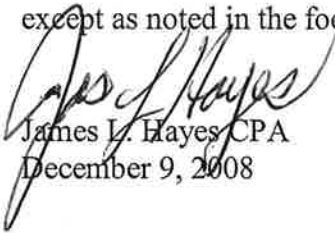
To the Board of Directors of
United Cerebral Palsy Association
of San Luis Obispo County, Inc.
San Luis Obispo, California

I have audited the accompanying statement of financial position of United Cerebral Palsy Association of San Luis Obispo County, Inc. (a nonprofit organization) as of September 30, 2008 and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy Association of San Luis Obispo County, Inc., as of September 30, 2008, and the changes in its net assets and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 16 through 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole except as noted in the footnotes.


James L. Hayes CPA
December 9, 2008

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Financial Position
September 30, 2008

Assets

Current Assets:

Cash	\$ 40,722
Accounts receivable	354,762
Reserve for bad debts	(6,256)
Transportation Development Act receivable	347,951
Prepaid expenses	3,275
Deposits	9,579
Total Current Assets	<u>750,033</u>

Fixed Assets:

Furniture and equipment	60,861
Vehicles	2,104,799
Computer system	50,800
Radios	70,798
Telephone system	16,759
Less: Accumulated depreciation	<u>(1,939,203)</u>
Net Fixed Assets	<u>364,814</u>

Total Assets \$ 1,114,847

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Financial Position
September 30, 2008

Liabilities and Net Assets

Liabilities

Current Liabilities:

Accounts payable	\$ 151,008
Customer deposits	701
Deferred income	436,748
CCTAC liability	5,531
Accrued payroll	91,332
Retirement plan payable	3,367
Accrued vacation	40,699
Current portion-long term debt	<u>201,520</u>
 Total Current Liabilities	 <u>930,906</u>

Long Term Debt:

Loans payable	397,468
Less: current portion – long term debt	<u>(201,520)</u>
 Total Long Term Debt	 <u>195,948</u>

Total Liabilities 1,126,854

Net Assets

Restricted-board designated endowment fund	5,000
Unrestricted (deficit)	<u>(17,007)</u>
 Total Net Assets (deficit)	 <u>(12,007)</u>

Total Liabilities And Net Assets \$ 1,114,847

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Activities
Year Ended September 30, 2008

Revenues and Support	<u>Unrestricted</u>
<u>Revenues:</u>	
Nipomo Transit	\$ 891
Shandon Shuttle	7,074
Medi-Cal	361,830
Private pay	67,453
Go Seniors	555
Maintenance income	3,240
Tri Counties Regional Center	1,692,158
Gas tax refund	40,561
Transportation revenue	258,170
People First revenue	5,465
Van pool revenue	415,671
AWVP revenue	66,762
Five Cities Shuttle	12,615
GRH revenue	3,200
Veterans express	23,670
Incentives revenue	3,266
Respite care	226,861
Get Active revenue	10,000
Camp Hope revenue	29,378
CCATC revenue	146,550
Hope revenue	17,530
PHP library revenue	69,984
PHP revenue	35,462
CIP tours	101,337
Leisure club	9,315
Camp revenue	23,892
CIP fares	11,148
Interest income	319
Member dues	460
Miscellaneous	(339)
Total	<u>3,644,478</u>
 <u>Grants and special allocations:</u>	
Transportation Development Act revenue	585,691
Other grants	13,800
Prop 10 revenue	35,516
Total	<u>635,007</u>

(Continued on page 5)

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Activities
Year Ended September 30, 2008

(Continued from page 4)

	<u>Unrestricted</u>
<u>Public support:</u>	
Contributions – special events	\$ 6,949
Contributions – general	16,070
Total	23,019
Total Revenues and Support	4,302,504
Expenses	
Scholarships	7,163
Special events	5,556
Camp expenses	29,859
CIP tours expense	102,406
Leisure club expense	7,476
Shares UCPA National	17,030
Bad debts	17,127
Bus pass expense	12,746
Fuel	711,771
Registrations	2,806
Salary director	111,000
Salaries - exe-asst.	13,084
Salaries - operation manager	29,834
Salaries - coordinator	30,723
Drivers - wages	926,168
Drivers training wages	14,080
Salaries - staff	276,487
Drivers maintenance wages	114,563
Drivers travel	783
Drug testing	3,175
Salaries - Respite Care	134,777
Payroll taxes	136,235

(Continued on page 6)

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Activities
Year Ended September 30, 2008

(Continued from page 5)

	<u>Unrestricted</u>
Mileage – employees	\$ 24,075
Americorp staff expense	15,912
Uniforms	2,335
Employment ads	1,921
Vehicle leases expense	167,515
Board expenses	3,808
Bookkeeping expense	29,861
Audit	8,350
Bank charges	1,712
Credit card fees	4,235
Computer expenses	8,321
Consultants	13
Drivers training	2,398
Employee benefits – health insurance	77,154
Employee benefits - worker's compensation insurance	150,268
Employee benefits - unemployment insurance	6,391
Employee benefits – other	4,765
Employee relations expense	3,976
Expendable equipment	70,466
Insurance general	170,291
Interest expense	32,700
Legal fees	1,282
Vehicle washing	10,962
Vehicle maintenance	153,038
Marketing	29,977
TMA member services	4,797
Membership dues	865
Miscellaneous	166
Leasehold expense	22,671
Staff room expense	266
Office maintenance	2,596
Office supplies	4,509
Payroll service	6,081
Parking	8
Permits	1,249
PUC expense	924
Postage	3,383
Printing	12,026

(Continued on page 7)

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Activities
Year Ended September 30, 2008

(Continued from page 6)

	<u>Unrestricted</u>
Program service	\$ 60
Get Active expense	11,498
Hope expense	1,764
Hope payroll	10,665
PHP expense	20,088
PHP payroll	99,176
People First expense	3,164
PHP library expense	2,821
Camp Hope expense	6,259
Prop 10 expense	2,579
Camp Hope payroll	21,991
CCTAC expenses	42,357
CCTAC payroll	96,547
AWVP expense	3,033
AWVP payroll	6,866
Radio expenses	8,232
Rent	84,391
Risk management	16,809
Staff travel	5,784
Telephone/ Fax	15,486
Depreciation	99,264
Veteran's Express expense	693
Finance charges	<u>(26)</u>
Total Expenses	<u>4,305,617</u>
Decrease in Net Assets	(3,113)
Net Assets at Beginning of Year (deficit)	(13,894)
Net Assets – Restricted – Endowment	<u>5,000</u>
Net Assets at End of Year (deficit)	<u><u>\$ (12,007)</u></u>

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Functional Expenses
Year Ended September 30, 2008

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>AND GENERAL</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u>
Expenses:				
Scholarships	\$ 7,163	\$ -	\$ -	\$ 7,163
Special events	4,112	-	1,444	5,556
Camp expenses	29,859	-	-	29,859
CIP tours expense	102,406	-	-	102,406
Leisure club expense	7,476	-	-	7,476
Shares UCPA National	17,030	-	-	17,030
Bad debts	17,127	-	-	17,127
Bus pass expense	12,746	-	-	12,746
Fuel	711,771	-	-	711,771
Registrations	2,806	-	-	2,806
Salaries – director	15,000	93,000	3,000	111,000
Salaries – exe. asst.	10,084	2,000	1,000	13,084
Salaries – operation manager	29,834	-	-	29,834
Salaries – coordinator	30,723	-	-	30,723
Drivers – wagers	926,168	-	-	926,168
Drivers training wages	14,080	-	-	14,080
Salaries – staff	271,487	-	5,000	276,487
Drivers maintenance wages	114,563	-	-	114,563
Drivers travel	783	-	-	783
Drug testing	3,175	-	-	3,175
Salaries- Respite Care	134,777	-	-	134,777
Payroll taxes	128,061	7,493	681	136,235
Mileage – employees	24,075	-	-	24,075
AmeriCorps staff expense	15,912	-	-	15,912
Uniforms	2,335	-	-	2,335
Employments ads	1,921	-	-	1,921
Vehicle leases expense	167,515	-	-	167,515
Board expense	-	3,808	-	3,808
Bookkeeping expense	28,069	1,642	150	29,861
Audit	7,849	459	42	8,350
Bank charges	1,712	-	-	1,712
Credit card fees	4,235	-	-	4,235
Computer expenses	7,822	458	41	8,321

(Continued on page 9)

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Functional Expenses
Year Ended September 30, 2008

(Continued from page 8)

	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>FUND</u>	
	<u>SERVICES</u>	<u>AND GENERAL</u>	<u>RAISING</u>	<u>TOTAL</u>
Expenses:				
Consultants	\$ -	\$ -	\$ 13	\$ 13
Drivers training	2,398	-	-	2,398
Health insurance	72,525	4,243	386	77,154
Worker's comp. insurance	141,252	8,265	751	150,268
Unemployment insurance	6,008	352	31	6,391
Benefits – other	4,478	262	25	4,765
Employee relations expense	3,976	-	-	3,976
Expendable equipment	70,466	-	-	70,466
Insurance – general	170,291	-	-	170,291
Interest expense	32,700	-	-	32,700
Legal fees	1,282	-	-	1,282
Vehicle washing	10,962	-	-	10,962
Vehicle maintenance	153,038	-	-	153,038
Marketing	29,977	-	-	29,977
TMA member services	4,797	-	-	4,797
Membership dues	865	-	-	865
Miscellaneous	166	-	-	166
Leasehold expense	22,671	-	-	22,671
Staff room expense	266	-	-	266
Office maintenance	2,596	-	-	2,596
Office supplies	4,058	360	91	4,509
Payroll service	5,716	334	31	6,081
Parking	8	-	-	8
Permits	1,249	-	-	1,249
PUC expense	924	-	-	924
Postage	3,044	270	69	3,383
Printing	10,823	962	241	12,026
Program service	60	-	-	60
Get Active expense	11,498	-	-	11,498
Hope expense	1,764	-	-	1,764
Hope payroll	10,665	-	-	10,665
PHP expense	20,088	-	-	20,088
PHP payroll	99,176	-	-	99,176

(Continued on page 10)

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Functional Expenses
Year Ended September 30, 2008

(Continued from page 9)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>AND GENERAL</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u>
Expenses:				
People First expense	\$ 3,164	\$ -	\$ -	\$ 3,164
PHP library expense	2,821	-	-	2,821
Camp Hope expense	6,259	-	-	6,259
Prop 10 expense	2,579	-	-	2,579
Camp Hope payroll	21,991	-	-	21,991
CCTAC expenses	42,357	-	-	42,357
CCTAC payroll	96,547	-	-	96,547
AWVP expense	3,033	-	-	3,033
AWVP payroll	6,866	-	-	6,866
Radio expenses	8,232	-	-	8,232
Rent	75,952	6,751	1,688	84,391
Risk management	16,809	-	-	16,809
Staff travel	5,784	-	-	5,784
Telephone / Fax	13,937	1,239	310	15,486
Depreciation	99,264	-	-	99,264
Veteran's Express expense	693	-	-	693
Finance charges	(26)	-	-	(26)
Total	<u>\$ 4,158,725</u>	<u>\$ 131,898</u>	<u>\$ 14,994</u>	<u>\$ 4,305,617</u>

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Statement of Cash Flows
Year Ended September 30, 2008

Cash Flows from Operating Activities

Decrease in Net Assets \$ (3,113)

Adjustments to reconcile decrease in net assets
to net cash provided from operating activities:

Depreciation 99,264

Changes in assets and liabilities:

Decrease in reserve for bad debts (25,594)

Increase in accounts receivable (66,766)

Increase in TDA receivable (17,834)

Decrease in prepaid expense 6,941

Decrease in deposits 61,072

Increase in accounts payable 45,443

Increase in accrued payroll 19,107

Decrease in deferred income (3,360)

Decrease in CCTAC liability (39,959)

Increase in accrued expenses 710

Decrease in costumer deposits (1,488)

Total changes (21,728)

Cash Provided by Operating Activities 74,423

Cash Flows from Investing Activities

Purchase of vehicles (309,842)

Disposal of MD terminals 65,154

Cash (Used) by Investing Activities (244,688)

Cash Flows from Financing Activities

Increase – notes payable 82,178

Cash Provided by Financing Activities 82,178

Net Decrease in Cash (88,087)

Cash - Beginning of year 128,809

CASH - END OF YEAR \$ 40,722

Supplemental Information:

Interest paid \$ 32,700

See Accompanying Notes and Auditor's Report

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Notes to Financial Statements
September 30, 2008

General

Statement of purpose

United Cerebral Palsy Association of San Luis Obispo County, Inc. (UCP) is a community based nonprofit public benefit organization. It was originally formed as part of United Cerebral Palsy Association of California, Inc. On October 1, 1994, it became a stand-alone corporation, which was borne out of a transfer of assets and associated liabilities from United Cerebral Palsy Association of California, Inc.

United Cerebral Palsy Association of San Luis Obispo County, Inc., is dedicated to further, by public education, the knowledge of the causes and treatments of cerebral palsy and other developmental disabilities and to promote public awareness of the capabilities of people with such disabilities; to provide community access for developmentally disabled people and their families; to solicit, collect and otherwise raise money for the above purposes.

Description of programs

United Cerebral Palsy program (UCP): Offers services for individuals with cerebral palsy and other developmental disabilities, designed to provide and allow them to be a part of the community. Services offered for children and their families include respite care, social facilitation, sibling support groups, family advocacy network, parents helping parents, and programs allowing parents time away from home. Adults services include Community Interaction Program (CIP) transportation, leisure club events, tours, weeklong camp, and informational and referral services in San Luis Obispo County.

Ride-On program: Established to fulfill the need for social service transportation. Rides are available to the disabled as well as non-disabled persons. Fees are charged at the same rate for each passenger.

Transportation Management Association program (TMA); uses Ride-On vehicles to encourage group transportation with vanpools and shuttles to reduce traffic congestion and air pollution throughout San Luis Obispo County.

Summary of significant accounting policies

Basis of financial statements: The financial statements have been prepared on the basis of fund accounting as described by the American Institution of Certified Public Accountants in "Audits of Voluntary Health and Welfare Organizations."

Revenue recognition: All revenues are considered to be available for unrestricted use unless specifically restricted by the donor. At its discretion, the Board of Directors may designate funds for specific purposes.

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Notes to Financial Statements
September 30, 2008

Statement of functional expenses

The Organization is supported primarily by community services. As such, the AICPA audit guide "*Audits of Voluntary Health and Welfare Organizations*" is applicable. This audit guide requires that a statement of functional expenses be included in order to be in conformity with generally accepted accounting principles.

The statement of functional expenses segregates those expenses that are reported in the statement of activities into the functions of program costs, fundraising, and administrative costs.

Accounting method

The Organization uses the accrual method of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair value

The carrying value of cash, accounts receivable, accounts payable, and accrued expenses is their fair value due to short term nature of these instruments. Due to a number of variables, management is unable to determine the fair value of notes payable. The terms of the notes payable are included in their respective footnotes.

Restricted equipment

Eighty percent of the cost of some transportation program equipment was obtained from federal grant funds. The use of this equipment is restricted to specific operations and the California Department of Transportation retains legal ownership until the equipment is fully depreciated, at which time title passes to the Organization.

Equipment and depreciation policy

Equipment is stated at fair market value when donated and at cost when purchased. Depreciation is computed in the straight-line basis over estimated lives of five years.

Tax status

The Organization is exempt from federal income tax under Internal Revenue Code Section 501 (c)(3) and from California Franchise Tax under Section 23701 (d) of the Revenue and Taxation Code. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2).

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Notes to Financial Statements
September 30, 2008

Other Notes:

Endowment fund – cash

The endowment fund is the result of the board allocating a "start-up" fund to begin the endowment program. There are no donor provided restricted funds.

Fixed assets and depreciation

At September 30, 2008, the cost and accumulated depreciation of fixed assets are as follows:

<u>Fixed asset class</u>	Beginning Balance 9/30/07	Additions	Deletions	Ending Balance 9/30/08
Communications equip.	\$ 135,951	\$ -	\$ 65,154	\$ 70,797
Furniture and office equip.	128,419	-	-	128,419
Vehicles	1,794,957	309,842	-	2,104,799
Total	2,059,327	309,842	65,154	2,304,017
Less accumulated depreciation	(1,839,939)	(99,264)	-	(1,939,203)
Net fixed assets	<u>\$ 219,389</u>	<u>\$ 210,578</u>	<u>\$ 65,154</u>	<u>\$ 364,813</u>

Long term debt

<u>Notes payable</u>	<u>Loan Balance</u>
Bank note, interest rate of 6.00% dated 10/01/06 monthly principal installments of \$650.38, plus interest, maturity date 7/01/10.	\$ 14,308
Eight bank notes, interest rate of 7.00% dated 10/01/06 monthly principal installments of \$2,375.54, plus interest, various maturity dates. Collateralized by buses.	152,424
Bank lease, interest rate of 8.67% dated 10/01/06 monthly installments of \$2,068.75 including interest, maturity date 12/01/08. Collateralized by two buses.	8,247
Total notes payable	<u>174,979</u>

(Continued on page 15)

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Notes to Financial Statements
September 30, 2008

(Continued from page 14)

Installments payable

Bank installment loan - interest rate of 7.25% dated 10/01/06 monthly principal installments of \$3,423.09 plus interest, maturity date 1/01/10 unsecured.	\$ 72,824
--	-----------

Bank installment loan - interest rate of 7.00% dated 10/01/06 monthly principal installments of \$3,549.92 plus interest, maturity date 5/10/10 unsecured.	79,669
--	--------

Bank line-of-credit – interest rate 6.50% dated 9/08/08 Monthly principal installments of \$5,374 plus interest	69,997
--	--------

Total installments	<u>222,490</u>
--------------------	----------------

Total long term debt	397,469
Less current portion	(201,520)
Net long term debt	<u>\$ 195,949</u>

Lease obligations

The Organization rents office space and a maintenance garage, on month-to-month lease terms. Total rent expense for the year ended September 30, 2008 was \$84,391. Rent expense for the September 30, 2009 fiscal year is projected to be consistent with the current year.

The Organization leases buses from four different lessors. Regular lease miles are paid at twenty-five cents per mile. Other miles are negotiated at a different rate based upon the type of miles. Total bus lease expense for the year ended September 30, 2008 was \$167,515.

UCP/TMA/Ride-On –supplemental information

The internal cost centers for the year ended September 30, 2006 include allocated transportation income and expenses for vehicles, drivers and other transportation expenses, which are not eliminated on the supplemental information pages 19 through 27. Ride-On records transferred expenses as revenue. The net combined effect on the consolidated financial statements between the cost centers is zero since transferred transportation expenses offset the transferred revenue. Offsetting allocations are eliminated in the consolidated financial statements.

The internal cost centers financial statements for the year ended September 30, 2008 include the allocated revenues and expenses.

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Notes to Financial Statements
September 30, 2008

Leasing of organization vehicles

The organization leases vans to outside unrelated individuals who use the vehicles to provide transportation for a fee to various business employees who need rides to work.

The basic lease amount is generally \$1,200 monthly per vehicle per lease agreement. The operator of the van allocates this amount to each rider based upon the number of riders. Each individual rider also signs an operator agreement to pay a share of the transportation cost. Employers and their employees are encouraged to use this ride arrangement as part of their "cafeteria" plans.

Concentration of risk

The Organization's major source of revenue is from the Tri-County Regional Center (TCRC) for the operation of social service bus transportation. The (TCRC) contract generates approximately 39% of the Organization's total revenues. TCRC revenues and total revenues are \$1,692,158 and \$4,302,842 respectively.

Joint venture facilities agreement

The organization is negotiating with the RTA (Rapid Transit Authority) to jointly share a common facility for their organizations. Negotiations are expected to be finalized during 2009.

United Cerebral Palsy Association
of San Luis Obispo County, Inc
Internal Control Report
September 30, 2008

James L. Hayes, CPA & Associates

Independent Auditor's Report on the Internal
Control Structure Based on an Audit of
Financial Statements
Year Ended September 30, 2008

Board of Directors
United Cerebral Palsy Association
of San Luis Obispo County, Inc.
San Luis Obispo, California

I have audited the financial statements of United Cerebral Palsy Association of San Luis Obispo County, Inc., as of and for the year ended September 30, 2008, and have issued my report thereon dated December 9, 2008.

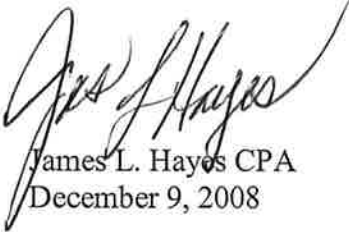
I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of United Cerebral Palsy Association of San Luis Obispo County, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or dispositions, and that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitation in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of United Cerebral Palsy Association of San Luis Obispo County, Inc., for the year ended September 30, 2008, I obtained an understanding of the internal control structure. With respect to the internal structure, I obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedure for the purpose of expressing my opinion on the financial statements of United Cerebral Palsy Association of San Luis Obispo County, Inc., and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weakness under standards established by the American institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the United Cerebral Palsy Association of San Luis Obispo County, Inc., financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structures and its operation that I consider to be material weakness as defined above.

This report is intended for the information of management and for the San Luis Council of Governments and should not be used for other purpose.



James L. Hayes CPA
December 9, 2008

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Comparative
Supplemental Cost Center Information*
UCP/TMA/Ride-On

September 30, 2008 and 2007

*See report footnote regarding supplemental information

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
UCP Cost Center
Comparative Statement of Financial Position
September 30, 2008 and 2007

<u>Assets</u>	<u>Unrestricted</u>	
	<u>2008</u>	<u>2007</u>
<u>Current Assets:</u>		
Petty cash	\$ 500	\$ 500
General checking	(4,622)	14,256
Payroll checking account	1,067	6,918
Checking - transportation	720	1,478
People Helping People checking account	6,035	9,195
CCATC checking account	2,093	2,218
Money market account	100	112,595
Endowment account	6,267	6,153
People First account	3,049	-
Accounts receivable	37,243	58,343
Reserve for bad debts	(2,408)	(2,408)
Transportation Development Act receivable	31,821	31,821
Employee advances	3,275	466
Total	<u>85,140</u>	<u>241,535</u>
 <u>Fixed Assets:</u>		
Furniture and equipment	2,322	2,322
Computer system	6,322	6,322
Accumulated depreciation	(6,727)	(6,254)
Net Fixed Assets	<u>1,917</u>	<u>2,390</u>
Total Assets	<u>\$ 87,057</u>	<u>\$243,925</u>
 <u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 9,691	\$ 6,539
Deferred income	23,866	23,866
CCATC liability	32,531	45,490
Accrued payroll/taxes	20,180	18,189
401 K payable	59	105
Accrued vacation	12,602	4,454
Fund transfers Due (To)/From	52,431	205,173
Total Liabilities	<u>151,360</u>	<u>303,816</u>
Net Assets (deficit)	<u>(64,303)</u>	<u>(59,891)</u>
Total Liabilities and Net Assets	<u>\$ 87,057</u>	<u>\$ 243,925</u>

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
UCP Cost Center
Comparative Statement of Activities
Year Ended September 30, 2008 and 2007

<u>Revenues and Support</u>	<u>Unrestricted</u>	
	<u>2008</u>	<u>2007</u>
Camp	\$ 23,892	\$ 14,100
Camp Hope revenue	29,378	30,830
CIP tours	101,337	73,271
HOPE revenue	17,530	7,861
Interest income	319	1,715
CCATC revenue	146,550	202,218
Leisure club	9,315	7,525
People First revenue	5,465	-
Parents Helping Parents revenue	35,462	98,929
PHP Library revenue	69,984	-
Prop. 10 revenue	35,516	38,558
Respite Care	226,861	194,518
Get Active	10,000	8,250
Transportation -TDA allocation	31,821	30,685
Transportation - TCRC	6,000	6,000
Transportation fares	11,148	11,389
Special - CTSA-allocation	83,613	-
Other grants	-	-
Contributions - special events	6,949	4,155
Contributions - general	16,070	103
Contributions - canisters and games	-	960
Contributions - corporate	-	565
Total Revenues and Support	<u>867,210</u>	<u>731,632</u>
<u>Expenses</u>		
Scholarships	\$ 7,163	\$ 10,798
Special events	5,721	4,223
Camp expenses	29,859	25,149
CIP Tour expense	102,406	27,099
Leisure Club expense	7,476	5,303
Shares – UCPA National	17,030	7,500
Bad debts	-	2,409
Salaries – director	19,425	19,530
Salaries – ex. director	-	2,222
Salaries – support staff	31,048	39,983
Drug testing	-	74
Salaries – respite care	134,777	131,349
Payroll tax expense	14,089	14,386
HOPE payroll tax expense	816	662
PHP payroll tax expense	7,674	7,540

(Continued on page 21)

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
UCP Cost Center
Comparative Statement of Activities
Year Ended September 30, 2008 and 2007

(Continued from page 20)

<u>Expenses (Continued)</u>	<u>Unrestricted</u>	
	<u>2008</u>	<u>2007</u>
Camp HOPE payroll tax expense	\$ 1,681	\$ 2,095
Staff mileage	24,050	17,538
Drivers/Lease-Ride-On	41,918	-
Employment ads	-	476
AmeriCorps staff expense	15,000	-
Board expenses	3,808	4,521
Bookkeeping expense	4,181	4,099
Audit	1,169	485
Bank charges	504	268
Computer expense	279	766
Consultants	12	-
Employee benefits – health insurance	946	1,122
Employee benefits – worker’s comp. insurance	16,529	15,808
Employee benefits – JAT unemployment insurance	1,848	1,362
Employee benefits – other	9,024	(1,770)
Employee relations expense	55	(280)
Equipment	111	1,780
Fund development	-	53
Insurance – general	16,792	17,736
Finance charges	3,194	142
Marketing	2,887	713
Membership dues	150	28
Building expense	3,847	4,289
Office maintenance	219	656
Office supplies	1,449	1,829
Payroll service	1,414	1,510
Permit	160	150
Postage	851	1,454
Printing	4,236	3,225
Program service	60	2,750
Get Active expense	11,498	11,250
HOPE expense	1,764	820
HOPE payroll	10,665	8,652
PHP expense	23,688	19,381
PHP payroll	99,176	95,676
PHP scholarship	-	400
PHP library expense	2,821	2,830

(Continued on page 22)

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
TMA Cost Center
Comparative Statement of Financial Position
Year Ended September 30, 2008 and 2007

(Continued from page 21)

	Unrestricted	
	<u>2008</u>	<u>2007</u>
<u>Expenses (Continued)</u>		
Camp Hope expense	\$ 6,259	\$ 3,667
Prop 10 expense	2,579	3,216
Camp Hope payroll	21,991	27,390
CCATC expense	42,357	52,985
CCATC payroll	96,547	138,933
People First expense	3,164	-
Rent	13,160	13,739
Staff travel / conference	3,088	989
Telephone	2,133	1,615
Depreciation expense	475	1,064
Administration allocation	(3,600)	-
Total Expenses	<u>871,623</u>	<u>763,639</u>
 (Decrease) in Net Assets	 (4,413)	 (32,005)
Net Assets - Beginning of Year (deficit)	<u>(59,891)</u>	<u>(27,886)</u>
 Net Assets - End of Year (deficit)	 <u>\$ (64,304)</u>	 <u>\$ (59,891)</u>

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
TMA Cost Center
Comparative Statement of Financial Position
September 30, 2008 and 2007

	<u>Unrestricted</u>	
	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Petty cash	\$ 200	\$ 200
General checking	973	4,274
Accounts receivable	38,967	28,954
Reserve for bad debts	(3,848)	(5,796)
Total	<u>36,292</u>	<u>27,632</u>
<u>Fixed Assets:</u>		
Furniture and equipment	3,860	3,860
Accumulated depreciation	(3,860)	(3,860)
Net Fixed Assets	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 36,292</u>	<u>\$ 27,632</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 1,950	\$ 300
Customer deposits	701	1,928
Accrued payroll	4,652	3,443
401K payable	3	-
Accrued vacation	780	363
Fund transfers due (to)/from	9,985	64,241
Total Liabilities	<u>18,071</u>	<u>70,275</u>
Net Assets	<u>18,221</u>	<u>(42,643)</u>
Total Liabilities and Net Assets	<u>\$ 36,292</u>	<u>\$ 27,632</u>

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
TMA Cost Center
Comparative Statement of Activities
Year Ended September 30, 2008 and 2007

	<u>Unrestricted</u>	
	<u>2008</u>	<u>2007</u>
<u>Revenues and Support</u>		
Specified grants	\$ 13,800	\$ 24,700
Guaranteed Ride Home revenue	3,200	3,005
Incentives	3,266	16,465
CTSA special allocation	(19,345)	-
Membership dues	460	562
Miscellaneous	(339)	180
Transportation revenue	252,975	190,377
Van pool revenue	415,671	253,259
Total Revenues and Support	<u>669,688</u>	<u>488,548</u>
<u>Expenses</u>		
Salaries	87,475	74,899
Payroll taxes	6,496	5,183
Employee benefits	4,180	1,212
Accounting	3,285	3,221
Audit	919	617
Bad debts	12,810	2,185
Bank charges	3,986	3,453
Leasehold	3,994	4,389
Computer expense	468	597
Depreciation expense	-	55
Employment ads	785	788
Expendable equipment	-	175
Employee relations expense	142	92
Insurance	13,739	14,613
Marketing	22,548	11,132
Membership dues	100	520
Mileage	25	4
Miscellaneous expense	118	250
Office expenses	603	1,313
Payroll service expense	283	233
Parking	8	2
Permits	370	270
Postage	318	279
Printing	924	2,460
PUC	2,711	539
Rent	14,371	13,639
Staff travel/conference	-	146
Telephone/fax	719	607
Interest	24	2
Special events	(166)	286

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
TMA Cost Center
Comparative Statement of Activities
Year Ended September 30, 2008 and 2007

(Continued from page 24)

Expenses (continued)

	Unrestricted	
	2008	2007
AWVP expense	\$ 197	\$ -
TMA member services	4,797	5,629
Transportation costs from Ride-On	422,596	325,955
Total Expenses	608,825	474,745
Increase in Net Assets	60,863	13,803
Net Assets - Beginning of Year (deficit)	(42,643)	(56,477)
Prior year adjustments	-	31
Net Assets - End of Year	\$ 18,220	\$(42,643)

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Ride-On Cost Center
Comparative Statement of Financial Position
September 30, 2008 and 2007

<u>Assets</u>	<u>Unrestricted</u>	
	<u>2008</u>	<u>2007</u>
Petty cash	\$ 481	\$ 481
General checking (overdraft)	(25,958)	(30,747)
Cal Trans account cash	48,442	386
Veterans account cash	1,376	902
Accounts receivable	278,552	200,699
Reserve for bad debts	-	(23,645)
Transportation Development Act receivable	316,130	298,296
Prepaid expenses	-	9,750
Deposits	9,579	70,651
Total	<u>628,602</u>	<u>526,773</u>
 <u>Fixed Assets:</u>		
Furniture and equipment	54,679	54,679
Vehicles	2,104,798	1,794,956
Mobile data terminals equipment	-	65,154
Computer system	44,478	44,478
Radios	70,798	70,798
Telephone system	16,759	16,759
Accumulated depreciation	(1,928,616)	(1,829,825)
Net Fixed Assets	<u>362,896</u>	<u>216,999</u>
Total Assets	<u>\$ 991,498</u>	<u>\$ 743,772</u>
 <u>Liabilities and Net Assets</u>		
Liabilities		
Current Liabilities:		
Accounts payable	\$ 139,365	\$ 98,724
Customer deposits	-	262
Deferred income – TDA	412,882	416,242
Accrued payroll/taxes	66,499	50,593
401K payable	3,305	3,592
Accrued vacation	27,317	34,844
Loans payable – bank line-of-credit	222,490	232,160
Total	<u>871,858</u>	<u>836,417</u>
Loans payable – bank	174,979	83,130
Fund transfers Due (To)/From	(62,416)	(269,414)
Total Liabilities	<u>984,421</u>	<u>650,133</u>
Net Assets	<u>7,077</u>	<u>93,639</u>
Total Liabilities and Net Assets	<u>\$ 991,498</u>	<u>\$ 743,772</u>

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Ride-On Cost Center
Comparative Statement of Activities
Year Ended September 30, 2008 and 2007

	<u>Unrestricted</u>	
	<u>2008</u>	<u>2007</u>
<u>Revenues and Support</u>		
Veteran's Express Income	\$ 23,670	\$ 1,278
Community Interaction Program (CIP)	41,871	-
Shandon Shuttle	7,074	24,173
Medi-Cal	361,830	150,425
Mobility training revenue	-	955
Cambria Shuttle	-	65,385
Private pay	67,452	50,010
Tri-Counties Regional Center (TCRC)	1,686,158	1,571,166
Gas tax refund	40,561	28,483
Nipomo Transit revenue	892	75,700
Trans - (TDA) allocation	553,870	520,560
Maintenance income	3,240	4,725
Five Cities Shuttle	12,615	10,151
South Bay Shuttle	-	94,576
Gain on sale of assets	-	4,000
CTSA – special allocation	(91,268)	-
Interest income	26	83
GO seniors	555	-
Miscellaneous	-	188
AWVP revenue	66,762	-
Transferred transportation cost-for TMA	427,791	327,075
Mesa Shuttle Income	-	4,213
Total Revenues and Support	<u>3,203,099</u>	<u>2,933,146</u>
 <u>Expenses</u>		
Salaries/wages	1,377,991	1,135,680
Payroll taxes	105,480	85,535
Employee relations	3,779	3,112
Employee benefits	206,051	226,064
Employment ads	1,136	1,205
AmeriCorps expense	912	9,000
Accounting expense	22,396	21,958
Audit	6,262	5,397
Bad debts	4,317	10,414
Bank charges	1,457	795
Leasehold expense	14,829	12,561
Bus pass expense	12,746	7,440

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Ride-On Cost Center
Comparative Statement of Activities
Year Ended September 30, 2008 and 2007

(Continued from page 27)

<u>Expenses (continued)</u>	<u>Unrestricted</u>	
	<u>2008</u>	<u>2007</u>
Computer expense	\$ 7,574	\$ 4,061
Depreciation expense	98,791	149,379
Drivers: training	2,398	5,249
Staff mileage	783	676
Drivers: drug testing	3,175	1,408
Equipment-expendable	70,355	1,555
Fuel	711,771	521,570
Insurance – general	139,760	130,445
Interest expense	29,482	38,772
Legal	1,282	-
Maintenance: vehicles	153,038	132,478
Marketing	4,542	3,287
Membership dues	615	565
AWVP expense	3,033	-
AWVP payroll	6,866	-
Nipomo transit expense	-	1,351
Office expense	4,834	3,365
Payroll service expense	4,384	3,506
Permits	719	-
Postage	2,214	1,793
Printing	5,079	4,122
Radios	8,232	10,304
Registration	2,806	7,781
Rent	56,860	55,423
Risk management	16,809	10,516
Southland contract expense	-	139,529
Staff room expense	266	322
Staff travel/conference	2,696	3,760
Shandon Shuttle	-	192
Telephone	12,634	10,185
Veteran's Express expense	693	-
Uniforms	2,138	1,475
Vehicle leasing	167,515	126,581
Vehicle washing	10,962	8,225
Total Expenses	<u>3,289,662</u>	<u>2,897,036</u>

United Cerebral Palsy Association
of San Luis Obispo County, Inc.
Ride-On Cost Center
Comparative Statement of Activities
Year Ended September 30, 2008 and 2007

(Decrease)/Increase in Net Assets	(86,562)	36,110
Net Assets - Beginning of Year	93,639	57,545
Prior period adjustment	-	(16)
 Net Assets - End of Year (deficit)	 <u>\$ 7,077</u>	 <u>\$ 93,639</u>