

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

For the Year Ended
June 30, 2011

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

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CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

Executive Board

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 non-profit organization), as of June 30, 2011, and the related statements of activities, changes in net assets, functional expenses, and cash flows 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 U.S. 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. 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. 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 June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining financial statement schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.



CROSBY COMPANY
Certified Public Accountant

October 28, 2011

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF FINANCIAL POSITION

June 30, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 29,337	
Accounts receivable	373,987	
Prepaid expenses	36,524	
Deposit	8,861	

Total current assets		448,709
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Property and equipment:

Property and equipment, net accumulated depreciation of \$2,368,176		1,031,844
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Total assets		\$ 1,480,553
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LIABILITIES AND NET ASSETS

Current liabilities:

Bank overdraft		\$ 50,359
Accounts payable		111,789
Accrued expenses		178,340
Deposits		4,590
Deferred revenue		9,426
Line of credit - current portion		140,000
Loans payable - current portion		76,918

Total current liabilities		571,422
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Long-term liabilities:

Loans payable - net current portion		200,522
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Total long-term liabilities		200,522
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Total liabilities		771,944
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Net assets:

Temporarily restricted		5,000
Unrestricted		703,609

Total net assets		708,609
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Total liabilities and net assets		\$ 1,480,553
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The accompanying notes are an integral part of this financial statement.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Revenue, gains and support:

Transportation	\$ 3,976,473
Program income	675,099
Grant income	516,089
Contributions	16,079
Special event, net expenses of \$8,537	9,414
Gain on disposal of fixed assets	9,164
Investment income	587
Other income	4,647

Total revenue, gains and support	5,207,552
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Functional expenses:

Program services	4,948,682
Management and general	311,125
Fundraising	14,497

Total expenses	5,274,304
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Change in net assets	\$ (66,752)
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The accompanying notes are an integral part of this financial statement.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENTS OF CHANGES IN NET ASSETS
For the Year Ended June 30, 2011

Net assets - June 30, 2010:

Change in net assets

Net assets - June 30, 2011:

\$	775,361
	(66,752)
\$	708,609

The accompanying notes are an integral part of this financial statement.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

<i>Expenses:</i>	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Totals</u>
Salaries and wages	\$ 2,030,016	\$ 167,110	\$ 3,000	\$ 2,200,126
Payroll taxes	142,905	10,770	180	153,855
Employee benefits	235,125	17,726	380	253,231
Accounting		44,449		44,449
Advertising and marketing	37,883	2,000	4,000	43,883
Bad debt expense	320			320
Bank charges	7,620			7,620
Computer expense	20,994	2,399	601	23,994
Depreciation	274,348			274,348
Insurance	186,532	3,000	1,000	190,532
Interest	26,154			26,154
Legal and professional	3,225	2,000		5,225
Licenses and fees	9,786			9,786
Membership dues	2,620			2,620
Miscellaneous expense	4,526			4,526
Occupancy	68,626	4,800	400	73,826
Parking expense	2,289			2,289
Postage	2,151	403	135	2,689
Printing	5,222	614	308	6,144
Program expense	88,250			88,250
Repairs and maintenance	239,489	2,419		241,908
Risk management	3,863			3,863
Supplies	16,046	3,009	1,003	20,058
Telephone and communication	50,287	9,429	3,143	62,859
Tour expense	194,586			194,586
Training and education	5,392	1,001	347	6,740
Transportation	1,275,468			1,275,468
National share and awards	14,959	39,996		54,955
Total expenses	\$ 4,948,682	\$ 311,125	\$ 14,497	\$ 5,274,304

The accompanying notes are an integral part of this financial statement.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

Cash flows from operating activities:

Change in net assets	\$ (66,752)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	274,348
Changes in assets and liabilities	
Decrease in accounts receivable	122,089
Increase in prepaid expenses	(5,010)
Decrease in deposits	31,246
Decrease in accounts payable	(36,965)
Increase in accrued expenses	10,246
Increase in deposits	157
Increase in deferred revenue	9,426
Net cash flows provided by operating activities	338,785

Cash flows from investing activities:

Purchase of equipment	(468,735)
Net cash flows used by investing activities	(468,735)

Cash flows from financing activities:

Proceeds from line of credit	299,021
Payment on line of credit	(260,229)
Proceeds from long-term notes	184,978
Payment on long-term notes	(75,326)
Net cash flows provided by financing activities	148,444

Net change in cash and cash equivalents:

18,494

Cash and cash equivalents (bank overdraft) at beginning of period:

Cash and cash equivalents	\$ 44,054
Less: Bank overdraft	(83,570)
Net bank overdraft at beginning of period	(39,516)

Cash and cash equivalents (bank overdraft) at end of period:

Cash and cash equivalents	\$ 29,337
Less: Bank overdraft	(50,359)
Net bank overdraft at end of period	\$ (21,022)

Supplemental schedule of noncash investing and financing activities:

Interest paid	\$ 26,154
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The accompanying notes are an integral part of this financial statement.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: HISTORY AND ORGANIZATION

United Cerebral Palsy Association of San Luis Obispo County, Inc. (UCP) is a non-profit, non-stock corporation, public benefit organization organized under the laws of the State of California, in 1994, and 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. Originally, the organization was borne out of a transfer of assets and associated liabilities from United Cerebral Palsy Association of California, Inc.

Description of Programs

1. **United Cerebral Palsy** program offers services for individuals with Cerebral Palsy and other developmental, 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.
2. **Ride-On** program was 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.
3. **Transportation Management Association (TMA)** program uses Ride-On vehicles to encourage group transportation with vanpools and shuttles to reduce traffic congestion and air pollution throughout San Luis Obispo County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on the accrual basis of accounting. The financial resources are maintained in accordance with the principles of fund accounting.

The **unrestricted operating fund** is utilized to record contributions, fund-raising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fund-raising efforts of the Organization.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The *temporarily restricted fund* is utilized to record resources received by the Organization that are temporarily restricted as to use by the donor or grantor. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets.

Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents includes all liquid investments including money market accounts and certificates of deposits.

Accounts Receivable

Management has determined that an allowance for doubtful accounts receivable would be zero based on the organization's credit policies, prior collection experience, and the type of customers associated with UCP.

Property and Equipment

Property and equipment are recorded at cost and at fair market value at the date of gift, for items contributed. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of the related asset.

Income Tax

UCP is recognized by the Internal Revenue Service as a qualified section 501(c)(3), non-profit organization, and as such, is not liable for Federal income or State franchise tax.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time periods in which the contribution is received, the Organization reports the support as unrestricted.

NOTE 3: PROPERTY AND EQUIPMENT

Summaries of fixed assets by major classifications are as follows:

	June 30, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	June 30, <u>2011</u>
Vehicles	\$ 2,647,930	\$ 281,307	\$ (75,906)	\$ 2,853,331
Furniture and equipment	359,261	187,428		546,689
	<u>3,007,191</u>	<u>\$ 468,735</u>	<u>\$ (75,906)</u>	<u>3,400,020</u>
Less: accumulated depreciation	<u>(2,169,734)</u>	<u>\$ (274,348)</u>	<u>\$ 75,906</u>	<u>(2,368,176)</u>
Total property and equipment	<u>\$ 837,457</u>			<u>\$ 1,031,844</u>

Depreciation expense for June 30, 2011 was \$274,348.

NOTE 4: DONATED MATERIALS AND SERVICES

UCP receives donations of time and services from members of the community and volunteers. The value of these donations is not reflected in the accompanying financial statements since no objective basis is available to measure the value of these services. In-kind donations of fixed assets and supplies used directly by the organization are valued at their appraised values at the time of the receipt.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 5: ACCRUED EXPENSES

Accrued expenses at June 30, 2011 consist of the following:

Accrued salaries	\$	107,470
Accrued vacation		69,818
Accrued employee benefits		<u>1,052</u>
Total accrued expenses	\$	<u>178,340</u>

Compensated absences are calculated using vacation days earned at the individual employee's current hourly rate. Full-time UCP employees can earn up to 150 hours of paid leave time per year, depending on years of service.

NOTE 6: CONCENTRATIONS

The Tri Counties Regional Center provides funds for transportation services provided by the Organization. Total Tri Counties Regional Center funding for the year ended June 30, 2011 was \$1,984,270, which represents approximately 38% of the Organization's total support revenue sources.

The Organization maintains its cash in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no uninsured cash balances at June 30, 2011. Effective October 3, 2008, the FDIC temporarily increased insured deposits from \$100,000 to \$250,000. This insured limit is scheduled to return to the \$100,000 limit after December 31, 2013.

NOTE 7: LINE OF CREDIT

A line of credit was established with Mission Community Bank of San Luis Obispo for \$150,000. This line of credit had a \$140,000 balance at June 30, 2011 and is due June 28, 2012. The interest rate is variable, based on 2% over West Coast Prime rate, with an interest rate floor of 6% and an interest rate ceiling of 30%.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 8: NOTES PAYABLE

Notes payable consist of the following:

	June 30, <u>2010</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2011</u>
Mission Community Bank (five notes), various dates, secured by equipment, monthly payments of \$2,139.20, include interest at 6.75% to 7.5%, due dates from August 2014 through May 2016.	\$ 32,260	\$ 67,245	\$ 7,951	\$ 91,554
Ford Motor Credit (six notes), various dates, secured by equipment, monthly payments of \$3,037.83, include interest at 6.69% to 8.9%, due from January 2015 through June 2016.	19,814	117,733	11,067	126,480
First Bank of San Luis Obispo (seven notes), various dates, secured by equipment, monthly payments of \$2,807.10, include interest at 7%, due dates from November 2012 through October 2013.	115,714		56,308	59,406
	<u>167,788</u>	<u>184,978</u>	<u>75,326</u>	<u>277,440</u>
Total notes payable	\$ <u>167,788</u>	\$ <u>184,978</u>	\$ <u>75,326</u>	\$ <u>277,440</u>
Current notes payable	\$ <u>47,689</u>			\$ <u>76,918</u>
Long-term notes payable	\$ <u>120,099</u>			\$ <u>200,522</u>

Required principal and interest payments for the next five years are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 76,918	\$ 16,825	\$ 93,743
2013	76,085	12,394	88,479
2014	57,435	7,784	65,219
2015	44,170	3,544	47,714
2016	<u>22,832</u>	<u>943</u>	<u>23,775</u>
Totals	\$ <u>277,440</u>	\$ <u>41,490</u>	\$ <u>318,930</u>

See Auditor's report

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 9: LEASE COMMITMENTS

The Organization leases facilities under two separate lease agreements; the Corporate offices and the vehicle maintenance facility.

The vehicle maintenance facility lease is on a month to month basis. Currently the monthly rent is \$1,690.

The Corporate offices lease is dated April 1, 2009 and expires March 31, 2014. Monthly lease payments are currently \$4,680, increasing incrementally to \$5,190 over the term of the lease.

Minimum future lease payments are, as follows:

Year Ending June 30,	<u>Payment Total</u>
2012	\$ 58,690
2013	60,330
2014	<u>51,900</u>
Totals	<u>\$ 170,920</u>

SUPPLEMENTAL SCHEDULES

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

SUPPLEMENTAL SCHEDULE I
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2011

ASSETS	United Cerebral Palsy	Ride-On	Transportation Management Association	Totals
Current assets:				
Cash and cash equivalents	\$ 21,987	\$ 7,096	\$ 254	\$ 29,337
Accounts receivable	36,787	333,583	3,617	373,987
Prepaid expenses		36,524		36,524
Due from other funds			557,633	557,633
Deposit		8,861		8,861
Total current assets	58,774	386,064	561,504	1,006,342
Property and equipment:				
Property and equipment, net of accumulated depreciation	2,491	1,029,353		1,031,844
Total assets	\$ 61,265	\$ 1,415,417	\$ 561,504	\$ 2,038,186
LIABILITIES AND NET ASSETS				
Current liabilities:				
Bank overdraft	\$ -	\$ 50,359	\$ -	\$ 50,359
Accounts payable	6,360	104,232	1,197	111,789
Accrued expenses	40,132	130,539	7,669	178,340
Due to other funds	307,325	250,308		557,633
Deposits	4,590			4,590
Deferred revenue	9,426			9,426
Line of credit - current portion		140,000		140,000
Loans payable - current portion		76,918		76,918
Total current liabilities	367,833	752,356	8,866	1,129,055
Long-term liabilities:				
Loans payable - net current portion		200,522		200,522
Total long-term liabilities	-	200,522	-	200,522
Total liabilities	367,833	952,878	8,866	1,329,577
Net assets:				
Temporarily restricted	5,000			5,000
Unrestricted	(311,568)	462,539	552,638	703,609
Total net assets	(306,568)	462,539	552,638	708,609
Total liabilities and net assets	\$ 61,265	\$ 1,415,417	\$ 561,504	\$ 2,038,186

The accompanying notes are an integral part of this financial statement.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

SUPPLEMENTAL SCHEDULE II
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	United Cerebral Palsy	Ride-On	Transportation Management Association	Totals
Revenue, gains and support:				
Transportation	\$ -	\$ 3,425,039	\$ 551,434	\$ 3,976,473
Program income	675,099			675,099
Grant income	145,907	386,939	(16,757)	516,089
Contributions	16,079			16,079
Special event net expenses	9,414			9,414
Loss on disposal of fixed assets		9,164		9,164
Investment income	347	202	38	587
Other income	3,600		1,047	4,647
Total revenue, gains and support	850,446	3,821,344	535,762	5,207,552
Expenses:				
Salaries and wages	434,703	1,650,197	115,226	2,200,126
Payroll taxes	23,845	121,884	8,126	153,855
Employee benefits	25,689	220,339	7,203	253,231
Accounting	7,089	32,804	4,556	44,449
Advertising and marketing	9,121	15,421	19,341	43,883
Bad debt expense		320		320
Bank charges	2,550	1,469	3,601	7,620
Computer expense	318	23,676		23,994
Depreciation	802	273,546		274,348
Insurance	18,384	157,107	15,041	190,532
Interest		26,142	12	26,154
Legal and professional	728	3,925	572	5,225
Licenses and fees	126	9,660		9,786
Membership dues	975	470	1,175	2,620
Miscellaneous expense	160	297	4,069	4,526
Occupancy	11,676	48,070	14,080	73,826
Parking expense	453	65	1,771	2,289
Postage	1,099	1,546	44	2,689
Printing	3,137	651	2,356	6,144
Program expense	88,250			88,250
Repairs and maintenance	3,265	233,047	5,596	241,908
Risk management		3,863		3,863
Supplies	2,077	17,891	90	20,058
Telephone and communication	1,812	60,314	733	62,859
Tour expense	140,673	53,913		194,586
Training and education	3,306	3,390	44	6,740
Transportation	42,299	886,021	347,148	1,275,468
National share and awards	54,955			54,955
Total expenses	877,492	3,846,028	550,784	5,274,304
Change in net assets	(27,046)	(24,684)	(15,022)	(66,752)
Net assets - beginning of period	(279,522)	487,223	567,660	775,361
Net assets - end of period	\$ (306,568)	\$ 462,539	\$ 552,638	\$ 708,609

The accompanying notes are an integral part of this financial statement.