

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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2010**

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

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(INDEPENDENT AUDITORS' REPORT)

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

We have audited the accompanying statement of financial position of **United Cerebral Palsy of Middle Tennessee, Inc.** (a nonprofit organization) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

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, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

CPA Consulting Group, PLLC

Nashville, Tennessee
May 10, 2011

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

CURRENT ASSETS

Cash	\$ 87,163
Accounts receivable	325
Grants receivable	34,634
Inventory	177,096
TOTAL CURRENT ASSETS	<u>299,218</u>

PROPERTY AND EQUIPMENT – NET

356,635

OTHER ASSETS

Loan costs, less accumulated amortization of \$322	967
Cash value - life insurance	5,641
TOTAL OTHER ASSETS	<u>6,608</u>

TOTAL ASSETS

\$ 662,461

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,180
Accrued wages	2,732
Accrued vacation	22,307
Payroll liabilities	861
Current portion of long term debt	1,320
TOTAL CURRENT LIABILITIES	<u>31,400</u>

LONG-TERM LIABILITIES

Note payable	100,786
TOTAL LONG-TERM LIABILITIES	<u>100,786</u>

TOTAL LIABILITIES

132,186

NET ASSETS

Temporarily Restricted	9,422
Unrestricted	507,178
Unrestricted – Board Designated	13,675
TOTAL NET ASSETS	<u>530,275</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 662,461

See accompanying notes to financial statements and independent auditor's report.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT				
Contributions & Grants	\$ 902,821	\$ 9,422	-	\$ 912,243
In-kind Donations	502,504	-	-	502,504
Investment income	65	-	-	65
Miscellaneous	106	-	-	106
Special Events Income	133,027	-	-	133,027
Net assets released from restriction	<u>17,848</u>	<u>(17,848)</u>		<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>1,556,371</u>	<u>(8,426)</u>	<u>-</u>	<u>1,547,945</u>
EXPENSES				
Program services	1,385,952	-	-	1,385,952
Management & General Expenses	124,464	-	-	124,464
Special Events Direct Expenses	71,488	-	-	71,488
Fundraising - Other	<u>4,747</u>	<u>-</u>	<u>-</u>	<u>4,747</u>
TOTAL EXPENSES	<u>1,586,651</u>	<u>-</u>	<u>-</u>	<u>1,586,651</u>
CHANGE IN NET ASSETS	(30,280)	(8,426)	-	(38,706)
NET ASSETS:				
BEGINNING OF YEAR	<u>551,133</u>	<u>17,848</u>	<u>-</u>	<u>568,981</u>
END OF YEAR	<u>\$ 520,853</u>	<u>\$ 9,422</u>	<u>-</u>	<u>\$ 530,275</u>

See accompanying notes to financial statements and independent auditor's report.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	PROGRAM SERVICES						SUPPORTING SERVICES				
	All Together Kids	Educational Travel	Equipment Exchange	Family Support	Home Access	Other Programs	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total Expenses
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129	\$ -	\$ 129	\$ 129
Bank Charges	-	-	-	-	-	-	-	5	-	5	5
Client Assistance	13,891	29,661	2,663	163,790	371,126	2,239	583,370	-	-	-	583,370
Continuing Education	-	500	-	-	-	-	500	-	-	-	500
Depreciation	100	574	1,582	1,946	1,707	3,745	9,654	9,016	114	9,130	18,784
Dues	-	-	-	-	-	-	-	7,818	-	7,818	7,818
Fees and Licenses	-	-	44	56	-	-	100	1,831	712	2,543	2,643
Food	-	-	-	-	-	20	20	166	1,614	1,780	1,800
In-Kind Donations	-	-	528,575	-	-	-	528,575	-	-	-	528,575
Insurance	-	-	-	6,665	-	-	6,665	32,972	-	32,972	39,637
Interest	-	-	-	-	-	-	-	6,849	-	6,849	6,849
Internet	-	-	-	21	-	-	21	1,758	587	2,345	2,366
Maintenance	-	-	-	-	-	-	-	100	-	100	100
Mileage and Travel	-	-	141	276	529	-	946	-	275	275	1,221
Payroll Expenses	32,972	6,750	31,917	44,936	47,493	50,561	214,629	32,957	19,471	52,428	267,057
Postage	5	-	-	308	107	-	420	1,010	232	1,242	1,662
Printing	-	-	-	187	-	-	187	273	700	973	1,160
Professional Services	-	1,477	5,100	1,278	-	427	8,282	14,140	7,579	21,719	30,001
Retirement Plan	-	-	-	-	-	-	-	1,760	-	1,760	1,760
Supplies	-	-	56	1,352	27,250	-	28,658	3,215	44,951	48,166	76,824
Telephone	-	-	-	2,884	-	42	2,926	4,222	-	4,222	7,148
Utilities	-	-	-	999	-	-	999	6,243	-	6,243	7,242
Total Program and Supporting Services	\$ 46,968	\$ 38,962	\$ 570,078	\$ 224,698	\$ 448,212	\$ 57,034	\$ 1,385,952	\$ 124,464	\$ 76,235	\$ 200,699	\$ 1,586,651

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	(\$ 38,706)
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:	
Amortization	129
Depreciation	18,784
(Increase) decrease in operating assets	
Accounts receivable	4,111
Grants receivable	58,383
Inventory	25,812
Cash Value - Life Insurance	(23)
Increase (decrease) in operating liabilities	
Accounts payable	(16,498)
Accrued expenses	3,171
Payroll liabilities	676
NET CASH USED IN OPERATING ACTIVITIES	<u>55,839</u>

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on note payable	<u>(1,326)</u>
NET USED IN FINANCING ACTIVITIES	<u>(1,326)</u>

NET DECREASE IN CASH 54,513

BEGINNING CASH 32,650

ENDING CASH \$ 87,163

See accompanying notes to financial statements and independent auditor's report.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General and Nature of Activities

United Cerebral Palsy of Middle Tennessee, Inc. (UCP) was incorporated under the laws of the State of Tennessee as a nonprofit organization 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.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At June 30, 2010, the Organization had no cash equivalents.

Estimates

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

Property and Equipment

It is UCP's policy to capitalize property and equipment over \$1,500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset ranging from 5 – 40 years. Expenditures for repairs and maintenance are charged to expense as incurred.

Inventory

Inventory consists of donated equipment to be used in the Equipment Exchange program. It is stated at estimated fair value based on its condition at the date of the donation.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Intangible assets include loan costs on a refinance of the building loan and are amortized over 120 months. Total amortization expense of intangible assets for the year ended June 30, 2010 was \$129.

Functional Allocation of Expenses

The costs of providing the programs and support services have been summarized on a functional basis in the statement of activities and statement of functional expenses. The statement of functional expenses has been prepared by allocating expenses between programs and supporting services.

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments. The fair value of the note payable approximates the carrying amount and is estimated based on current rates offered to the Organization.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Grants Receivable

The Organization receives several grants from the State of Tennessee. Most of these grants require submission of reimbursement requests before funds are disbursed. Grant revenue is recognized as these expenses are incurred. Grants receivable totaled \$34,634 at June 30, 2010.

UCP also receives a grant from the Tennessee Housing Development Agency. The Organization subcontracts for wheelchair ramps to be built and then requests payment from THDA for these ramps. The subcontractor must submit to the Organization a package of paperwork after the ramp is complete. It is the Organization's accounting policy not to submit the request to the State until the subcontractor has fulfilled its paperwork obligation. On occasion, paperwork has been submitted after the ramp is complete. Because of this unique policy, the Organization recognizes revenue from this grant when the reimbursement request is sent to the State.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Subsequent Events

Management has evaluated subsequent events through May 10, 2011, the date the financial statements were available to be issued.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The organization maintains its cash balances at several different banks. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. Cash in bank deposit accounts, at times during the year, may exceed federally insured limits. At June 30, 2010, the Company had no amounts in excess of FDIC insured limits.

The organization has state contracts which represent a significant source of revenue, amounting to approximately \$660,149 during the year ended June 30, 2010. Loss of any of these contracts would result in a loss of the programs they support.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable is comprised of amounts due to the organization from an outside party who hosts a fundraiser benefitting the organization.

NOTE 4 – BOARD DESIGNATED ASSET

In 1995, the Board of Directors designated \$13,675 to be used as an Endowment Fund. The Board intended this amount to remain permanently in the Endowment fund, and any interest income generated by this amount is to be unrestricted.

NOTE 5 – TEMPORARILY RESTRICTED ASSETS

The Burch family started a fund for persons of multiple births in which one or more of the persons has cerebral palsy and lives in the Franklin, Tennessee community. Each year the family makes a restricted donation to be used for medical equipment, therapy, and other needs of the qualified applicants. Total temporarily restricted net assets related to this fund at June 30, 2010 are \$9,422.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2010:

Building	\$ 363,648
Furniture & Equipment	35,163
Building Improvements	117,264
Vehicles	10,717
Less: Accumulated depreciation	<u>(170,157)</u>
Total Property and Equipment	<u>\$ 356,635</u>

Depreciation expense for the year ended June 30, 2010 is \$18,783.

NOTE 7 – LONG-TERM DEBT

The Organization has a note payable to Southeast Financial with an outstanding balance of \$102,103 at June 30, 2010. The note is secured by a building which is the facility from which UCP operates. The loan is payable in monthly installments of \$681 including interest at 6.75% per annum, and is scheduled to mature on January 7, 2018.

Future principal payments under note payable obligations as of June 30, 2010 for each of the remaining years and in the aggregate are as follows:

Year Ending:	Amount
June 30, 2011	\$ 1,316
2012	1,408
2013	1,506
2014	1,611
2015	1,723
Thereafter	<u>94,543</u>
Total	<u>\$ 102,107</u>

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 8 - DONATED PROPERTY

UCP receives donated equipment from various sources for use in their Equipment Exchange program. Donated property is included in In-kind donations on the statement of activities at estimated fair values amounting to \$502,504 for the year ended June 30, 2010. At June 30, 2010 there was \$177,096 of donated equipment listed as Inventory on the balance sheet for the Equipment Exchange program.

NOTE 9 - CASH FLOW INFORMATION

There were no income taxes paid. During the year, total interest paid was \$6,849.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Organization's mortgage loan on the building is with a financial institution whose President/CEO is a member of the Board of Directors of UCP. The terms of the loan are similar to those that would exist in an arm's length transaction with an unrelated party. (See Note 7.)

NOTE 11 – EMPLOYEE BENEFIT PLAN

On February 1, 2008, the Organization adopted a 401(k) plan covering substantially all of its employees. Employees may contribute up to the maximum allowable under the Internal Revenue Code. Under the plan, the Organization may make discretionary matching contributions. The Organization did not make a matching contribution for the year ended June 30, 2010. Plan expenses for the year ended June 30, 2010 were \$1,760.

NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported in the statement of financial position for cash and cash equivalents, receivables, inventory, and accounts payable approximate their fair value.

NOTE 13 – SUBSEQUENT EVENT

UCP is a beneficiary of a bequest from the estate of William Porter. The Organization received \$200,000 in January of 2011 from the estate. They also received two residential rental properties that have a combined appraised value of \$245,100. The Organization is currently considering whether to sell or keep these properties.