

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2006

(With Accountant's Review Report Thereon)

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2006

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

We have reviewed the accompanying statements of financial position of United Cerebral Palsy of Middle Tennessee, Inc. (a nonprofit organization) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the four months then ended. These financial statements are the responsibility of the Organization's management.

A review consists primarily of inquiries of the Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

*Akersloot, Patterson & Associates, P.L.L.C.*

February 10, 2007

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2006**

(See accountant's review report)

**ASSETS**

Current Assets:

Cash	\$ 143,883	
Receivables	48,983	
Inventory	<u>99,097</u>	
Total current assets		\$ 291,963

Property and Equipment, net 431,766

Other Assets 5,060

**\$ 728,789**

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Current installments of note payable	\$ 6,595	
Accounts payable	1,209	
Accrued expenses	<u>20,386</u>	
Total current liabilities		\$ 28,190

Note payable, less current installments 105,505

Total liabilities 133,695

Net Assets:

Unrestricted	568,783	
Unrestricted - board-designated	<u>13,675</u>	
Total unrestricted		582,458

Temporarily restricted 12,636

12,636

Total net assets 595,094

**\$ 728,789**

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FOUR MONTHS ENDED JUNE 30, 2006**

(See accountant's review report)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Public Support:				
Contributions	\$ 13,171	\$ 1,000	\$ -	\$ 14,171
Revenues:				
Grants	54,760	-	-	54,760
Special events income	135,267	-	-	135,267
Rental income	6,800	-	-	6,800
In-kind donations	89,588	-	-	89,588
Investment and interest income	247	-	-	247
Net assets released from restrictions	4,684	(4,684)	-	-
Total revenues	<u>291,346</u>	<u>(4,684)</u>	<u>-</u>	<u>286,662</u>
Total public support and revenues	<u>304,517</u>	<u>(3,684)</u>	<u>-</u>	<u>300,833</u>
Expenses and Losses:				
Program Services:				
Barry Dean Fulton	1,124	-	-	1,124
Burch Special Needs	4,969	-	-	4,969
Equipment Exchange	144,067	-	-	144,067
Educational Travel	11,678	-	-	11,678
Information Education	16,802	-	-	16,802
Video Productions	2,885	-	-	2,885
Home Access	54,914	-	-	54,914
Recreation	9,386	-	-	9,386
Public Education	3,242	-	-	3,242
Total program services	<u>249,067</u>	<u>-</u>	<u>-</u>	<u>249,067</u>
Supporting Services:				
Management and general	10,790	-	-	10,790
Fundraising	22,056	-	-	22,056
Total supporting services	<u>32,846</u>	<u>-</u>	<u>-</u>	<u>32,846</u>
Total program and supporting expenses	<u>281,913</u>	<u>-</u>	<u>-</u>	<u>281,913</u>
Increase (decrease) in net assets	<u>22,604</u>	<u>(3,684)</u>	<u>-</u>	<u>18,920</u>
Net assets - March 1, 2006	<u>559,854</u>	<u>16,320</u>	<u>-</u>	<u>576,174</u>
Net assets - June 30, 2006	<u>\$ 582,458</u>	<u>\$ 12,636</u>	<u>\$ -</u>	<u>\$ 595,094</u>

See accompanying notes to financial statements.

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FOUR MONTHS ENDED JUNE 30, 2006**

(See accountant's review report)

	Barry Dean Fulton	Program Services					Information Education	Video Productions
		Burch Special Needs	Equipment Exchange	Educational Travel				
Bank charges	\$ -	\$ -	\$ -	\$ -			\$ -	-
Client assistance	749	4,684	-	4,244			-	-
Depreciation	-	64	1,223	580			1,223	-
Dues	13	13	554	225			675	-
Fees and licenses	-	-	25	3			236	-
Food	1	1	28	13			41	-
In-kind donations	-	-	125,210	-			-	-
Insurance	60	60	2,295	1,087			2,295	-
Interest	-	-	-	-			-	-
Internet	3	3	97	46			97	-
Mileage and travel	-	-	28	1			3,098	-
Payroll expenses	272	118	10,075	2,507			8,140	2,185
Postage	3	3	112	50			106	-
Printing	6	6	230	109			230	-
Professional services	-	-	3,400	2,500			-	700
Supplies - office	3	3	119	56			119	-
Supplies - other	2	2	201	34			72	-
Telephone	6	6	224	106			224	-
Utilities	6	6	246	117			246	-
Total program and supporting services	\$ 1,124	\$ 4,969	\$ 144,067	\$ 11,678			\$ 16,802	\$ 2,885

See accompanying notes to financial statements.

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE FOUR MONTHS ENDED JUNE 30, 2006**

(See accountant's review report)

	Program Services			Supporting Services		Total
	Home Access	Recreation	Public Education	Total Program Services	Management and General	Expenses
\$	- \$	- \$	- \$	- \$	- \$	-
Bank charges	19,672	-	-	29,349	-	29,349
Client assistance	1,288	580	-	4,958	966	6,439
Depreciation	500	225	-	2,205	374	2,779
Dues	6	378	-	648	151	3,799
Fees and licenses	357	13	-	454	18	531
Food	-	-	-	125,210	-	125,210
In-kind donations	2,416	1,087	-	9,300	3,128	13,394
Insurance	-	-	-	-	2,582	2,582
Interest	102	46	-	394	74	509
Internet	295	1	-	3,423	71	3,494
Mileage and travel	16,144	6,584	3,242	49,267	708	58,080
Payroll expenses	112	50	-	436	84	631
Postage	242	109	-	932	182	2,378
Printing	-	-	-	6,600	1,805	8,405
Professional services	181	56	-	537	236	2,087
Supplies - office	13,105	34	-	13,450	124	19,773
Supplies - other	235	106	-	907	176	1,177
Telephone	259	117	-	997	182	1,296
Utilities	-	-	-	-	-	-
Total program and supporting services	\$ 54,914	\$ 9,386	\$ 3,242	\$ 249,067	\$ 10,790	\$ 281,913

See accompanying notes to financial statements.

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FOUR MONTHS ENDED JUNE 30, 2006**

(See accountant's review report)

Cash Flows From Operating Activities:		
Increase in net assets		\$ 18,920
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	\$ 6,439	
Changes in:		
Receivables	(47,281)	
Inventory	35,622	
Accounts payable	(9,557)	
Accrued expenses	<u>(514)</u>	
Total adjustments		<u>(15,291)</u>
Net cash provided by operating activities		3,629
Cash Flows From Investing Activities:		
Payments on note payable	<u>(2,092)</u>	
Net cash used in investing activities		<u>(2,092)</u>
Net increase in cash		1,537
Cash - March 1, 2006		<u>142,346</u>
Cash - June 30, 2006		<u><u>\$ 143,883</u></u>

**Supplemental Cash Flows Information**

Total interest paid for the four months ended June 30, 2006, was \$2,582.



**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE 1 - Summary of Significant Accounting Policies**

a. **Nature of Activities**

United Cerebral Palsy of Middle Tennessee, Inc., a locally governed affiliate of the national organization, United Cerebral Palsy Association, is a nonprofit organization, which was organized on May 23, 1985, to advance the independence and full citizenship of people with all types of disabilities. The Organization's mission is to affect positively, through providing unique assistance, the quality of life of physically disabled persons and their families in Middle Tennessee. Virtually all of the Organization's revenues and support for the four months ended June 30, 2006, was from the general public.

b. **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

**Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

c. **Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted cash, certificates of deposit and investment instruments purchased with original maturities of three months or less to be cash equivalents. At June 30, 2006, the Organization had no cash equivalents.

d. **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

e. **Grants Receivable and Revenues**

The Organization receives several grants from the State of Tennessee. Most of these grants require the submission of reimbursement requests before funds are disbursed. Grant revenue is recognized as these expenses are incurred. As of June 30, 2006, there were \$3,749 in grants receivable to the Organization.

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

e. **Grants Receivable and Revenues (continued)**

The Organization also receives a grant from the Tennessee Housing Development Agency (THDA). 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 sometime 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.

f. **Inventory**

Inventory consists of donated equipment to be used in the Equipment Exchange program and is stated at fair market value.

g. **Property and Equipment**

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred. It is the Organization's policy to capitalize purchases of fixed assets with a value of \$500 or more.

h. **Income Tax Status**

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Association is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

i. **Functional Allocation of Expenses**

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

j. **Use of 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. Actual results could differ from those estimates.

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

k. **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.

l. **Concentration of Credit Risk**

At June 30, 2006, and at various times through the four month period, the Organization had cash balances with banks exceeding \$100,000, which is the maximum insured by the Federal Deposit Insurance Corporation.

m. **Advertising**

Advertising is expensed as incurred.

**NOTE 2 - Property and Equipment**

Property and equipment at June 30, 2006, consists of the following:

Building	\$ 363,648
Furniture and equipment	17,824
Computers	17,339
Improvements	117,264
Vehicles	<u>10,717</u>
	526,792
Less: accumulated depreciation	<u>( 95,026)</u>
	<b><u>\$ 431,766</u></b>

**NOTE 3 - Donated Equipment**

The Organization receives a significant amount of donated equipment used in its Equipment Exchange program and in its operations. The revenue recognized for the four months ended June 20, 2006, for donated equipment was \$89,588.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 4 - Note Payable

The Organization has a note payable to a bank in the amount of \$112,100, payable in monthly installments of \$1,168 including interest at 6.9%, through maturity in January 2008. The note is collateralized by a building.

The following is a schedule of future maturities:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2007	\$ 6,595
2008	<u>105,505</u>
	112,100
Less: current installments	( <u>6,595</u> )
	<u>\$105,505</u>

NOTE 5 - Board Designated Assets

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 6 - 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 at June 30, 2006, is \$12,636.

NOTE 7 - Rental Income

The Organization rents real property on a month-to-month basis to an unrelated party. Rental income for the four months ended June 30, 2006 was \$6,800.