

**UNITED CEREBRAL PALSY
OF MIDDLE TENNESSEE, INC.**

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2022

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Cerebral Palsy of Middle Tennessee, Inc.

Opinion

We have audited the accompanying financial statements of United Cerebral Palsy of Middle Tennessee, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, 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 United Cerebral Palsy of Middle Tennessee, Inc. as of June 30, 2022, 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 United Cerebral Palsy of Middle Tennessee, Inc. 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 United Cerebral Palsy of Middle Tennessee, Inc.'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 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 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 United Cerebral Palsy of Middle Tennessee, Inc.'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 United Cerebral Palsy of Middle Tennessee, Inc.'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.

UHY LLP

May 11, 2023

Nashville, TN

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 94,384
Restricted cash	46,460
Grants receivable	43,521
Inventory	125,633
Total current assets	<u>309,998</u>

PROPERTY AND EQUIPMENT, NET	414,219
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BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS	1,297,153
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ENDOWMENT FUND INVESTMENTS	275,660
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OTHER	4,297
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Total Assets	<u><u>\$ 2,301,327</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 8,211
Accrued expenses	26,306
Long-term debt, current maturities	7,099
Total current liabilities	<u>41,616</u>

NONCURRENT LIABILITIES

Long-term debt, net of current maturities	269,238
Total noncurrent liabilities	<u>269,238</u>
Total Liabilities	<u>310,854</u>

NET ASSETS

Without donor restrictions	
Undesignated	367,860
Board designated	279,000
Total without donor restrictions	646,860
With donor restrictions	1,343,613
Total net assets	<u>1,990,473</u>
Total Liabilities and Net Assets	<u><u>\$ 2,301,327</u></u>

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Special events	\$ 86,094	\$ -	\$ 86,094
Less direct cost of special events	<u>(17,687)</u>	<u>-</u>	<u>(17,687)</u>
Net special events revenue	68,407	-	68,407
Contributions and grants	605,076	51,000	656,076
Contributions of nonfinancial assets	452,968	-	452,968
Change in value of interest in charitable remainder trusts	-	(187,492)	(187,492)
Investment return	(43,343)	-	(43,343)
Loan forgiveness	85,055	-	85,055
Net assets released from restriction	<u>48,300</u>	<u>(48,300)</u>	<u>-</u>
Total public support and revenues	<u>1,216,463</u>	<u>(184,792)</u>	<u>1,031,671</u>
EXPENSES			
Program services	1,264,371	-	1,264,371
Management and general	70,899	-	70,899
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>1,335,270</u>	<u>-</u>	<u>1,335,270</u>
CHANGE IN NET ASSETS	(118,807)	(184,792)	(303,599)
NET ASSETS - BEGINNING OF YEAR	<u>765,667</u>	<u>1,528,405</u>	<u>2,294,072</u>
NET ASSETS - END OF YEAR	<u>\$ 646,860</u>	<u>\$ 1,343,613</u>	<u>\$ 1,990,473</u>

See accompanying notes to the financial statements.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services					Supporting Services			
	<u>Educational Travel</u>	<u>Equipment Exchange</u>	<u>Family Support</u>	<u>Home Access</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Bank charges	\$ 2	\$ -	\$ 5	\$ 3	\$ 57	\$ 67	\$ 2	\$ -	\$ 69
Client assistance	60,623	9,500	248,903	51,635	803	371,464	-	-	371,464
Depreciation and amortization	-	-	-	-	-	-	47,527	-	47,527
Dues and fees	210	26	1,252	358	6,305	8,151	199	981	9,331
Food	6	-	17	11	253	287	5	248	540
Nonfinancial assets expense	-	455,246	-	-	-	455,246	-	-	455,246
Insurance	446	32	1,212	760	13,331	15,781	381	-	16,162
Interest	-	-	-	-	-	-	7,257	-	7,257
Internet and telephone	167	12	1,770	284	4,978	7,211	142	-	7,353
Lumber and supplies	39,646	3,823	3,712	105,049	4,533	156,763	138	952	157,853
Payroll expenses	13,880	71,441	52,157	75,019	6,772	219,269	13,846	7,006	240,121
Professional services	697	1,630	2,411	2,470	13,570	20,778	787	8,500	30,065
Utilities	386	2,380	1,819	4,332	437	9,354	615	-	9,969
Total expenses by function	116,063	544,090	313,258	239,921	51,039	1,264,371	70,899	17,687	1,352,957
Less expenses included with revenues on the statement of activities:									
Direct cost of special events	-	-	-	-	-	-	-	(17,687)	(17,687)
Total expenses	<u>\$ 116,063</u>	<u>\$ 544,090</u>	<u>\$ 313,258</u>	<u>\$ 239,921</u>	<u>\$ 51,039</u>	<u>\$ 1,264,371</u>	<u>\$ 70,899</u>	<u>\$ -</u>	<u>\$ 1,335,270</u>

See accompanying notes to the financial statements.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

CASH FLOWS FROM OPERATIONS

Change in net assets	\$ (303,599)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Paycheck Protection Program loan forgiveness	(85,055)
Depreciation and amortization	47,527
Change in value of beneficial interest in charitable remainder trust	187,492
Unrealized Losses on endowment investment	53,747
Changes in:	
Grant receivable	38,710
Inventory	2,278
Other asset	758
Accounts payable	(3,415)
Accrued expenses	(3,240)
Net cash used in operating activities	<u>(64,797)</u>

INVESTING ACTIVITIES

Purchases of investments	(120,949)
Sales of investments	<u>92,953</u>
Net cash used in investing activities	<u>(27,996)</u>

FINANCING ACTIVITIES

Principal payments on long-term debt	<u>(6,946)</u>
Net cash used in by financing activities	<u>(6,946)</u>

NET CHANGE IN CASH AND RESTRICTED CASH (99,739)

CASH AND RESTRICTED CASH, Beginning 240,583

CASH AND RESTRICTED CASH, Ending 140,844

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business and Nature of Activities

United Cerebral Palsy of Middle Tennessee, Inc. (the "Organization") was incorporated under the laws of the State of Tennessee as a nonprofit organization on May 23, 1985. The Organization's mission is to advance the independence, productivity, and full citizenship of people with all disabilities through a variety of hands-on services, and to provide support to family members and caregivers.

Program services

Among services included in the accompanying financial statements are the following programs:

Educational Travel – This program is a joint project with the Tennessee Developmental Disabilities Council. It is a travel fund that is non-disability specific and is available to people with disabilities throughout the State of Tennessee. This fund allows individuals with disabilities and their assistants or family members to attend educational conferences and workshops throughout the United States which address a variety of disability issues. The project also brings educational conferences and workshops to Tennessee.

Equipment Exchange – The program provides durable medical and adaptive equipment to people throughout Tennessee, regardless of their diagnosis. The Organization seeks new and gently used durable medical equipment to redistribute the donated items to individuals who have little or no insurance and no other resources to obtain the equipment they need.

Family Support – The State of Tennessee legislature established this program to serve each county in Tennessee. The Organization provides this service for Rutherford County, Tennessee. The program is funded by state dollars and designed to assist individuals with severe disabilities and their families to remain together in their homes and communities.

Home Access – Through this program, the Organization builds wheelchair ramps and coordinates state-wide construction of these ramps for individuals with mobility disabilities, and whose homes are without proper accessibility. The Organization also performs a limited number of disability-related housing modifications, such as bathroom modifications for wheelchair access. Working in conjunction with collaborating agencies, volunteers from churches, civic clubs, and other area groups, the Organization spearheads the construction of these ramps on homes of persons with disabilities across the state of Tennessee. Lumber and supplies for the program are funded through a grant from the Tennessee Housing Development Agency ("THDA").

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applied consistently, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and the Board of Directors (Board). Restrictions fulfilled in the same accounting period in which are received are reported in the Statement of Activities as without donor restrictions. From time to time, the Board designates a portion of net assets without donor restrictions for specified purposes.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash

The Organization maintains cash at financial institutions with strong credit ratings. Cash is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At times, the Organization may have balances in excess of FDIC coverage. Management has deemed this a normal business risk.

Restricted Cash

Restricted cash includes cash held by the Organization that was received from the Burch fund, the West End Home Foundation, and the Flipse Family Foundation, for specified purposes.

Grants receivable

Grants receivable consist of amounts due to the Organization related to reimbursable grants for which reimbursement requests had been submitted at June 30, 2022, but funds have not yet been received.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of donated durable medical equipment and other supplies to be used in the Organization's Equipment Exchange program, which provides these items to those with disabilities in need. Inventory is stated at estimated fair value on the date of contribution.

Property and Equipment

Property and equipment are recorded at cost at the date of purchase or, if donated, at the estimated fair value at the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, ranging from five to forty years. Expenditures that substantially increase the useful lives of existing property and equipment items are capitalized, while expenditures for maintenance and repairs are expensed as paid. The Organization's capitalization policy is to capitalize any expenditure over \$1,500.

Impairment of Long-lived Assets

If there is an event or a change in circumstances adversely impacting the recoverability of long-lived assets, the Organization's policy is to assess any impairment in value by making a comparison of the current and projected operating cash flows of the asset over its remaining useful life, on an undiscounted basis, to the carrying amount of the asset. Such carrying amounts would be adjusted, if necessary, to reflect an impairment in the value of the assets. If the operation is determined to be unable to recover the carrying amount of its assets, the long-lived assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses in 2022.

Endowment Fund

The Organization's beneficial interest in a designated endowment fund ("fund") is recognized as an asset and board-designated net assets on the statement of financial position. Investment income and changes in the value of the fund are recognized in the statement of activities, and distributions received from the fund are recorded as decreases in the endowment on the statement of financial position (NOTE 8).

Investments in the endowment fund in debt and equity securities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on these investments are reported in the statement of activities. Securities are generally held in custodial investment accounts administered by a financial institution (NOTE 6). Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on the fair value of the investment as of the trade date and are recorded in the statement of activities in the period for which the securities are sold. Interest and dividends are recorded when earned.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions are recognized when cash or an unconditional promise to give is received

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Proceeds received are recorded as special events revenue as the events occur in the accompanying statement of activities and changes in net assets.

Contributions of Nonfinancial Assets

Nonfinancial assets contributions consist of durable medical equipment and other supplies which are recorded as revenue at fair value at the date of donation. When an item of donated equipment is distributed to an individual in need, an expense is recorded at an amount equal to the original donation recorded.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. While most costs have been directly assigned to a functional category, certain costs have been allocated among program services and supporting services. Such allocations are determined by management on an equitable basis. Expenses that are allocated consist primarily of payroll expenses, which are allocated based on time and effort. General and administrative expenses and other indirect costs that cannot be specifically identified with any one program are allocated based on a percentage of direct and directly allocable expenses for that particular program.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. Management does not believe there are any uncertain tax positions or unrelated business income, which would be subject to federal taxes.

Use of Estimates

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

Recently Adopted Accounting Pronouncement

In fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities and increases the disclosure requirements. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Subsequent Events

Subsequent events were evaluated through May 11, 2023, the date that the financial statements were available to be issued.

NOTE 2 - AVAILABILITY AND LIQUIDITY

The Organization has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization considers general expenditures to be all expenditures related to its ongoing activities of achieving its mission. If analysis of liquid assets reveals inadequate funds for near-term operating needs, spending will be reduced to address liquidity concerns and the Board will reassess current Board designations.

Unrestricted cash	\$ 94,384
Grants receivable	<u>43,521</u>
Assets available within one year	<u>\$ 137,905</u>

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

As of the year ended June 30, 2022, 91% of the Organization's payables were due to three vendors and 93% of the Organization's grant receivables were due from the State of Tennessee.

As of the year ended June 30, 2022, 52% of the Organization's total revenues were from the State of Tennessee.

NOTE 4 - CONTRIBUTED NONFINANCIAL ASSETS

The Organization receives donated equipment from various sources for use in their Equipment Exchange program. Donated property is included in contributions of nonfinancial assets on the statement of activities at estimated fair values amounting to \$452,968 for the year ended June 30, 2022. At June 30, 2022, the value of equipment held by the Organization was \$125,633 and was reported as inventory on the accompanying statement of financial position.

As part of this program, the Organization provides the equipment to people in need throughout Tennessee. During the year ended June 30, 2022, the Organization provided equipment with estimated fair values amounting to \$455,246, which is reported as nonfinancial assets expense related to the Equipment Exchange program on the accompanying statement of functional expenses.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022:

Buildings and improvements	\$ 721,524
Furniture and equipment	37,062
Vehicles	<u>20,430</u>
Total property and equipment	779,016
Less: accumulated depreciation	<u>(364,797)</u>
Property and Equipment, net	<u>\$ 414,219</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

U.S. GAAP provides a framework for measuring fair value. To increase consistency and comparability in fair value measurements, the framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the primary or most advantageous market for the asset or liability in an orderly transaction between market participants.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

The framework uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Assets classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model derived valuations whose inputs are observable. Assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

Bond funds, equity funds, and exchange traded funds - Valued at the closing price reported on an active market on which the individual securities are traded and at the net asset value (NAV) of shares held at year end.

Beneficial interest in charitable remainder trusts – The beneficial interest in charitable remainder trusts (“Trusts”) is a non-endowment voluntary investment holding. The value is based on the value of the underlying assets held. Those assets are valued using fair value on a recurring basis using significant unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At June 30, 2022, fair values are summarized as follows:

Endowment Investments	Level 1	Level 2	Level 3	Total
Bond Funds	\$ 20,916	\$ -	\$ -	\$ 20,916
Equity Funds	52,747	-	-	52,747
Exchange Traded Funds	201,997	-	-	201,997
Beneficial interest in charitable remainder trusts (NOTE 7)	-	-	1,297,153	1,297,153
Total	<u>\$ 275,660</u>	<u>\$ -</u>	<u>\$ 1,297,153</u>	<u>\$ 1,572,813</u>

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

Changes in significant unobservable inputs (level 3) were as follows for the fiscal year ended June 30, 2022:

Beginning balance	\$ 1,484,645
Loss from investments	<u>(187,492)</u>
Ending Balance	<u>\$ 1,297,153</u>

The investment return for the year ended June 30, 2022 is comprised of the following:

Dividends and interest	\$ 20,032
Unrealized loss	<u>(53,747)</u>
Total assets released from restriction	<u>\$ (43,343)</u>

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible those changes in fair value of investments will occur in the near term and that such changes could significantly affect the financial statements.

There were no transfers between levels of investments during the fiscal year ended June 30, 2022.

NOTE 7 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

As of June 30, 2022, the Organization is a residual beneficiary in two charitable remainder trusts, created upon the death of the trust settlor. The income beneficiary of each is to receive, first from income and to the extent that income is insufficient, from principal, a total annuity each year equal to 5% and 6%, respectively, of the net fair market value of each trust's assets.

Upon the death of the income beneficiary for each trust, the remaining principal is to be distributed to the Organization, equal to 100% and 33.33%, respectively. The Organization does not control the assets of the trusts, and the expected future cash flow of each, which represents the Organization's share of the fair market value of the trusts' principal, totaled \$1,223,907 and \$73,246, respectively, at June 30, 2022. These amounts are reported in aggregate on the accompanying statement of financial position.

Changes in the value of the trusts for the year ended June 30, 2022, have been reported in the statement of activities as an a decrease in net assets with donor restrictions.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - ENDOWMENT FUND

The Organization has a beneficial interest in the Martin McGrath Endowment Fund (the "Fund"), a board-designated perpetual endowment fund for general purpose of the Organization's future projects. Fund assets are held within a managed investment account at a financial institution (NOTE 6). Upon request by the Organization's Board, income from the Fund representing a 5% annual return may be distributed to the Organization.

As of June 30, 2022, the funds are shown on the statement of financial position as follows:

Cash portion of the endowment	\$ 3,340
Endowment investments	<u>275,660</u>
Total endowment	<u>\$ 279,000</u>

The following changes in the Organization's beneficial interest in this Fund for the year ended June 30, 2022 were:

Balance - July 1, 2021	\$ 318,271
Additions	20,032
Change in value of interest in endowment fund investment income, net	(43,358)
Withdrawals	<u>(15,945)</u>
Ending Balance - June 30, 2022	<u>\$ 279,000</u>

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE (PPP)

In May 2020, the Organization received a First Draw Paycheck Protection Program ("PPP") loan from a bank of \$41,835 under the PPP established by the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). On August 4, 2021, this First Draw PPP loan was fully forgiven.

In January 2021, the Organization received a Second Draw PPP loan from a bank of \$43,220. On February 16, 2022, this Second Draw PPP loan was fully forgiven.

The total forgiveness of \$85,055 is recorded as loan forgiveness on the statement of activities for the year end June 30, 2022.

According to the rules of the U.S. Small Business Administration ("SBA"), the Organization is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full. Should the SBA conduct such a review and reject all or some of the Organization's judgements pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - LONG-TERM DEBT

On July 2, 2020, the Organization received proceeds (the "EIDL Loan") from the SBA of \$150,000 that matures on June 30, 2050 and bears interest at a rate of 2.75% per year.

On January 7, 2008, the Organization entered into a \$311,285 term. Payments of \$939 are due monthly, with all outstanding principal and interest due September 20, 2024. These payments include interest at a fixed rate per annum based on the 5-year Constant Maturity Treasury (CMT) plus 300 basis points for the first five years, then a one-time rate change to the then 5-year CMT, plus 300 basis points, fixed for the remaining five years of the term (6% rate ceiling). The interest rate was 4.75% at June 30, 2022. The term loan is secured by substantially all assets of the Organization.

At June 30, 2022, long-term debt consists of the following:

Term Loan	\$ 134,145
EIDL Loan	147,646
	<u>281,791</u>
Less: Current portion	(7,099)
Less: Loan costs, net	<u>(5,454)</u>
Long-term debt, net of current maturities	<u>\$ 269,238</u>

Future maturities of long-term debt as of June 30, 2022, are approximately as follows:

2023	\$ 7,099
2024	133,301
2025	4,114
2026	4,229
2027	4,346
Thereafter	<u>128,702</u>
	<u>\$ 281,791</u>

The Organization has a \$145,000, line of credit which is repayable on demand, with a maturity date of July 9, 2023. As of June 30, 2022, the outstanding balance on the line was \$0.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 - NET ASSETS

Net assets consisted of the following at June 30, 2022:

Beneficial interest in charitable remainder trusts	\$ 1,297,153
Burch fund	22,960
West End Home Foundation	15,000
Flipse Family Foundation Grant	<u>8,500</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,343,613</u>

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by occurrence of other events specified by donors. Net assets were released for the following purposes during the year ended June 30, 2022:

West End Home Foundation	\$ 35,000
Flipse Family Foundation Grant	9,500
Community Foundation of Middle Tennessee	<u>3,800</u>
Total assets released from restriction	<u>\$ 48,300</u>