

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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2007**

**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, 2007, 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, 2007, 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

CPA Consulting Group PLLC

December 5, 2007

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

CURRENT ASSETS

| | |
|---------------------|----------------|
| Cash | \$ 175,779 |
| Accounts receivable | 30,930 |
| Inventory | <u>112,704</u> |

| | |
|-----------------------------|----------------|
| TOTAL CURRENT ASSETS | <u>319,413</u> |
|-----------------------------|----------------|

| | |
|-------------------------------------|----------------|
| PROPERTY AND EQUIPMENT – NET | <u>412,984</u> |
|-------------------------------------|----------------|

OTHER ASSETS

| | |
|-----------------------------|--------------|
| Cash Value - Life Insurance | <u>5,543</u> |
|-----------------------------|--------------|

| | |
|---------------------|--------------------------|
| TOTAL ASSETS | <u><u>\$ 737,940</u></u> |
|---------------------|--------------------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|-------------------------|----------------|
| Accounts payable | \$ 2,247 |
| Accrued expenses | 21,888 |
| Short-Term Note Payable | <u>106,126</u> |

| | |
|----------------------------------|----------------|
| TOTAL CURRENT LIABILITIES | <u>130,261</u> |
|----------------------------------|----------------|

NET ASSETS

| | |
|---------------------------------|---------------|
| Unrestricted | 594,004 |
| Unrestricted – Board Designated | <u>13,675</u> |

| | |
|-------------------------|----------------|
| TOTAL NET ASSETS | <u>607,679</u> |
|-------------------------|----------------|

| | |
|---|--------------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 737,940</u></u> |
|---|--------------------------|

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, 2007

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------|
| REVENUE AND OTHER SUPPORT | | | | |
| Contributions & Grants | \$ 503,788 | - | - | \$ 503,788 |
| Contract Earnings | 24,747 | - | - | 24,747 |
| In-kind Donations | 340,877 | - | - | 340,877 |
| Investment income | 1,102 | - | - | 1,102 |
| Rental Income | 20,400 | - | - | 20,400 |
| Special Events Income | 184,420 | - | - | 184,420 |
| Net Assets Released from Restrictions | <u>12,636</u> | <u>(12,636)</u> | <u>-</u> | <u>-</u> |
| TOTAL REVENUE AND OTHER SUPPORT | <u>1,087,970</u> | <u>(12,636)</u> | <u>-</u> | <u>1,075,334</u> |
| EXPENSES | | | | |
| Program services | 909,034 | | | 909,034 |
| Management & General Expenses | 48,747 | - | - | 48,747 |
| Fundraising Expenses | <u>104,968</u> | <u>-</u> | <u>-</u> | <u>104,968</u> |
| TOTAL EXPENSES | <u>1,062,749</u> | <u>-</u> | <u>-</u> | <u>1,062,749</u> |
| CHANGE IN NET ASSETS | 25,221 | (12,636) | - | 12,585 |
| NET ASSETS: | | | | |
| BEGINNING OF YEAR | <u>582,458</u> | <u>12,636</u> | <u>-</u> | <u>595,094</u> |
| END OF YEAR | <u>\$ 607,679</u> | <u>-</u> | <u>-</u> | <u>\$ 607,679</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, 2007

| | PROGRAM SERVICES | | | | | | SUPPORTING SERVICES | | | |
|--|-----------------------|-----------------------|-------------------|-------------------|-------------------|------------------------------|-------------------------|-------------------|---------------------------------|---------------------|
| | Educational Travel | Equipment Exchange | Family Support | Home Access | Other Programs | Total Program Services | Management & General | Fundraising | Total Supporting Services | Total Expenses |
| Bank Charges | - | - | - | - | - | - | 320 | - | 320 | 320 |
| Client Assistance | 27,968 | - | 202,282 | 63,804 | 22,846 | 316,900 | - | - | - | 316,900 |
| Continuing Education | 1 | 5 | 8 | 5 | 154 | 173 | 4 | 6 | 10 | 183 |
| Depreciation | 577 | 1,581 | 1,946 | 1,707 | 3,749 | 9,560 | 9,016 | 207 | 9,223 | 18,783 |
| Dues | 211 | 991 | 1,459 | 987 | 1,433 | 5,081 | 696 | 1,112 | 1,808 | 6,889 |
| Equipment Maintenance | 14 | 253 | 99 | 67 | 97 | 530 | 47 | 76 | 123 | 653 |
| Fees and Licenses | 30 | 195 | 210 | 241 | 694 | 1,370 | 779 | 540 | 1,319 | 2,689 |
| Food | 2 | 10 | 158 | 156 | 76 | 402 | 7 | 1,307 | 1,314 | 1,716 |
| Grant Expenses | 3,749 | - | - | - | - | 3,749 | - | - | - | 3,749 |
| In-Kind Donations | - | 327,270 | - | - | - | 327,270 | - | - | - | 327,270 |
| Insurance | 847 | 3,980 | 5,857 | 3,964 | 5,694 | 20,342 | 3,988 | 4,466 | 8,454 | 28,796 |
| Interest | - | - | - | - | - | - | 8,047 | - | 8,047 | 8,047 |
| Internet | 59 | 276 | 791 | 275 | 411 | 1,812 | 194 | 394 | 588 | 2,400 |
| Miscellaneous | - | - | - | - | - | - | - | 1,289 | 1,289 | 1,289 |
| Mileage and Travel | - | 50 | 336 | 841 | 3,045 | 4,272 | - | 36 | 36 | 4,308 |
| Payroll Expenses | 4,624 | 26,676 | 48,355 | 28,619 | 38,565 | 146,839 | 19,218 | 32,476 | 51,694 | 198,533 |
| Postage | 25 | 115 | 1,263 | 164 | 3,802 | 5,369 | 81 | 497 | 578 | 5,947 |
| Printing | 12 | 56 | 282 | 56 | 2,485 | 2,891 | 39 | 1,993 | 2,032 | 4,923 |
| Professional Services | 385 | 14,241 | 2,664 | 1,803 | 3,002 | 22,095 | 1,271 | 23,125 | 24,396 | 46,491 |
| Property Taxes | - | - | - | - | - | - | 3,767 | - | 3,767 | 3,767 |
| Supplies | 52 | 1,114 | 2,707 | 23,210 | 4,639 | 31,722 | - | 35,920 | 35,920 | 67,642 |
| Telephone | 121 | 569 | 2,545 | 567 | 815 | 4,617 | 400 | 639 | 1,039 | 5,656 |
| Utilities | 169 | 792 | 1,163 | 786 | 1,130 | 4,040 | 873 | 885 | 1,758 | 5,798 |
| Total Program and Supporting Services | \$ 38,846 | \$ 378,174 | \$ 272,125 | \$ 127,252 | \$ 92,637 | \$ 909,034 | \$ 48,747 | \$ 104,968 | \$ 153,715 | \$ 1,062,749 |

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|---------------|
| Increase in net assets | \$ 12,585 |
| Adjustments to reconcile increase in net assets to net cash flows provided by operating activities: | |
| Depreciation | 18,783 |
| (Increase) decrease in operating assets | |
| Accounts receivable | 18,052 |
| Inventory | (13,607) |
| Cash Value - Life Insurance | (483) |
| Increase (decrease) in operating liabilities | |
| Accounts payable | 1,038 |
| Accrued expenses | 1,502 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>37,870</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|-------------------|
| Principal payments on note payable | <u>(5,974)</u> |
| NET CASH (USED) IN FINANCING ACTIVITIES | <u>(5,974)</u> |
| NET INCREASE IN CASH | 31,896 |
| BEGINNING CASH | <u>143,883</u> |
| ENDING CASH | <u>\$ 175,779</u> |

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

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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.

Financial Statement Presentation

The financial statements of UCP have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. UCP has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets are 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 on the Statement of Activities as unrestricted. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization to use all or part of the income earned and any related investments for general or specific purposes. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

UCP considers all unrestricted cash invested in instruments with original maturities of three months or less to be cash equivalents. At June 30, 2007, the Organization had no cash equivalents.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect 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. Purchased property and equipment are 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.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Revenue Recognition

UCP has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose 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 \$3,692 at June 30, 2007.

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.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

UCP is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not considered a private foundation under Section 509(a) of the IRC Code. However, the organization rents a portion of their facility to an unrelated party incurring unrelated business income. Rental income for the year ended June 30, 2007 was \$20,400. Direct costs associated with this activity offset the income; therefore, no provision for federal incomes taxes is included in the accompanying financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several different banks. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 at each institution. Cash in bank deposit accounts, at times during the year, may exceed federally insured limits. At June 30, 2007, the Company had no amounts in excess of FDIC insured limits.

NOTE 3 – ACCOUNTS RECEIVABLE

A significant portion of accounts receivable is comprised of amounts due to the organization from an outside party who hosted a fundraiser benefiting 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 ASSET

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, 2007 are \$0.

UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 – TEMPORARILY RESTRICTED ASSET

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, 2007 are \$0.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2007:

| | |
|--------------------------------|-------------------|
| Building | 363,648 |
| Furniture & Equipment | 35,163 |
| Leasehold Improvements | 117,264 |
| Vehicles | 10,717 |
| Less: Accumulated depreciation | <u>(113,808)</u> |
| | <u>\$ 412,984</u> |

NOTE 8 – NOTE PAYABLE

The Organization has a note payable to Bank of Nashville in the amount of \$106,126 at June 30, 2007. The note is secured by a building. It is payable in monthly installments of \$1,168 including interest at 6.9% per annum, and is scheduled to mature on January 8, 2008.

UCP is currently in the process of renegotiating the note for a longer term.

NOTE 9 - DONATED PROPERTY

UCP receives donated equipment from various sources for use in their Equipment Exchange program. Donated property meeting the criteria of SFAS No. 116 is included in In-kind donations on the statement of activities at estimated fair values amounting to \$340,877 for the year ended June 30, 2007. At June 30, 2007 there was \$112,704 of donated equipment listed as Inventory on the balance sheet for the Equipment Exchange program.

NOTE 10 - CASH FLOW INFORMATION

There were no income taxes paid. During the year, total interest paid was \$8,047.