

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

(A California Nonprofit Organization)

FINANCIAL STATEMENTS

JUNE 30, 2024

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the United Cerebral Palsy Association of San Luis Obispo County, Inc. ("the Organization"), a California nonprofit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Carmody Meach & Choo LLP

CARMODY MEACH & CHOO LLP
Certified Public Accountants
February 14, 2025

UNITED CEREBRAL PALSY ASSOCIATION OF SAN LUIS OBISPO COUNTY, INC.
(A California Nonprofit Organization)
Statement of Financial Position
June 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 461,484
Accounts receivable	1,237,398
Prepaid expenses	93,668
Deposits	<u>12,993</u>

TOTAL CURRENT ASSETS 1,805,543

PROPERTY AND EQUIPMENT

Furniture and equipment	430,131
Leasehold improvements	23,586
Vehicles	<u>3,607,930</u>
	4,061,647
Less: Accumulated depreciation	<u>(2,898,567)</u>

NET PROPERTY AND EQUIPMENT 1,163,080

OTHER ASSETS

Right-of-use asset, net of amortization	<u>432,529</u>
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TOTAL OTHER ASSETS 432,529

TOTAL ASSETS \$ 3,401,152

See accompanying notes.

UNITED CEREBRAL PALSY ASSOCIATION OF SAN LUIS OBISPO COUNTY, INC.
(A California Nonprofit Organization)
Statement of Financial Position
June 30, 2024

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 252,396
Accrued expenses	537,103
Operating lease liabilities, current portion	80,608
Finance lease obligations, current portion	4,030
Long-term debts, current portion	<u>207,048</u>

TOTAL CURRENT LIABILITIES 1,081,185

LONG-TERM LIABILITIES

Operating lease liabilities, less current portion	370,164
Long-term debts, less current portion	<u>274,701</u>

TOTAL LONG-TERM LIABILITIES 644,865

TOTAL LIABILITIES 1,726,050

TOTAL NET ASSETS - WITHOUT DONOR RESTRICTIONS 1,675,102

TOTAL LIABILITIES AND NET ASSETS \$ 3,401,152

See accompanying notes.

UNITED CEREBRAL PALSY ASSOCIATION OF SAN LUIS OBISPO COUNTY, INC.
(A California Nonprofit Organization)
Statement of Activities and Change of Net Assets
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>
PUBLIC SUPPORT AND REVENUE	
Public support:	
Contributions	\$ 10,315
Grants	139,010
Special events, net of direct costs of \$3,842	<u>648</u>
Total public support	<u>149,973</u>
Revenue:	
Transportation	\$ 6,276,957
Program income	1,757,056
Investment income	76
Other income	<u>20,627</u>
Total revenue	<u>8,054,716</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>8,204,689</u>
EXPENSES	
Program services	8,419,202
Management and general	313,816
Fundraising	<u>35,190</u>
TOTAL EXPENSES	<u>8,768,208</u>
<i>CHANGE IN NET ASSETS</i>	(563,519)
<i>NET ASSETS AT BEGINNING OF YEAR</i>	<u>2,238,621</u>
<i>NET ASSETS AT END OF YEAR</i>	<u><u>\$ 1,675,102</u></u>

See accompanying notes.

UNITED CEREBRAL PALSY ASSOCIATION OF SAN LUIS OBISPO COUNTY, INC.
(A California Nonprofit Organization)
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Managerial personnel costs:				
Salaries and wages	\$ 372,732	\$ 197,137	\$ 17,454	\$ 587,323
Employee benefits	159,883	18,455	1,017	179,355
Payroll taxes	38,853	1,636	409	40,898
Total managerial personnel costs	571,468	217,228	18,880	807,576
Advertising and marketing	32,870	-	3,652	36,522
Computer	46,662	4,148	1,037	51,847
Depreciation	376,381	-	-	376,381
Insurance	30,362	17,243	368	47,973
Interest	33,263	-	-	33,263
Maintenance department	292,734	-	-	292,734
National shares and awards	141,524	3,000	1,000	145,524
Occupancy	147,945	12,889	3,282	164,116
Office expenses	37,283	3,021	823	41,127
Professional fees	44,355	43,227	1,793	89,375
Program affiliate	952,525	-	-	952,525
Program coordinator	150,113	6,919	4,355	161,387
Program expenses	915,218	-	-	915,218
Transportation and drivers	3,040,103	-	-	3,040,103
Vehicle operating expenses	1,552,228	-	-	1,552,228
Other operating expenses	54,168	6,141	-	60,309
Total expenses	<u>\$ 8,419,202</u>	<u>\$ 313,816</u>	<u>\$ 35,190</u>	<u>\$ 8,768,208</u>

See accompanying notes.

UNITED CEREBRAL PALSY ASSOCIATION OF SAN LUIS OBISPO COUNTY, INC.
(A California Nonprofit Organization)
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities	
Change in net assets	\$ (563,519)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	376,381
Gain on disposal of fixed assets	(12,021)
Changes in operating assets and liabilities:	
Accounts receivable	501,772
Prepaid expenses	(29,399)
Deposits	14
Accounts payable	63,950
Accrued expenses	114,582
Deferred revenue	(9,431)
Deferred rent	<u>7,328</u>
Net cash provided by operating activities	<u>449,657</u>
 Cash flows from investing activities	
Proceeds from sale of fixed assets	12,021
Purchase of fixed assets	<u>(894,334)</u>
Net cash used in investing activities	<u>(882,313)</u>
 Cash flows from financing activities	
Payments on finance leases	(5,216)
Payments on long-term debts	(106,111)
Proceeds from long-term debts	<u>449,182</u>
Net cash provided by financing activities	<u>337,855</u>
 Net decrease in cash	<u>(94,801)</u>
 Cash balance at beginning of year	<u>556,285</u>
 Cash balance at end of year	<u>\$ 461,484</u>

See accompanying notes.

Note 1. Nature of Operations

The United Cerebral Palsy Association of San Luis Obispo County, Inc. ("the Organization") is a California non-profit corporation established in 1994. The Organization 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.

The Organization operates the following divisions:

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.

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.

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

Note 2. Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). A summary of significant accounting policies follows, to enhance the usefulness of the financial statements to the reader.

Revenue and Expense Recognition

Revenues are recognized when services are provided. Expenses are recognized when incurred.

Note 2. Summary of Significant Accounting Policies (continued)

Net Assets

In accordance with GAAP, the Organization reports information regarding their financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions as described below:

Without donor restrictions includes funds which are expendable for the support of the Organization's operations.

With donor restrictions includes funds that have been restricted by donors for specific purposes, for use according to specific timetables, or both. The Organization does not have net assets with donor restrictions.

Use of Estimates

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

Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Fair Value of Financial Instruments

Cash, prepaid expenses, receivables, payables, and accrued expenses had fair values that approximated their carrying amounts.

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, the Organization considers all short-term investments with a maturity of three months or less to be cash.

Accounts receivable and bad debt expense

The Organization has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. However, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Bad debt expense for the year was \$3,385.

Note 2. Summary of Significant Accounting Policies (continued)

Property and equipment

Property and equipment are stated at cost and donated assets are valued at their estimated fair value on the date donated. Property and equipment additions over \$1,000 are capitalized. All assets are depreciated over estimated useful lives on a straight-line basis. Repairs and maintenance are expensed as incurred. Expenditures that significantly increase asset values or extend useful lives are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included in the statement of activities.

Estimated useful lives are as follows:

	<u>Years</u>
Leasehold improvements	7
Vehicles	5
Furniture and equipment	3 - 7

Depreciation expense for the year was \$376,381.

Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The right to control the use of an asset includes the right to obtain substantially all of the economic benefits of the underlying asset and the right to direct how and for what purpose the asset is used. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and are expensed as incurred.

Finance leases are included in property and equipment and finance lease obligations on the statement of financial position.

Operating lease right-of-use assets and liabilities are recognized at the commencement date of the lease based on the present value of the fixed lease payments over the lease term. The Organization has elected to use the risk-free interest rate at lease commencement as a practical expedient for the discount rate used to calculate the present value of the operating lease liabilities. The Organization includes any options to extend the lease as part of the right-of-use lease assets and liability calculations if it is reasonably certain that the Organization will exercise the option. Certain lease agreements include rental payments adjusted annually based on an index. Lease expense is recognized for all leases on a straight-line basis over the lease term.

United Cerebral Palsy Association of San Luis Obispo County, Inc.
Notes to Financial Statements
June 30, 2024

Note 2. Summary of Significant Accounting Policies (continued)

Compensated absences

The Organization allows full-time employees to receive compensation for vacation and sick leave. The estimate related to compensated absences is based on vacation hours available and current pay rates. The obligation for compensated absences is recorded to accrued vacation and the offsetting expense to employee benefits.

Income Taxes

The Organization is exempt from income tax under the provisions of the Internal Revenue Code 501(c)(3) and a similar section of the state income tax laws. Therefore, no provision has been made for income taxes in the accompanying financial statements.

Note 3. Cash in Excess of FDIC Insured Limits

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Note 4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 461,484
Accounts receivable	<u>1,237,398</u>
	<u>\$ 1,698,882</u>

Note 5. Accrued Expenses

Accrued expenses consist of the following as of June 30, 2024:

Accrued salaries	\$ 149,375
Accrued payroll taxes	51,505
Accrued vacation	330,951
Accrued employee benefits	<u>5,272</u>
Total accrued expenses	<u>\$ 537,103</u>

United Cerebral Palsy Association of San Luis Obispo County, Inc.
Notes to Financial Statements
June 30, 2024

Note 6. Long-term Debt

Long-term debt consists of the following as of June 30, 2024:

Ford Credit, secured by vehicles, monthly payments of \$464 include interest at 10.49%, due October 2024.	\$ 2,256
Ford Credit, secured by vehicles, monthly payments of \$683 include interest at 9.69%, due February 2025.	5,265
Rural Community Assistance Corp, revolving credit, secured by vehicles, monthly payments of \$3,500 include interest at 6.875%, due June 2025.	125,509
Rural Community Assistance Corp, secured by vehicles, monthly payment of \$7,687 include interest at 5.75%, due October 2028.	348,719
	481,749
Less current portion	(207,048)
Total long-term debt, less current portion	\$ 274,701

Aggregate maturities of long-term debt on June 30, 2024 are as follows:

<i>Year Ending</i> <u>June 30,</u>	
2025	\$ 207,048
2026	74,018
2027	74,018
2028	74,018
2029	52,647
	\$ 481,749

Note 7. Leases

The Organization has multiple facilities with separate lease agreements for office spaces, bus yards, vehicle maintenance facilities, and storage units; as well as on a month-to-month basis.

The Organization also leases vehicles and equipment under finance lease obligations. The finance lease obligations are recorded in the accompanying financial statements at the present value of future minimum lease payments.

United Cerebral Palsy Association of San Luis Obispo County, Inc.
Notes to Financial Statements
June 30, 2024

Note 7. Leases (continued)

The following summarizes the line items in the statement of financial position which include amounts for operating and finance leases as of June 30, 2024:

Operating lease right-of-use assets	\$ 432,529
Operating lease liabilities, current portion	\$ 80,608
Operating lease liabilities, less current portion	370,164
Total operating lease liabilities	<u>\$ 450,772</u>
Finance lease obligations, all current portion	<u>\$ 4,030</u>

The following summarizes the weighted average remaining lease term at discount rate as of June 30, 2024:

Weighted average remaining lease term (years):	
Operating leases	5.84
Finance leases	1.78
Weighted average discount rate:	
Operating lease (using risk-free interest rate)	4.00%
Finance leases	7.36%

The future maturities of lease liabilities as of June 30, 2024 are as follows:

Year Ending June 30,	Operating Leases	Finance Leases
2025	\$ 96,864	\$ 4,618
2026	100,740	-
2027	104,766	-
2028	108,960	-
2029	84,150	-
Total for future lease payments	<u>495,480</u>	<u>4,618</u>
Less amount representing interest	<u>(44,708)</u>	<u>(588)</u>
Present value of lease liabilities	<u>\$ 450,772</u>	<u>\$ 4,030</u>

United Cerebral Palsy Association of San Luis Obispo County, Inc.
Notes to Financial Statements
June 30, 2024

Note 8. Related Party Transactions

The Organization receives donations from board members, who are considered related parties to the Organization.

Note 9. Concentration of Risks

The Organization has concentration of risks as a result of services provided by the Organization to significant customers. Revenues from these customers as a percentage of total revenues for the year ended June 30, 2024 are as follows:

Major Customer 1	56%
Major Customer 2	17%

Accounts receivable balances as a percentage of the total accounts receivable for those customers with a concentration of credit risk for the year ended June 30, 2024 are as follows:

Major Custmoer A	66%
Major Custmoer B	20%

Note 10. Retirement Plan

The Organization offers a 401(k) plan that covers all eligible full-time employees. To be eligible to participate in the salary deferrals into the plan, employees must be at least 21 years of age. The Organization does not make contributions toward the plan.

Note 11. Subsequent Events

The Organization has evaluated subsequent events through February 14, 2025, the date these financial statements were available to be issued and determined that no events have occurred that require disclosure in these financial statements.

Carmody, Meach & Choo, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Supplementary Information

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

We have audited the financial statements of United Cerebral Palsy Association of San Luis Obispo County, Inc. as of and for the year ended June 30, 2024, and our report thereon dated February 14, 2025 which contained an unmodified opinion on those financial statements, appears on page one. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The statements on pages 16 through 17 are presented for purposes of additional analysis and is 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carmody Meach & Choo LLP

Pasadena, California
February 14, 2025

UNITED CEREBRAL PALSY ASSOCIATION OF SAN LUIS OBISPO COUNTY, INC.
(A California Nonprofit Organization)
Divisional Statement of Activities
For the Year Ended June 30, 2024

	United Cerebral Palsy	Ride-On	Transportation Management Association	Total
PUBLIC SUPPORT AND REVENUE				
Public support:				
Contributions	\$ 9,916	\$ 399	\$ -	\$ 10,315
Grants	139,010	-	-	139,010
Special events, net of direct costs of \$3,842	648	-	-	648
Total public support	<u>149,574</u>	<u>399</u>	<u>-</u>	<u>149,973</u>
Revenue:				
Transportation	\$ -	\$ 6,010,230	\$ 266,727	\$ 6,276,957
Program income	1,757,056	-	-	1,757,056
Investment income	49	25	2	76
Other income	8,591	12,021	15	20,627
Total revenue	<u>1,765,696</u>	<u>6,022,276</u>	<u>266,744</u>	<u>8,054,716</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,915,270</u>	<u>6,022,675</u>	<u>266,744</u>	<u>8,204,689</u>

See accompanying notes.

UNITED CEREBRAL PALSY ASSOCIATION OF SAN LUIS OBISPO COUNTY, INC.
(A California Nonprofit Organization)
Divisional Statement of Activities
For the Year Ended June 30, 2024

	United Cerebral Palsy	Ride-On	Transportation Management Association	Total
Managerial personnel costs:				
Salaries and wages	\$ 65,960	\$ 490,836	\$ 30,526	\$ 587,322
Employee benefits	3,918	173,550	1,887	179,355
Payroll taxes	2,960	36,892	1,046	40,898
Total managerial personnel costs	<u>72,838</u>	<u>701,278</u>	<u>33,459</u>	<u>807,575</u>
Advertising and marketing	10,443	17,780	8,300	36,523
Computer	7,143	42,007	2,696	51,846
Depreciation	-	376,381	-	376,381
Insurance	25,400	20,087	2,486	47,973
Interest	13	33,238	13	33,263
Maintenance department	-	292,734	-	292,734
National shares and awards	20,000	120,213	5,311	145,524
Occupancy	29,651	111,788	22,676	164,116
Office expenses	8,300	29,865	2,962	41,126
Professional fees	18,711	54,991	15,672	89,375
Program affiliate	952,525	-	-	952,525
Program coordinator	92,198	-	69,189	161,387
Program expenses	733,685	-	181,533	915,218
Transportation and drivers	-	3,040,103	-	3,040,103
Vehicle operating expenses	-	1,552,228	-	1,552,228
Other operating expenses	14,333	40,000	5,978	60,310
Total expenses	<u>1,985,240</u>	<u>6,432,693</u>	<u>350,275</u>	<u>8,768,208</u>
Change in net assets	<u>\$ (69,970)</u>	<u>\$ (410,018)</u>	<u>\$ (83,530)</u>	<u>\$ (563,519)</u>

See accompanying notes.