

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

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

For the Year Ended
June 30, 2019

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of United Cerebral Palsy Association of San Luis Obispo County, Inc. (a non-profit organization) which comprise the statements of financial position as of June 30, 2019, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 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 risks of material misstatement of the financial statement, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2019, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Robert Crosby CPA". The signature is written in a cursive, flowing style.

CROSBY COMPANY
Certified Public Accountant
San Luis Obispo, California

May 8, 2020

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2019

	<u>2019</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 137,360
Accounts receivable	372,120
Prepaid expenses	51,253
Deposit	20,469
Total current assets	581,202
Property and equipment:	
Property and equipment, net accumulated depreciation of \$5,527,869	1,035,524
Total assets	\$ 1,616,726
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 293,119
Accrued expenses	353,859
Deferred revenue	124,314
Contract payable - current portion	6,201
Loans payable - current portion	32,984
Total current liabilities	810,477
Long-term liabilities:	
Line of credit	299,971
Contract payable - net current portion	18,820
Loans payable - net current portion	94,755
Total long-term liabilities	413,546
Total liabilities	1,224,023
Net assets:	
Temporarily restricted	5,000
Unrestricted	387,703
Total net assets	392,703
Total liabilities and net assets	\$ 1,616,726

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

STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2019

	<u>2019</u>
Revenue, gains and support:	
Transportation	\$ 4,952,662
Program income	1,007,739
Grant income	548,423
Contributions	7,469
Special event donations	28,613
Investment income	93
Other income	411
Total revenue, gains and support	6,545,410
Functional expenses:	
Program services	6,064,937
Management and general	293,393
Fundraising	13,702
Total expenses	6,372,032
Change in net assets	\$ 173,378

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

STATEMENTS OF CHANGES IN NET ASSETS

For the Year Ended June 30, 2019

Net assets - June 30, 2018:

Change in net assets

Net assets - June 30, 2019:

219,325
173,378
\$ 392,703

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

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

Year Ended June 30, 2019				
	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Totals</u>
Expenses:				
Staff salaries and wages	\$ 287,339	\$ 147,034	\$ 3,650	\$ 438,023
Staff payroll taxes	169,632	13,922	317	183,871
Employee benefits	278,399	48,375	427	327,201
Accounting	4,668	55,883	792	61,343
Advertising and marketing	33,878		4,293	38,171
Bank charges	38,656			38,656
Computer expense	17,629	3,288	1,056	21,973
Depreciation	182,872			182,872
Insurance	69,857	4,398	838	75,093
Interest	21,016			21,016
Legal and professional	379	121		500
Licenses and fees	480	112	52	644
Membership dues	3,611			3,611
Occupancy	104,778	7,361	928	113,067
Office operations	28,108	5,337	528	33,973
Program expense	763,119			763,119
Program affiliates	521,632			521,632
Program coordinator expense	107,914			107,914
Repairs and maintenance	179,791			179,791
Training and education	10,171	7,562	821	18,554
Transportation	1,863,524			1,863,524
Vehicle expense	1,258,444			1,258,444
National share and awards	119,040			119,040
Total expenses	\$ 6,064,937	\$ 293,393	\$ 13,702	\$ 6,372,032

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

STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2019

	<u>2019</u>
<i>Cash flows from operating activities:</i>	
Change in net assets	\$ 173,378
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	182,872
Changes in assets and liabilities	
Decrease in accounts receivable	255,843
Increase in prepaid expenses	(4,806)
Increase in deposits	(4,929)
Decrease in accounts payable	(279,238)
Increase in accrued expenses	104,320
Decrease in deferred revenue	(66,702)
Net cash flows provided by operating activities	360,738
<i>Cash flows from investing activities:</i>	
Purchase of equipment	(897,896)
Net cash flows used by investing activities	(897,896)
<i>Cash flows from financing activities:</i>	
Proceeds from line of credit	299,886
Proceeds from contract payable	28,382
Proceeds from notes payable	55,372
Payment on contract payable	(3,361)
Payment on long-term notes	(26,150)
Net cash flows provided by financing activities	354,129
<i>Net change in cash and cash equivalents:</i>	(183,029)
<i>Cash and cash equivalents at beginning of period:</i>	
Cash and cash equivalents	320,389
<i>Cash and cash equivalents at end of period:</i>	
Net cash and cash equivalents	\$ 137,360
<i>Supplemental schedule of noncash investing and financing activities:</i>	
Interest paid	\$ 21,016

The accompanying notes are an integral part of the financial statements

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 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.
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, 2019

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, 2019

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>2018</u>	<u>Additions</u>	<u>Deletions</u>	June 30, <u>2019</u>
Vehicles	\$ 5,026,164	\$ 693,434	\$	\$ 5,719,598
Furniture and equipment	<u>639,333</u>	<u>204,462</u>	<u> </u>	<u>843,795</u>
	5,665,497	<u>\$ 897,896</u>	<u>\$</u>	6,563,393
Less: accumulated depreciation	<u>(5,344,997)</u>	<u>\$ (182,872)</u>	<u>\$</u>	<u>(5,527,869)</u>
Total property and equipment	<u>\$ 320,500</u>			<u>\$ 1,035,524</u>

Depreciation expense for the year ended June 30, 2019 was \$182,872.

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, 2019

NOTE 5: ACCRUED EXPENSES

Accrued expenses at June 30, 2019 consist of the following:

Accrued salaries	\$	94,077
Accrued payroll taxes		30,427
Accrued vacation		226,870
Accrued employee benefits		<u>2,485</u>
Total accrued expenses	\$	<u>353,859</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, 2018 was \$2,759,513, which represents approximately 42% 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, 2018.

NOTE 7: LINE OF CREDIT

A line of credit was established with Rural Community Assistance Corporation of California for \$300,000. This line of credit had a \$299,971 balance at June 30, 2019 and is due January 1, 2022. The current interest rate is fixed at 6.875%.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: CONTRACT/LOANS PAYABLE

Contract/loans payable consist of the following:

<u>Contract payable:</u>	June 30, <u>2018</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2019</u>
Financial Pacific Leasing, February 2019, secured by equipment, monthly payments of \$720 include interest at 10%, due date December 2022.	\$ -	\$ 28,382	\$ 3,361	\$ 25,021
 <u>Loans Payable:</u>				
Pacific Premier Bancorp, Inc., March 2013, secured by vehicle, monthly payments include interest at 6.25%, due date April 2019.	\$ 10,718	\$ -	\$ 10,718	\$ -
Ally., May 2019, secured by vehicle, monthly payments of \$384 include interest at 6.99%, due date June 2024.		19,325		19,325
Wells Fargo., May 2018, secured by vehicles, monthly payments of \$1,780 include interest at 6.79%, due date May 2023.	87,799		14,521	73,278
Wells Fargo #2, May 2019, secured by vehicles, monthly payments of \$1,103 include interest at 6.39%, due date May 2022.	-	36,047	911	35,136
	<u>98,517</u>	<u>83,754</u>	<u>29,511</u>	<u>152,760</u>
Total contract/loans payable	\$ <u>98,517</u>	\$ <u>83,754</u>	\$ <u>29,511</u>	\$ <u>152,760</u>
Current contract/loans payable	\$ <u>26,604</u>			\$ <u>39,185</u>
Long-term contract/loans payable	\$ <u>71,913</u>			\$ <u>113,575</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: CONTRACT/LOANS PAYABLE (continued)

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Contract payable			
2020	\$ 6,201	\$ 2,441	\$ 8,642
2021	6,918	1,724	8,642
2022	7,716	926	8,642
2023	<u>4,186</u>	<u>135</u>	<u>4,321</u>
Subtotals	<u>25,021</u>	<u>5,226</u>	<u>30,247</u>
Loans payable			
2019	\$ 32,984	\$ 7,996	\$ 40,980
2020	33,851	5,349	39,200
2021	35,076	3,021	38,097
2022	21,394	1,010	22,404
2023	<u>4,434</u>	<u>170</u>	<u>4,604</u>
Subtotals	<u>127,739</u>	<u>17,546</u>	<u>145,285</u>
Totals	<u>\$ 152,760</u>	<u>\$ 22,772</u>	<u>\$ 175,532</u>

NOTE 10: LEASE COMMITMENTS

The Organization leases facilities under four separate lease agreements; the Corporate office, the storage yard, and the vehicle maintenance facilities.

The storage yard, vehicle maintenance facilities, South County office and ranch facilities leases are on a month to month basis. Currently the monthly rent is \$800, \$1,690, and \$670, respectively.

The Corporate office lease was dated April 1, 2009 and expired March 31, 2014. A five year renewal option was exercised on April 1, 2014, extending the lease through March 31, 2019. The monthly payments are currently \$6,316.

Minimum future lease payments are, as follows:

Year Ending June 30,	<u>Totals</u>
2019	\$ <u>56,844</u>
Totals	\$ <u><u>56,844</u></u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: SUBSEQUENT EVENTS

UCP may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows.

SUPPLEMENTAL SCHEDULES

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

SUPPLEMENTAL SCHEDULE I
COMBINING STATEMENTS OF FINANCIAL POSITION
For the Year Ended June 30, 2019

	Year Ended June 30, 2019			
	United Cerebral Palsy	Ride-On	Transportation Management Association	Totals
ASSETS				
Current assets:				
Cash and cash equivalents (overdraft)	\$ (3,105,795)	\$ 1,752,340	\$ 1,490,815	\$ 137,360
Accounts receivable	(9,310)	365,269	16,161	372,120
Prepaid expenses		51,253		51,253
Due from other funds	2,717,950			2,717,950
Deposit		20,469		20,469
Total current assets	(397,155)	2,189,331	1,506,976	3,299,152
Property and equipment:				
Property and equipment, net of accumulated depreciation	181,009	854,515		1,035,524
Total assets	\$ (216,146)	\$ 3,043,846	\$ 1,506,976	\$ 4,334,676
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 29,631	\$ 258,495	\$ 4,993	\$ 293,119
Accrued expenses	77,440	262,857	13,562	353,859
Due to other funds		2,255,450	462,500	2,717,950
Deposits				-
Deferred revenue	123,966	348		124,314
Contract payable - current portion		6,201		6,201
Loans payable - current portion		32,984		32,984
Total current liabilities	231,037	2,816,335	481,055	3,528,427
Long-term liabilities:				
Line of credit		299,971		299,971
Contract payable - net current portion		18,820		18,820
Loan payable - net current portion		94,755		94,755
Total long-term liabilities	-	413,546	-	413,546
Total liabilities	231,037	3,229,881	481,055	3,941,973
Net assets:				
Temporarily restricted	5,000			5,000
Unrestricted	(452,183)	(186,035)	1,025,921	387,703
Total net assets	(447,183)	(186,035)	1,025,921	392,703
Total liabilities and net assets	\$ (216,146)	\$ 3,043,846	\$ 1,506,976	\$ 4,334,676

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

SUPPLEMENTAL SCHEDULE II
COMBINING STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2019

	Year Ended June 30, 2019			
	United Cerebral Palsy	Ride-On	Transportation Management Association	Totals
Revenue, gains and support:				
Transportation	\$ -	\$ 4,477,386	\$ 475,276	\$ 4,952,662
Program income	1,007,739			1,007,739
Grant income	84,043	464,380		548,423
Contributions	6,769	700		7,469
Special event net expenses	28,613			28,613
Investment income	69	22	2	93
Other income	200		211	411
Total revenue and support	1,127,433	4,942,488	475,489	6,545,410
Expenses:				
Staff salaries and wages	56,863	343,011	38,149	438,023
Staff payroll taxes	6,241	170,539	7,091	183,871
Employee benefits	9,827	299,456	17,918	327,201
Accounting	14,469	34,542	12,332	61,343
Advertising and marketing	21,628	8,873	7,670	38,171
Bank charges	915	31,298	6,443	38,656
Computer expense	3,612	16,555	1,806	21,973
Depreciation		182,872		182,872
Insurance	34,980	26,742	13,371	75,093
Interest		21,016		21,016
Legal and professional	500			500
Licenses and fees	30	614		644
Membership dues	170	3,441		3,611
Occupancy	22,438	67,471	23,158	113,067
Office operations	6,291	25,159	2,523	33,973
Program expense	382,422		380,697	763,119
Program affiliates	521,632			521,632
Program coordinator expense	51,594		56,320	107,914
Repairs and maintenance		179,791		179,791
Training and education	4,273	14,281		18,554
Transportation		1,863,524		1,863,524
Vehicle expense		1,258,444		1,258,444
National share and awards	20,000	89,533	9,507	119,040
Total expenses	1,157,885	4,637,162	576,985	6,372,032
Change in net assets	(30,452)	305,326	(101,496)	173,378
Net assets - beginning of period	(416,731)	(491,361)	1,127,417	219,325
Net assets - end of period	\$ (447,183)	\$ (186,035)	\$ 1,025,921	\$ 392,703

The accompanying notes are an integral part of the financial statements