

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2009**

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

**Table of Contents**

	<u>Page</u>
<b>Independent Auditors' Report .....</b>	<b>1</b>
<b>Financial Statements:</b>	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 - 10



**(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, 2009, 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, 2009, 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*

February 5, 2010

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 32,650
Accounts receivable	97,453
Inventory	202,908

<b>TOTAL CURRENT ASSETS</b>	330,011
-----------------------------	---------

<b>PROPERTY AND EQUIPMENT – NET</b>	375,418
-------------------------------------	---------

**OTHER ASSETS**

Loan costs, less accumulated amortization of \$193	1,095
Cash value - life insurance	5,618

<b>TOTAL OTHER ASSETS</b>	6,713
---------------------------	-------

<b>TOTAL ASSETS</b>	\$ 715,142
---------------------	------------

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 20,679
Accrued expenses	21,868
Payroll liabilities	184
Current portion of long term debt	1,126

<b>TOTAL CURRENT LIABILITIES</b>	43,857
----------------------------------	--------

**LONG-TERM LIABILITIES**

Note payable	102,304
--------------	---------

<b>TOTAL LONG-TERM LIABILITIES</b>	102,304
------------------------------------	---------

<b>TOTAL LIABILITIES</b>	146,161
--------------------------	---------

**NET ASSETS**

Temporarily Restricted	20,430
Unrestricted	534,876
Unrestricted -- Board Designated	13,675

<b>TOTAL NET ASSETS</b>	568,981
-------------------------	---------

<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 715,142
---	------------

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, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions & Grants	\$ 801,095	\$ 17,848	\$ -	\$ 818,943
In-kind Donations	578,335	-	-	578,335
Investment income	209	-	-	209
Miscellaneous	7	-	-	7
Special Events Income	<u>132,890</u>	<u>-</u>	<u>-</u>	<u>132,890</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>1,512,536</u>	<u>17,848</u>	<u>-</u>	<u>1,530,384</u>
<b>EXPENSES</b>				
Program services	1,475,278	-	-	1,475,278
Management & General Expenses	53,645	-	-	53,645
Fundraising Expenses	<u>65,410</u>	<u>-</u>	<u>-</u>	<u>65,410</u>
<b>TOTAL EXPENSES</b>	<u>1,594,333</u>	<u>-</u>	<u>-</u>	<u>1,594,333</u>
<b>CHANGE IN NET ASSETS</b>	(81,797)	17,848	-	(63,949)
<b>NET ASSETS:</b>				
<b>BEGINNING OF YEAR</b>	<u>632,930</u>	<u>-</u>	<u>-</u>	<u>632,930</u>
<b>END OF YEAR</b>	<u>\$ 551,133</u>	<u>\$ 17,848</u>	<u>\$ -</u>	<u>\$ 568,981</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, 2009**

	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	-	-	-	-	-	-	-	31	-	31	31
Client Assistance	69,087	31,742	-	172,989	327,114	7,762	608,694	-	-	-	608,694
Continuing Education	-	-	-	-	-	594	594	-	-	-	594
Depreciation	100	577	1,582	1,946	1,707	3,745	9,657	9,016	111	9,127	18,784
Dues	45	415	1,776	45	2,791	1,949	7,021	83	746	829	7,850
Fees and Licenses	-	5	1	-	3	2	11	1,446	413	1,859	1,870
Food	-	-	-	-	-	240	240	632	461	1,093	1,333
In-Kind Donations	-	-	560,415	-	-	-	560,415	-	-	-	560,415
Insurance	2,951	1,320	5,650	3,210	8,878	6,153	28,162	358	1,931	2,289	30,451
Interest	-	-	-	-	-	-	-	7,117	-	7,117	7,117
Internet	174	58	250	363	392	272	1,509	164	124	288	1,797
Mileage and Travel	-	-	297	335	451	643	1,726	-	-	-	1,726
Parking	-	-	-	-	-	-	-	-	8	8	8
Payroll Expenses	35,160	6,899	29,520	49,790	46,399	32,155	199,923	23,812	14,689	38,501	238,424
Postage	282	7	184	639	378	111	1,601	85	261	346	1,947
Printing	-	-	-	-	-	-	-	52	32	84	84
Professional Services	275	196	5,576	1,251	135	595	8,028	6,466	19,778	26,244	34,272
Retirement Plan	-	-	-	-	-	-	-	540	-	540	540
Supplies	442	176	771	1,130	33,711	1,345	37,575	777	24,878	25,655	63,230
Telephone	761	202	863	2,411	1,392	940	6,569	-	430	430	6,999
Utilities	989	599	156	1,176	411	222	3,553	2,937	1,548	4,485	8,038
<b>Total Program and Supporting Services</b>	<u>\$110,266</u>	<u>\$ 42,196</u>	<u>\$607,041</u>	<u>\$235,285</u>	<u>\$423,762</u>	<u>\$ 56,728</u>	<u>\$1,475,278</u>	<u>\$ 53,645</u>	<u>\$ 65,410</u>	<u>\$119,055</u>	<u>\$ 1,594,333</u>

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ (63,949)
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:	
Amortization	129
Depreciation	18,783
(Increase) decrease in operating assets	
Accounts receivable	(19,436)
Inventory	(17,920)
Cash Value - Life Insurance	(38)
Increase (decrease) in operating liabilities	
Accounts payable	7,517
Accrued expenses	211
Payroll liabilities	(3,889)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(78,592)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

**NET CASH USED IN INVESTING ACTIVITIES**

-  
-

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal payments on note payable	(1,058)
<b>NET USED IN FINANCING ACTIVITIES</b>	<u>(1,058)</u>

**NET DECREASE IN CASH** (79,650)

**BEGINNING CASH** 112,300

**ENDING CASH** \$ 32,650

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

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, 2009, the Organization had no cash equivalents.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. 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, 2009**

**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.

**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, 2009 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.

**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 \$93,017 at June 30, 2009.

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, 2009**

**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.

**Subsequent Events**

Management has evaluated subsequent events through February 5, 2010, 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 \$100,000 at each institution. Cash in bank deposit accounts, at times during the year, may exceed federally insured limits. At June 30, 2009, 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 \$710,064 during the year ended June 30, 2009. Loss of any of these contracts would result in a loss of the programs they support.

**NOTE 3 – ACCOUNTS RECEIVABLE**

A portion of 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, 2009 are \$2,582.

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 5 – TEMPORARILY RESTRICTED ASSETS (Continued)**

The Organization has a Disability Housing Assistance Grant in which they are paid half of the grant money at the beginning of projects and the other half upon completion. As of June 30, 2009, half of the grant money had been awarded. Total temporarily restricted net assets at June 30, 2009 related to this grant are \$17,848.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2009:

Building	\$ 363,648
Furniture & Equipment	35,163
Building Improvements	117,264
Vehicles	10,717
Less: Accumulated depreciation	<u>(151,374)</u>
Total Property and Equipment	<u><u>\$ 375,418</u></u>

Depreciation expense for the year ended June 30, 2009 is \$18,783.

**NOTE 7 – LONG-TERM DEBT**

The Organization has a note payable to Southeast Financial with an outstanding balance of \$103,429 at June 30, 2009. 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, 2009 for each of the remaining years and in the aggregate are as follows:

Year Ending:	Amount
June 30, 2010	\$ 1,126
2011	1,310
2012	1,401
2013	1,499
2014	1,603
Thereafter	<u>96,490</u>
Total	<u><u>\$ 103,429</u></u>

**UNITED CEREBRAL PALSY OF MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 8 - 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 \$578,335 for the year ended June 30, 2009. At June 30, 2009 there was \$202,908 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 \$7,117.

**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 original loan amount was \$105,038, and the interest rate is 6.75% per annum, payable over a total of 120 months. 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, 2009. Plan expenses for the year ended June 30, 2009 were \$540.

**NOTE 12 – SUBSEQUENT EVENT**

The Organization was awarded a grant from the Baptist Healing Trust in the amount of \$37,500. UCP has received the first installment of \$18,750 in September, 2009.

The Organization also received a grant from the Walmart Foundation in the amount of \$50,000. The grant was received in November, 2009.