

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

For the Nine Months Ending
June 30, 2010

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Nine Months Ended June 30, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	2
 FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
 NOTES TO FINANCIAL STATEMENTS	 8 - 13
 SUPPLEMENTAL SCHEDULES	
Combining Statement of Financial Position (Schedule I).....	15
Combining Statement of Activities (Schedule II).....	16

CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

Executive Board

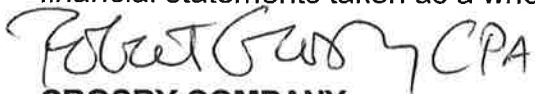
United Cerebral Palsy Association of San Luis Obispo County, Inc.
San Luis Obispo, California

I have audited the accompanying statement of financial position of United Cerebral Palsy Association of San Luis Obispo County, Inc. (a non-profit organization), as of June 30, 2010, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the nine months then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy Association of San Luis Obispo County, Inc., as of June 30, 2010, and the changes in its net assets and its cash flows for the nine months then ended in conformity with U.S. generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining financial statement schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.



CROSBY COMPANY
Certified Public Accountant

January 11, 2011

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF FINANCIAL POSITION
June 30, 2010

ASSETS

Current assets:

Cash and cash equivalents	\$	44,054
Accounts receivable, net allowance of \$19,137		496,076
Prepaid expenses		31,514
Deposit		8,716

Total current assets		580,360
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Property and equipment:

Property and equipment, net accumulated depreciation of \$2,169,734		837,457
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Other assets:

Deposits		31,391
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Total other assets		31,391
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Total assets		\$ 1,449,208
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LIABILITIES AND NET ASSETS

Current liabilities:

Bank overdraft	\$	83,570
Accounts payable		148,754
Accrued expenses		168,094
Deposits		4,433
Line of credit - current portion		101,208
Loans payable - current portion		47,689

Total current liabilities		553,748
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Long-term liabilities:

Loans payable - net current portion		120,099
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Total long-term liabilities		120,099
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Total liabilities		673,847
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Net assets:

Temporarily restricted		5,000
Unrestricted		770,361

Total net assets		775,361
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Total liabilities and net assets		\$ 1,449,208
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**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF ACTIVITIES
For the Nine Months Ended June 30, 2010

Revenue, gains and support:

Transportation	\$ 2,945,894
Program income	516,212
Grant income	439,609
Contributions	2,500
Special event, net expenses of \$8,009	4,724
Gain on disposal of fixed assets	2,232
Other income	65,435

Total revenue, gains and support	3,976,606
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Functional expenses:

Program services	3,598,578
Management and general	160,046
Fundraising	8,295

Total expenses	3,766,919
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Change in net assets	\$ 209,687
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**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENTS OF CHANGES IN NET ASSETS
For the Nine Months Ended June 30, 2010

Net assets - September 30, 2009:

Change in net assets

Net assets - June 30, 2010:

\$	565,674
	209,687
\$	775,361

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES
For the Nine Months Ended June 30, 2010

Expenses:	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries and wages	\$ 1,498,146	\$ 125,000	\$ 4,000	\$ 1,627,146
Payroll taxes	106,589	8,750	280	115,619
Employee benefits	185,314	15,000	480	200,794
Accounting	34,326			34,326
Advertising and marketing	21,773		675	22,448
Bad debt expense	15,289			15,289
Bank charges	5,301			5,301
Computer expense	698			698
Depreciation	169,330			169,330
Insurance	126,215	3,500	1,200	130,915
Interest	16,375			16,375
Legal and professional	9,800			9,800
Licenses and fees	2,855			2,855
Membership dues	6,940			6,940
Miscellaneous expense	592			592
Occupancy	51,018	4,800	600	56,418
Parking expense	865			865
Postage	1,767	176	220	2,163
Printing	3,178	300	180	3,658
Program expense	56,544			56,544
Repairs and maintenance	148,556			148,556
Risk management	2,483			2,483
Supplies	10,476	850	250	11,576
Telephone and communication	40,132	720	210	41,062
Tour expense	110,348			110,348
Training and education	6,037	950	200	7,187
Transportation	937,009			937,009
National share and awards	30,622			30,622
Total expenses	\$ 3,598,578	\$ 160,046	\$ 8,295	\$ 3,766,919

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF CASH FLOWS
For the Nine Months Ended June 30, 2010

Cash flows from operating activities:

Change in net assets	\$ 209,687
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	169,330
Gain on disposal of fixed assets	(2,232)
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	164,320
(Increase) decrease in prepaid expenses	16,671
(Increase) decrease in deposits	(30,528)
Increase (decrease) in accounts payable	(453)
Increase (decrease) in accrued expenses	28,758
Increase (decrease) in deposits	(5,281)
Increase (decrease) in deferred income	(351,587)
Net cash flows provided by operating activities	198,685

Cash flows from investing activities:

Proceeds from sale of equipment	5,000
Purchase of equipment	(241,398)
Net cash flows provided (used) by investing activities	(236,398)

Cash flows from financing activities:

Proceeds form line of credit	71,207
Payment on line of credit	(65,317)
Proceeds on long-term notes	42,458
Payment on long-term notes	(37,761)
Net cash flows provided by financing activities	10,587

Net change in cash and cash equivalents:

(27,126)

Cash and cash equivalents (bank overdraft) at beginning of period:

(12,390)

Cash and cash equivalents (bank overdraft) at end of period:

\$ (39,516)

Supplemental schedule of noncash investing and financing activities:

Interest paid	\$ 16,375
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**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 1: HISTORY AND ORGANIZATION

United Cerebral Palsy Association of San Luis Obispo County, Inc. (UCP) is a non-profit, non-stock corporation, public benefit organization organized under the laws of the State of California, in 1994, and is dedicated to further, by public education, the knowledge of the causes and treatments of Cerebral Palsy and other developmental disabilities and to promote public awareness of the capabilities of people with such disabilities; to provide community access for developmentally disabled people and their families; to solicit, collect and otherwise raise money for the above purposes. Originally, the organization was borne out of a transfer of assets and associated liabilities from United Cerebral Palsy Association of California, Inc.

Description of Programs

1. **United Cerebral Palsy** program offers services for individuals with Cerebral Palsy and other developmental, designed to provide and allow them to be a part of the community. Services offered for children and their families include respite care, social facilitation, sibling support groups, family advocacy network, parents helping parents, and programs allowing parents time away from home. Adults services include Community Interaction Program (CIP) transportation, leisure club events, tours, weeklong camp, and informational and referral services in San Luis Obispo County.
2. **Ride-On** program was established to fulfill the need for social service transportation. Rides are available to the disabled as well as non-disabled persons. Fees are charged at the same rate for each passenger.
3. **Transportation Management Association (TMA)** program uses Ride-On vehicles to encourage group transportation with vanpools and shuttles to reduce traffic congestion and air pollution throughout San Luis Obispo County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on the accrual basis of accounting. The financial resources are maintained in accordance with the principles of fund accounting.

The **unrestricted operating fund** is utilized to record contributions, fund-raising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fund-raising efforts of the Organization.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The *temporarily restricted fund* is utilized to record resources received by the Organization that are temporarily restricted as to use by the donor or grantor. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets.

Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents includes all liquid investments including money market accounts and certificates of deposits.

Accounts Receivable

Management has accrued an allowance for doubtful accounts receivable totaling \$19,137 based on the organization's credit policies, prior collection experience, and the type of customers associated with UCP.

Property and Equipment

Property and equipment are recorded at cost and at fair market value at the date of gift, for items contributed. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of the related asset.

Income Tax

UCP is recognized by the Internal Revenue Service as a qualified section 501(c)(3), non-profit organization, and as such, is not liable for Federal income or State franchise tax.

Functional Allocation of Expenses

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

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time periods in which the contribution is received, the Organization reports the support as unrestricted.

NOTE 3: PROPERTY AND EQUIPMENT

Summaries of fixed assets by major classifications are as follows:

	September 30, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	June 30, <u>2010</u>
Vehicles	\$ 2,531,214	\$ 174,802	\$ (58,086)	\$ 2,647,930
Furniture and equipment	295,433	66,596	(2,768)	359,261
	<u>2,826,647</u>	<u>\$ 241,398</u>	<u>\$ (60,854)</u>	<u>3,007,191</u>
Less: accumulated depreciation	<u>(2,058,490)</u>	<u>\$ (169,330)</u>	<u>\$ 58,086</u>	<u>(2,169,734)</u>
Total property and equipment	<u>\$ 768,157</u>			<u>\$ 837,457</u>

Depreciation expense for June 30, 2010 was \$169,330.

NOTE 4: DONATED MATERIALS AND SERVICES

UCP receives donations of time and services from members of the community and volunteers. The value of these donations is not reflected in the accompanying financial statements since no objective basis is available to measure the value of these services. In-kind donations of fixed assets and supplies used directly by the organization are valued at their appraised values at the time of the receipt.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 5: ACCRUED EXPENSES

Accrued expenses at June 30, 2010 consist of the following:

Accrued salaries	\$	96,705
Accrued vacation		70,256
Accrued employee benefits		<u>1,133</u>
Total accrued expenses	\$	<u>168,094</u>

Compensated absences are calculated using vacation days earned at the individual employee's current hourly rate. Full-time UCP employees can earn up to 150 hours of paid leave time per year, depending on years of service.

NOTE 6: CONCENTRATIONS

The Tri Counties Regional Center provides funds for transportation services provided by the Organization. Total Tri Counties Regional Center funding for the nine months ended June 30, 2010 was \$1,490,275, which represents approximately 37.5% of the Organization's total support revenue sources.

The Organization maintains its cash in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no uninsured cash balances at June 30, 2010. Effective October 3, 2008, the FDIC temporarily increased insured deposits from \$100,000 to \$250,000. This insured limit is scheduled to return to the \$100,000 limit after December 31, 2013.

NOTE 7: LINE OF CREDIT

A line of credit was established with First Bank of San Luis Obispo for \$100,000. This line of credit had a \$101,208 balance at June 30, 2010. The interest rate is variable, based on 2% over West Coast Prime rate, with an interest rate floor of 6% and an interest rate ceiling of 30%. The line of credit was subsequently refinanced with a new line of credit on September 30, 2010.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 8: NOTES PAYABLE

Notes payable consist of the following:

	September 30, <u>2009</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2010</u>
Mission Community Bank, dated August 31, 2009, secured by equipment, monthly payments of \$322.31, include interest at 7.25%, due August 2014.	\$ 15,871	\$ -	\$ 2,063	\$ 13,808
Mission Community Bank, dated November 27, 2009, secured by equipment, monthly payments of \$404.64, include interest at 6.75%, due November 2014.		20,512	2,060	18,452
Ford Motor Credit, dated December 1, 2009, secured by equipment, monthly payments of \$445.26, include interest at 8.03%, due November 2014.		21,946	2,132	19,814
First Bank of San Luis Obispo, dated July 20, 2005, secured by equipment, monthly payments of \$657.10, include interest at 6%, due July 2010.	6,504		5,854	650
First Bank of San Luis Obispo (nine notes), various dates, secured by equipment, monthly payments of \$3,614.09, include interest at 7%, due dates from November 2012 through October 2013.	140,716		25,652	115,064
	<u>163,091</u>	<u>42,458</u>	<u>37,761</u>	<u>167,788</u>
Total notes payable	\$ <u>163,091</u>	\$ <u>42,458</u>	\$ <u>37,761</u>	\$ <u>167,788</u>
Current notes payable	\$ <u>53,735</u>			\$ <u>47,689</u>
Long-term notes payable	\$ <u>109,356</u>			\$ <u>120,099</u>

See Auditor's report

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 8: NOTES PAYABLE (continued)

Required principal and interest payments for the next five years are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 47,689	\$ 10,400	\$ 58,089
2012	50,492	6,942	57,434
2013	47,277	3,358	50,635
2014	17,666	918	18,584
2015	<u>4,664</u>	<u>79</u>	<u>4,743</u>
Totals	<u>\$ 167,788</u>	<u>\$ 21,697</u>	<u>\$ 189,485</u>

NOTE 9: LEASE COMMITMENTS

The Organization leases facilities under two separate lease agreements; the Corporate offices and the vehicle maintenance facility.

The vehicle maintenance facility lease is on a month to month basis. Currently the monthly rent is \$1,690.

The Corporate offices lease is dated April 1, 2009 and expires March 31, 2014. Monthly lease payments are currently \$4,680, increasing incrementally to \$5,190 over the term of the lease.

Minimum future lease payments are, as follows:

Year Ending June 30,	<u>Payment Total</u>
2011	\$ 56,540
2012	58,690
2013	60,330
2014	<u>51,900</u>
Totals	<u>\$ 227,460</u>

SUPPLEMENTAL SCHEDULES

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

SUPPLEMENTAL SCHEDULE I
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2010

ASSETS

Current assets:

Cash and cash equivalents
Accounts receivable
Prepaid expenses
Due from other funds
Deposit

Total current assets

Property and equipment:

Property and equipment, net of
accumulated depreciation

Other assets:

Deposits

Total other assets

Total assets

	United Cerebral Palsy	Ride-On	Transportation Management Association	Totals
	\$ 36,484	\$ -	\$ 7,570	\$ 44,054
	31,224	443,133	21,719	496,076
	3,000	28,514		31,514
			550,475	550,475
		8,716		8,716
	70,708	480,363	579,764	1,130,835
	3,293	834,164		837,457
	31,391			31,391
	31,391	-	-	31,391
	\$ 105,392	\$ 1,314,527	\$ 579,764	\$ 1,999,683

LIABILITIES AND NET ASSETS

Current liabilities:

Bank overdraft
Accounts payable
Accrued expenses
Due to other funds
Deposits
Line of credit - current portion
Loans payable - current portion

Total current liabilities

Long-term liabilities:

Line of credit - net current portion
Loans payable - net current portion

Total long-term liabilities

Total liabilities

Net assets:

Temporarily restricted
Unrestricted

Total net assets

Total liabilities and net assets

	\$ -	\$ 83,570	\$ -	\$ 83,570
	20,515	126,412	1,827	148,754
	42,136	120,114	5,844	168,094
	322,263	228,212		550,475
			4,433	4,433
		101,208		101,208
		47,689		47,689
	384,914	707,205	12,104	1,104,223
		120,099		120,099
	-	120,099	-	120,099
	384,914	827,304	12,104	1,224,322
	5,000			5,000
	(284,522)	487,223	567,660	770,361
	(279,522)	487,223	567,660	775,361
	\$ 105,392	\$ 1,314,527	\$ 579,764	\$ 1,999,683

The accompanying notes are an integral part of this financial statement.

**UNITED CEREBRAL PALSY ASSOCIATION
OF SAN LUIS OBISPO COUNTY, INC.**

SUPPLEMENTAL SCHEDULE II
COMBINING STATEMENT OF ACTIVITIES
For the Nine Months Ended June 30, 2010

	United Cerebral Palsy	Ride-On	Transportation Management Association	Totals
Revenue, gains and support:				
Transportation	\$ -	\$ 2,492,774	\$ 453,120	\$ 2,945,894
Program income	516,212			516,212
Grant income	4,000	429,799	5,810	439,609
Contributions	2,500			2,500
Special event net expenses	4,724			4,724
Loss on disposal of fixed assets		2,232		2,232
Other income	2,702	59,211	3,522	65,435
Total revenue, gains and support	530,138	2,984,016	462,452	3,976,606
Expenses:				
Salaries and wages	352,338	1,192,975	81,833	1,627,146
Payroll taxes	18,531	91,127	5,961	115,619
Employee benefits	14,714	181,267	4,813	200,794
Accounting	5,008	26,117	3,201	34,326
Advertising and marketing	2,540	1,276	18,632	22,448
Bad debt expense			15,289	15,289
Bank charges	1,445	760	3,096	5,301
Computer expense	698			698
Depreciation	646	168,684		169,330
Insurance	14,359	104,750	11,806	130,915
Interest		16,375		16,375
Legal and professional	924	8,150	726	9,800
Licenses and fees		2,855		2,855
Membership dues	6,015	925		6,940
Miscellaneous expense	394		198	592
Occupancy	12,242	35,125	9,051	56,418
Parking expense	202		663	865
Postage	1,146	929	88	2,163
Printing	1,985		1,673	3,658
Program expense	56,544			56,544
Repairs and maintenance	1,832	143,216	3,508	148,556
Risk management		2,483		2,483
Supplies	1,411	10,165		11,576
Telephone and communication	1,401	39,061	600	41,062
Tour expense	102,105	8,243		110,348
Training and education	223	6,964		7,187
Transportation	23,964	595,315	317,730	937,009
National share and awards	30,622			30,622
Total expenses	651,289	2,636,762	478,868	3,766,919
Change in net assets	(121,151)	347,254	(16,416)	209,687
Net assets - beginning of period	(158,371)	139,969	584,076	565,674
Net assets - end of period	\$ (279,522)	\$ 487,223	\$ 567,660	\$ 775,361

The accompanying notes are an integral part of this financial statement.