

**United Cerebral Palsy of Central
Pennsylvania and Subsidiary**

Consolidated Financial Statements and
Supplementary Information

Years Ended June 30, 2021 and 2020
with Independent Auditor's Reports

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

YEARS ENDED JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

Independent Auditor's Report

Consolidated Financial Statements:

Consolidated Statements of Financial Position	1
Consolidated Statements of Activities	3
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

Supplementary Information:

Consolidating Statement of Financial Position	29
Consolidating Statement of Activities	32
Schedule of Contract and Other Expenses	35

Independent Auditor's Report in Accordance with *Government Auditing Standards*:

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40
--	----

Independent Auditor's Report

**Board of Directors
United Cerebral Palsy
of Central Pennsylvania**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of United Cerebral Palsy of Central Pennsylvania (a nonprofit organization) and subsidiary (Organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 31-41 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Maheer Duessel

Harrisburg, Pennsylvania
March 3, 2022

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 6,720,020	\$ 7,282,717
Investments	4,939,637	3,851,535
Accounts receivable	5,924,046	5,405,289
Prepaid expenses	415,138	520,482
Other assets	5,379	-
Inventory	9,039	9,039
Total current assets	18,013,259	17,069,062
Property and equipment:		
Land	757,389	338,605
Buildings	3,551,590	2,215,193
Furniture and fixtures	44,987	38,317
Leasehold improvements	512,542	512,542
Office equipment	274,841	203,252
Vehicles	553,983	334,748
	5,695,332	3,642,657
Less: accumulated depreciation	1,829,672	1,581,921
Net property and equipment	3,865,660	2,060,736
Total Assets	\$21,878,919	\$19,129,798

(Continued)

The accompanying notes are an integral part of these consolidated financial statements.

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

(Continued)

Liabilities and Net Assets	2021	2020
Liabilities:		
<hr/>		
Current liabilities:		
Accounts payable	\$ 1,303,034	\$ 878,255
Accrued payroll costs	604,092	519,566
Payroll taxes and withholdings	1,019,642	635,026
Refundable advance	11,528	447,985
Deferred revenue	23,424	31,727
Long-term debt, current portion	69,490	-
Total Current Liabilities	3,031,210	2,512,559
Long-term debt, net of current portion	799,467	-
Total Liabilities	3,830,677	2,512,559
<hr/>		
Net Assets:		
Without donor restrictions		
Undesignated	12,514,930	12,125,309
Board-designated	5,047,544	4,100,663
	17,562,474	16,225,972
With donor restrictions	485,768	391,267
Total Net Assets	18,048,242	16,617,239
Total Liabilities and Net Assets	\$21,878,919	\$19,129,798

(Concluded)

The accompanying notes are an integral part of these consolidated financial statements.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenue:			
<u>Public support:</u>			
Special events	\$ 5,625	\$ -	\$ 5,625
United Way	20,480	-	20,480
Contributions	49,326	-	49,326
Foundation grants	21,440	-	21,440
Released from restriction	16,554	(16,554)	-
Total public support	113,425	(16,554)	96,871
<u>Revenue:</u>			
<u>Program revenue:</u>			
Government funding contracts	34,771,363	-	34,771,363
Other contracted funding	291,365	-	291,365
Client fees	301,842	-	301,842
Other program revenue	107	-	107
Total program revenue	35,364,677	-	35,364,677
<u>Other revenue:</u>			
Interest	18,805	-	18,805
Dividends	44,370	27,543	71,913
Realized gains	103,338	9,122	112,460
Unrealized gains	834,542	74,390	908,932
Gain on disposal	7,438	-	7,438
Miscellaneous income	6,600	-	6,600
Total other revenue	1,015,093	111,055	1,126,148
Total support and revenue	36,493,195	94,501	36,587,696
Expenses:			
Program	31,636,872	-	31,636,872
Management and general	3,449,302	-	3,449,302
Fundraising	70,519	-	70,519
Total expenses	35,156,693	-	35,156,693
Change in Net Assets	1,336,502	94,501	1,431,003
Net Assets:			
Beginning of year	16,225,972	391,267	16,617,239
End of year	\$ 17,562,474	\$ 485,768	\$ 18,048,242

The accompanying notes are an integral part of these consolidated financial statements.

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without donor restrictions	With donor restrictions	Total
Support and Revenue:			
<hr/>			
Public support:			
Special events	\$ 182,763	\$ -	\$ 182,763
United Way	52,872	-	52,872
Contributions	76,911	-	76,911
Foundation grants	30,400	-	30,400
Released from restriction	24,951	(24,951)	-
Total public support	367,897	(24,951)	342,946
Revenue:			
Program revenue:			
Government funding contracts	34,718,592	-	34,718,592
Other contracted funding	138,761	-	138,761
Client fees	240,296	-	240,296
Other program revenue	6,055	-	6,055
Total program revenue	35,103,704	-	35,103,704
Other revenue:			
Interest	80,567	-	80,567
Dividends	147,453	8,923	156,376
Realized gains	7	-	7
Unrealized gains	33,800	(3,506)	30,294
Gain on disposal	24,793	-	24,793
Miscellaneous income	31,204	-	31,204
Total other revenue	317,824	5,417	323,241
Total support and revenue	35,789,425	(19,534)	35,769,891
Expenses:			
<hr/>			
Program	31,174,916	-	31,174,916
Management and general	3,357,653	-	3,357,653
Fundraising	136,665	-	136,665
Total expenses	34,669,234	-	34,669,234
Change in Net Assets	1,120,191	(19,534)	1,100,657
Net Assets:			
<hr/>			
Beginning of year	15,105,781	410,801	15,516,582
End of year	\$ 16,225,972	\$ 391,267	\$ 16,617,239

The accompanying notes are an integral part of these consolidated financial statements.

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Expenses	Management and General	Fundraising	Total
Employee Compensation:				
Salaries	\$ 23,239,087	\$ 2,107,563	\$ 31,794	\$ 25,378,444
Payroll taxes	1,903,977	155,292	2,778	2,062,047
Employee benefits	2,508,366	548,711	10,022	3,067,099
Total employee compensation	27,651,430	2,811,566	44,594	30,507,590
Operating expenses:				
Occupancy	1,219,741	142,296	3,127	1,365,164
Transportation	668,289	28,170	203	696,662
Professional fees	420,692	124,885	5,744	551,321
Supplies	187,791	16,086	213	204,090
Consumer expenditures	505,981	-	-	505,981
Communications	504,040	168,693	5,611	678,344
Equipment rental and repairs	158,332	37,813	1,843	197,988
Conferences	10,505	463	-	10,968
Dues, subscriptions, and publications	10,682	67,304	472	78,458
Other	75,675	25,414	5,809	106,898
Depreciation	223,714	26,612	2,903	253,229
Total operating expenses	3,985,442	637,736	25,925	4,649,103
Total functional expenses	\$ 31,636,872	\$ 3,449,302	\$ 70,519	\$ 35,156,693

The accompanying notes are an integral part of these consolidated financial statements.

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Expenses	Management and General	Fundraising	Total
Employee Compensation:				
Salaries	\$ 22,686,952	\$ 1,608,667	\$ 69,697	\$ 24,365,316
Payroll taxes	1,794,362	124,331	5,199	1,923,892
Employee benefits	2,097,736	571,592	9,367	2,678,695
Total employee compensation	26,579,050	2,304,590	84,263	28,967,903
Operating expenses:				
Occupancy	1,251,409	173,068	4,239	1,428,716
Transportation	878,116	37,324	675	916,115
Professional fees	841,088	347,004	13,041	1,201,133
Supplies	197,643	32,574	2,557	232,774
Consumer expenditures	670,831	-	-	670,831
Communications	375,048	198,539	4,500	578,087
Equipment rental and repairs	97,695	80,369	1,878	179,942
Conferences	30,778	5,321	158	36,257
Dues, subscriptions, and publications	11,093	79,164	516	90,773
Other	64,842	71,788	19,542	156,172
Depreciation	177,323	27,912	5,296	210,531
Total operating expenses	4,595,866	1,053,063	52,402	5,701,331
Total functional expenses	\$ 31,174,916	\$ 3,357,653	\$ 136,665	\$ 34,669,234

The accompanying notes are an integral part of these consolidated financial statements.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,431,003	\$ 1,100,657
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Realized and unrealized gain on investments	(1,021,392)	(30,301)
Depreciation	253,229	210,531
Gain on disposal	(7,438)	(24,793)
(Increase) decrease in assets:		
Accounts receivable	(518,757)	103,163
Unconditional promises to give	-	-
Prepaid expenses	105,344	41,445
Other assets	(5,379)	-
Inventory	-	(6,009)
Increase (decrease) in liabilities:		
Accounts payable	424,779	258,413
Accrued payroll costs	84,526	(192,143)
Payroll taxes and withholdings	384,616	94,217
Refundable advance	(436,457)	447,985
Deferred revenue	(8,303)	(26,595)
Total adjustments	(745,232)	875,913
Net cash and cash equivalents provided by operating activities	685,771	1,976,570
Cash Flows From Investing Activities:		
Purchase of investments	(66,710)	(142,827)
Purchase of property and equipment	(1,150,999)	(482,661)
Net cash used in investing activities	(1,217,709)	(603,641)
Cash Flows From Financing Activities:		
Repayments of principal on mortgages	(30,759)	-
Net cash used in financing activities	(30,759)	-
Net Increase in Cash and Cash Equivalents	(562,697)	1,372,929
Cash and Cash Equivalents:		
Beginning of year	7,282,717	5,909,788
End of year	\$ 6,720,020	\$ 7,282,717
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 24,749	\$ 20,968
Noncash Capital Financing Activity:		
Financing of land and building	\$ 900,000	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting with support, revenues, and gains recognized when earned and expenses and losses recognized when incurred. Government and other funding contracts which are intended to fund operations and services for a specific contract or award period are recognized as revenue in the period in which the related costs are incurred or services are performed.

Income Taxes

United Cerebral Palsy of Central Pennsylvania and subsidiary (Organization) are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization and each subsidiary qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Further, the Organization and each subsidiary annually files a Form 990.

Management's Use of 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 and 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. Actual results could differ from those estimates.

Principles of Consolidation

In January 2006, United Cerebral Palsy of Central Pennsylvania (UCP) created a separate Section 501(c)(3) corporation, United Cerebral Palsy Foundation of Central Pennsylvania (Foundation). The majority of the Foundation's governing board members were also board members of UCP. In addition, the Foundation was operated, supervised, and controlled by UCP for the exclusive benefit of UCP, including raising funds. On January 1, 2021, the UCP acquired the Foundation.

For each involved entity, the amounts recognized as of the acquisition date for each major class of assets, liabilities, and net assets are presented on the following page:

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021 AND 2020

	UCP	UCP Foundation of Central PA	Eliminated Activity	Total UCP
Assets				
Current assets:				
Cash	\$ 9,488,350	\$ 131,025	\$ -	\$ 9,619,375
Investments	75,181	4,463,771	-	4,538,952
Accounts receivable	4,050,369	-	-	4,050,369
Due from related parties	169,202	445,721	(614,923) a	-
Other assets	661,576	14,042	-	675,618
Total current assets	<u>14,444,679</u>	<u>5,054,559</u>	<u>(614,923)</u>	<u>18,884,314</u>
Noncurrent assets:				
Property and equipment, net	1,891,995	223,665	-	2,115,660
Total noncurrent assets	<u>1,891,995</u>	<u>223,665</u>	<u>-</u>	<u>2,115,660</u>
Total Assets	<u>\$ 16,336,674</u>	<u>\$ 5,278,224</u>	<u>\$ (614,923)</u>	<u>\$ 20,999,974</u>
Liabilities and Net Assets				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 1,342,309	\$ 3,600	\$ -	\$ 1,345,909
Accrued payroll and related taxes	1,278,473	-	-	1,278,473
Due to related parties	6,118	162,941	(169,059) a	-
Refundable advance	1,011,894	-	-	1,011,894
Long-term debt, current portion	6,537	-	(6,537) a	-
Total current liabilities	<u>3,645,331</u>	<u>166,541</u>	<u>(175,596)</u>	<u>3,636,276</u>
Long-term debt, net of current portion	439,328	-	(439,328) a	-
Total liabilities	<u>4,084,658</u>	<u>166,541</u>	<u>(614,923)</u>	<u>3,636,276</u>
Net Assets:				
Without donor restrictions				
Undesignated	12,252,015	-	-	12,252,015
Board-designated	-	4,692,726	-	4,692,726
With donor restrictions	-	418,957	-	418,957
Total net assets	<u>12,252,015</u>	<u>5,111,683</u>	<u>-</u>	<u>17,363,698</u>
Total Liabilities and Net Assets	<u>\$ 16,336,674</u>	<u>\$ 5,278,224</u>	<u>\$ (614,923)</u>	<u>\$ 20,999,974</u>

a - These amount were eliminated during acquisition, and represent short-term and long-term borrowings

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

For the fiscal year ended June 30, 2021, these financial statements consolidated the activities of UCP and the Foundation through December 31, 2020. All significant intercompany accounts and transactions have been eliminated in the consolidation. During the fiscal year ended June 30, 2020, these financial statements consolidate the activities of UCP and the Foundation.

Net Asset Classifications

The following two categories of net assets are presented in the consolidated financial statements when applicable:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – 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 or that they be maintained permanently by the Organization.

Cash and Cash Equivalents

The Organization includes in cash and cash equivalents, monies held at various financial institutions, including monies held in money market accounts.

Fair Value Measurements

Investments are reported at fair value with gains and losses included in the consolidated statement of activities. Valuation techniques and inputs used to develop fair value measurements are based on a fair value hierarchy.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available, but traded less frequently, and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 — Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument.

Valuation of Investments

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include certain mutual funds. The Organization does not adjust the quoted price for such instruments.

The Organization does not have any Level 2 or Level 3 investments.

Contributed investments are valued at fair value on the date contributed. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Realized gains and losses,

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Endowments

The Organization's endowments consist of two individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors (Board) to function as endowments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Property and equipment are capitalized if they have an initial individual cost of more than \$5,000.

Total depreciation expense for the year ended June 30, 2021 and 2020 amounted to \$253,229 and \$210,531, respectively.

Uncollectible Accounts

The Organization uses the specific write-off method in recording uncollectible accounts. A substantial portion of total support and revenue is received from the Commonwealth, of which most of the initially denied accounts receivable is the result of billing at incorrect service codes, amounts billed or not enough units authorized. Once billed to the Commonwealth, the Organization can make any necessary corrections for up to a year of the provided service. The Organization exhausts all avenues before denied Commonwealth billings older than 365 days are written off. All other receivables represent billings that the Organization has a commitment by the consumer or agency to pay and management believes such receivables are fully collectible.

Total bad debt expense was \$57,277 and \$8,072 for the years ended June 30, 2021 and 2020, respectively.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Accrued Paid Time Off

Paid time off (PTO) is accrued systematically. Full-time employees earn PTO based on years of service. Part-time employees begin earning PTO after completing one year of part-time service. Carryover of unused PTO from one calendar year to the next is limited to 135 hours for full-time and 22.5 hours for part-time employees.

Upon termination of employment, employees with at least three years of service are paid for unused PTO.

Current accruals totaling \$348,796 and \$317,922 for the years ended June 30, 2021 and 2020, respectively, are included in accrued payroll costs on the consolidated statement of financial position.

Deferred Revenue

Deferred revenue represents certain income received in advance. Deferred revenue is recognized in the consolidated statement of activities as services are rendered and related expenses are incurred.

Revenue and Support

Contract funding revenue, with the exception of COVID funding as disclosed in Note 11, is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to consumers. These amounts are generally due from governmental payors. The Organization bills the payor subsequent to the performance of services. Revenue is recognized as the performance obligations are satisfied when services are provided to consumers. The Organization does not believe it is required to provide additional services related to revenue being recognized. Under the government programs disclosed in Note 13, the Organization is reimbursed based on units of service billed at established payment rates for eligible services.

Client fees related to room and board fees are based upon annual room and board contracts signed by the Organization's residents. The performance obligation of providing access to housing is satisfied ratably over the month in which the consumer lives in the Organization's homes. Revenue is recognized when the performance obligation is met.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are recognized when the conditions on which they depend are substantially met.

Contributions received are recorded as with or without donor restrictions, depending on the existence or nature of any donor restrictions.

Special events income is mainly comprised of fundraising contributions, ticketing, registration, and sponsorship revenue. Ticketing, registration, and sponsorship revenue is recognized upon completion of the fundraising event. Funds received in advance of each event is recorded as deferred revenue until the completion of the event, at which time the revenue is recognized. Funds received for special events are considered exchange transactions up to the cost of the benefits provided. Any excess of funds received are considered contribution with or without donor restrictions and are recognized in accordance with the Organization's contribution recognition policies.

Donated Services

No amounts have been reflected in the consolidated financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform various tasks that assist the Organization with administrative, program, and training activities; however, their time does not meet the definition of donated services for accounting purposes.

Membership Fees

Membership fees to the national organization are determined annually by a formula based on the Organization's operating budget. Fees are recorded as expense when billed.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Functional Expenses

The cost of providing program services and other activities have been summarized on a functional basis in the Statement of Activities. Certain costs, if not directly charged, have been allocated among programs services and supporting services. Allocations are generally determined by management on the following allocation basis:

- Personnel Costs – Full-time equivalents
- Workers Compensation – Gross wages in rated categories
- Occupancy Costs – Square footages
- Transportation Costs – Number of vehicles
- Communications – Number of users
- Conferences – Number of programs involved
- Depreciation – Square footage

Risks and Uncertainties

Investments are exposed to various risks such as interest rate and market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such changes could materially affect the amount reported on the statement of financial position.

Pending Standards Update

ASU 2016-02, “*Leases (Topic 842)*,” is effective for the Organization’s financial statements for the year ending June 30, 2023. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Management has not yet determined the impact of these amendments on the Organization’s financial statements.

Reclassification

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the consolidated financial statements were available to be issued.

2. Mission of the Organization

The mission of United Cerebral Palsy of Central Pennsylvania is to empower people of diverse abilities to live a meaningful life through innovative support and services. The Organization has been providing these services in central Pennsylvania since 1953.

3. Cash Concentrations

Cash and cash equivalents with a bank balance of \$6,873,207 and \$7,436,630 at June 30, 2021 and 2020, respectively, consist of \$1,250,000 and \$1,250,000 of deposits that are insured by the Federal Deposit Insurance Corporation (FDIC) and \$5,653,207 and \$6,186,630 of checking account and money market account deposits held in brokerage accounts that are not covered by FDIC insurance.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

4. Investments

Investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Mutual funds:		
Equity mutual funds:		
Large blend	\$2,119,698	\$1,382,340
Mid blend	554,940	314,501
Small blend	628,193	418,719
International	182,645	449,177
Fixed income mutual funds:		
Short-term bond	276,996	232,936
Intermediate-term bond	<u>1,099,564</u>	<u>982,694</u>
Total mutual funds	<u>\$4,862,036</u>	<u>\$3,780,367</u>

An investment held by the Organization in the amount of \$30,101 and \$23,670 as of June 30, 2020 and 2019, respectively, is not included in the summary above. The value is provided by a Community Foundation, where the investment is held in the Community Foundation's Agency Investment Choice Fund, which is 70% equities and 30% fixed income.

An investment held by the Organization in the amount of \$47,500 as of June 30, 2021 and 2020, is not included in the summary above. The value is based on the price paid by the Organization for nonpublic shares in a Service Organization, where the Organization owns fifteen shares of Class A voting shares and fifty shares of Class B non-voting shares. The organization is a minority owner.

Fair Value of Financial Instruments

Mutual funds are presented in the consolidated financial statements at fair value using quoted prices (Level 1).

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

5. Endowment

The endowment was established to generate earnings in support of the viability and continued high quality of UCP's services. The endowment enables donors to perpetuate their support of UCP's mission and ensures UCP's economic stability and expansion into the future. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The donor-restricted endowment fund is classified as net assets with donor restriction. These funds are invested in perpetuity for which only income is expendable to support the donor-stipulated program.

Its board-designated endowment fund is classified as net assets without donor restrictions. These funds are funds established by the Board of Directors to function like perpetual endowment, but the principal may be expended at any time at the discretion of the Board. Only the Board can create board-designated endowments, and usually designates preferred donations and donations without donor restrictions (such as bequests) to this fund.

UCP considers the following factors in making a determination to appropriate or accumulate donor-restricted or board-designated endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of UCP and the donor-restricted or board-designated endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. Other resources of UCP
6. Investment policies of UCP

Investment and Spending Policies

UCP's investment policies are focused on preserving the "real" (inflation adjusted) purchasing power of the endowment, after endowment spending. To achieve this investment objective, UCP's endowment funds will be invested in a diversified mix of assets with a long-term orientation.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Board-restricted endowment funds will be invested in a diversified mix of assets with a long-term orientation.

UCP preserves the principal of all permanently endowed funds in perpetuity. Permanently endowed funds will accumulate investment gains and investment losses as applied proportionately to all Foundation funds. Gains and income from the permanently restricted funds may be transferred to the board-designated endowment fund at an amount not to exceed the most recent three year moving average return of the investments. At no time will the amount transferred be in excess of 7% of the existing principal balance. In the case where an accumulated loss would violate the initial principal, the losses will not be applied to the endowed fund, but rather would be distributed proportionately among all unrestricted funds.

When possible, UCP pools its endowment gifts. "Pooling" means that a fund's assets are combined with other fund assets for investment purposes. Pooling is the best strategy for asset preservation and maximization of long-term return. Not all endowment gifts can be pooled because the nature of their assets may be unique, unmarketable, or donor-restricted.

The following represents changes in the donor-restricted endowment fund during the year ended June 30:

	<u>2021</u>	<u>2020</u>
Balance as of July 1	\$ 291,637	\$ 310,429
Interest and dividends	6,173	8,090
Unrealized/realized gains (losses)	83,510	(4,931)
Releases to board-designated Endowment	<u>(16,554)</u>	<u>(21,951)</u>
Balance as of June 30	<u>\$ 364,766</u>	<u>\$ 291,637</u>

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

The following represents changes in the board-designated endowment fund during the year ended June 30:

	2021	2020
Balance as of July 1	\$ 4,100,663	\$ 4,017,408
Public support revenue	32,185	207,989
Foundation grants	1,895	18,418
Interest and dividends	74,469	96,197
Realized/unrealized gains	891,239	33,607
Miscellaneous income	6,600	13,200
Released from restriction	16,554	21,951
Expenses	(76,061)	(308,107)
Balance as of June 30	\$ 5,047,544	\$ 4,100,663

6. Related Party Transactions

The Foundation had an administrative service and cost sharing agreement with UCP through December 31, 2020. The total expenses incurred by the Foundation as a result of this agreement totaled \$5,475 and \$80,929 for the years ended June 30, 2021 and 2020, respectively. The total amount due to UCP as of June 30, 2021 and 2020 for such services, as well as other short-term borrowings for operating expenses, amounted to \$0 and \$107,171, respectively.

During the year ended June 30, 2014, UCP entered into a 25-year loan agreement with the Foundation for the purchase of a residential home property in the amount of \$159,235. This loan, secured by the property, was financed at a rate of 5.52% and calls for monthly payments of \$1,004 through February 2039. The balance of the loan receivable due from UCP as of June 30, 2020 \$134,568. These balances were eliminated as a result of the acquisition on January 1, 2021.

In November 2016, UCP entered into a 25-year loan agreement with the Foundation for the purchase of a residential home property in the amount of \$180,000. This loan, secured with the property, was financed at a rate of 4% and calls for monthly payments of \$950 through October 2041. The balance of the loan receivable due from UCP as of June 30, 2020 was \$163,841. These balances were eliminated as a result of the acquisition on January 1, 2021.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

In August 2017, UCP entered into a 30-year loan agreement with the Foundation for the purchase of a residential home in the amount of \$160,059. This loan, secured with the property, was financed at a rate of 4.37% and calls for monthly payments of \$799 through March 2048. The balance of the loan receivable due from UCP as of June 30, 2020 was \$153,545. These balances were eliminated as a result of the acquisition on January 1, 2021.

During the years ended June 30, 2021 and 2020, the Foundation granted \$11,139 and \$28,310, respectively, to related parties to further their missions. The entire amounts were granted to UCP for the years ended June 30, 2021 and 2020.

During the year ended June 30, 2020, UCP contracted with a company owned by a Board Member to provide training services. The total amount of the contract expenses were \$17,250.

7. Debt

On January 29, 2021 the Organization purchased their previously rented administrative building in Camp Hill, Pennsylvania. The contract sales price for the property was \$1,700,000. The Organization entered a \$900,000 promissory note with an interest rate of 3.90% per annum to partially fund the purchase. This note is secured by the property. During the year ended June 30, 2021, the Organization made principal payments of \$31,043.

Future principal payments on the promissory note are as follows:

Year Ending June 30,	Amount
2022	\$ 69,633
2023	78,939
2024	82,044
2025	85,421
2026	88,860
Thereafter	464,344
	<u>\$ 869,241</u>

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

8. Bank Line of Credit

UCP has a line of credit with PNC Bank, N.A., in the amount of \$1,600,000, with interest at 4.75%. The line expires on May 31, 2022. There was no balance due on the line as of June 30, 2021 or 2020.

9. Net Assets

Net assets at June 30, 2021 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
UCP:			
Endowment net assets:			
Funds invested in perpetuity for which income is expendable to support the following (see Note 5):			
Glenn Hoffman Endowment Fund, UCP programs		\$ 298,461	\$ 298,461
William Schultz Endowment Fund, UCP programs		22,796	22,796
Schmidt Endowment Fund, UCP programs		16,656	16,656
The Murphy IDEA Endowment Fund, UCP programs		20,061	20,061
Jeffrey Cooper Healthy Lifestyles		6,792	6,792
Designated by the Board of Directors to function as an endowment	\$ 5,047,544	-	5,047,544
Total endowment net assets	5,047,544	364,766	5,412,310
Net assets restricted by donors for:			
Consumer Community Participants Fund		\$ 1,901	1,901
Childhood Program Fund		17,259	17,259
Nicholas Mancini Dolson Memorial Fund, use restriction for the maintenance and improvement of playground equipment at the Capital Area Children's Center.		76,942	76,942
Temporarily restricted fund		24,900	24,900
Total donor-restricted net assets		121,002	121,002
Undesignated net assets	12,514,930	-	12,514,930
Total net assets	\$ 12,514,930	\$ 485,768	\$ 18,048,242

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Net assets at June 30, 2020 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Foundation:			
Endowment net assets:			
Funds invested in perpetuity for which income is expendable to support the following (see Note 5):			
Glenn Hoffman Endowment Fund, UCP programs		\$ 238,621	\$ 238,621
William Schultz Endowment Fund, UCP programs		18,227	18,227
Schmidt Endowment Fund, UCP programs		13,318	13,318
The Murphy IDEA Endowment Fund, UCP programs		16,040	16,040
Jeffrey Cooper Healthy Lifestyles		5,431	5,431
Designated by the Board of Directors to function as an endowment	\$ 4,100,663	-	4,100,663
Total endowment net assets	4,100,663	291,637	4,392,300
Net assets restricted by donors for:			
Consumer Community Participants Fund		\$ 1,478	1,478
Childhood Program Fund		13,421	13,421
Nicholas Mancini Dolson Memorial Fund, use restriction for the maintenance and improvement of playground equipment at the Capital Area Children's Center.		59,831	59,831
Temporarily restricted fund		24,900	24,900
Total donor-restricted net assets		99,630	99,630
Undesignated net assets	12,125,309	-	12,125,309
Total Foundation net assets	4,100,663	366,367	4,467,030
Total UCP net assets	12,125,309	24,900	12,150,209
Total net assets	\$ 16,225,972	\$ 391,267	\$ 16,617,239

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

10. The Office of Development Programs Funding and Provider Relief Funding

COVID-19 relief funding was provided by the Office of Developmental Programs (ODP), Office of Long-Term Living (OLTL), and Provider relief funding which are considered conditional contributions due to the inclusion of recognition barriers and the right-of-return. Revenue is recognized when barriers are met. Barriers are considered to be substantially met when allowable expenses or allowable losses are incurred. Cost reporting barriers are also included. Management intends to fully comply with these required cost reports. Total revenue recognized under the ODP and OLTL program totaled \$1,048,437 and \$2,400, respectively, as of year ended June 30, 2021, and \$1,649,538 and \$79,814, respectively, for the year ended June 30, 2020. Funds received which have not yet been earned are recorded as a refundable advance liability. At June 30, 2021 and 2020 refundable advances related to ODP contributions totaled \$0 and \$447,985. There were no refundable advances for OLTL contributions at June 30, 2021 and 2020. The Organization also received Provider relief funding in the amount of \$1,271,191 during the year ended June 30, 2021. At June 30, 2021 refundable advances related to Provider relief funding totaled \$0.

11. Operating Leases

The Organization rents real estate used for community living arrangements and community participation services under various operating leases. For the years ended June 30, 2021 and 2020, the Organization incurred rental expenses of \$771,515 and \$879,887, respectively, under operating leases.

Future lease commitments under non-cancellable operating leases with terms greater than one year are presented below:

Year Ending June 30,	Amount
2022	\$ 444,040
2023	343,873
2024	293,032
2025	256,383
2026	246,854
Thereafter	486,840
	<u>\$ 2,071,022</u>

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

12. Dues

The Organization pays dues to national and state affiliates. National dues for the years ended June 30, 2021 and 2020 were \$22,917 and \$25,000, respectively. The Organization also paid dues of \$0 and \$999 to United Cerebral Palsy of Pennsylvania for the years ended June 30, 2021 and 2020.

13. Pension Plan

The Organization maintains a defined contribution pension plan as defined under Section 403(b) covering substantially all employees. Employees are eligible to participate upon hire and there is no minimum age or years of eligibility of service to become a participant in the plan for purposes of making elective deferrals. Participants eligible to receive an employer match must have attained the age of 18 and completed one year of eligibility service. Employees may elect to defer from their pretax annual compensation up to the federal annual limit. The Organization contributes 50% of the first 4% of compensation that an eligible participant contributes to the plan. The Organization's contributions to the plan totaled \$347,920 and \$62,546 for the years ended June 30, 2021 and 2020, respectively.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

14. Government Funding Contracts

The Organization receives a significant portion of its revenue under grants and contracts with governmental agencies. For the years ended June 30, 2021 and 2020, approximately 98% and 97%, respectively, of total support and revenue was earned under contracts with the following governmental agencies:

	2021	2020
County Intellectual Disability (ID) Programs	\$ 644,226	\$ 502,746
PA Office of Developmental Programs:		
MH/ID Waiver	29,734,960	29,102,478
COVID funding	1,046,037	1,649,538
County Early Intervention:		
Cumberland-Perry	138,522	168,620
Dauphin	215,072	312,763
York-Adams	5,142	19,647
Lebanon	18,117	82,073
Franklin/Fulton	10,371	-
Office of Long-Term Living Waivers:		
Attendant Care Act 150 and Waivers	99,650	187,006
OBRA Waiver	-	58,854
Independence Waiver	-	151,106
Managed Care	1,100,716	965,486
COVID Funding	2,400	79,814
Office of Vocational Rehabilitation	202,922	234,028
Provider relief funding	1,273,564	-
PA Office of Aging	166,958	1,057,226
Other	112,706	147,207
	\$ 34,771,363	\$ 34,718,592

A significant reduction in the level of governmental revenue, if this were to occur, may have an effect on the Organization's programs and activities.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

15. Contingencies

Under the terms of the government funding contracts as noted in Note 14, the programs may be subject to additional audits by state agencies. Under such audits, costs may be questioned as not being appropriate expenditures under the terms of the contracts, which could result in reimbursement to the grantors. Management believes disallowances from these audits, if any, would be immaterial.

16. Availability and Liquidity

The following represents the Organization's financial assets available to meet general expenditure for the years ended June 30:

	2021	2020
Financial assets at year-end:		
Cash	\$ 6,720,020	\$ 7,282,717
Investments	4,939,637	3,851,535
Accounts receivable	5,924,046	5,405,289
Total financial assets	17,583,703	16,539,541
Less amounts not available to be used within one year:		
Board-designated endowment	5,047,544	4,100,663
Net assets with donor restrictions	485,768	391,267
Total amount not available be used within one year	5,533,312	4,491,930
Financial assets available to meet general expenditures over the next twelve months	\$ 12,050,391	\$ 12,047,611

The Organization has investments, including endowments that have donor-restricted purposes, as well as certain assets that have been designated by its Board of Directors to

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

function as endowments (i.e., quasi-endowment). These investments are not considered available for general expenditure within the next year and thus are not reflected in the amounts above. However, certain investments could be made available, if necessary.

Additionally, the Organization maintains a \$1,600,000 line of credit, as discussed in Note 7. The line expires on May 31, 2022.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SUPPLEMENTARY INFORMATION

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA AND SUBSIDIARY**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(With Comparative Totals at June 30, 2020)

Assets	Without Donor Restrictions				Fundraising Fund	Temporarily Restricted Fund	UCP Foundation of Central PA	Eliminations	Consolidated Totals	2020 Consolidated Totals
	Operating Fund	Property and Equipment Fund	Specific Purpose Fund	Total Funds						
Current assets:										
Cash and cash equivalents	\$ 4,530,523	\$ -	\$ 2,038,295	\$ 6,568,818	\$ 120,189	\$ 31,013	\$ 131,025	\$ (131,025)	\$ 6,720,020	\$ 7,282,717
Investments	242,693	-	77,602	320,295	4,619,342	-	4,463,771	(4,463,771)	4,939,637	3,851,535
Accounts receivable	5,924,046	-	-	5,924,046	-	-	-	-	5,924,046	5,405,289
Unconditional promises to give	-	-	-	-	-	-	-	-	-	-
Due from other funds and related parties	19,778	-	-	19,778	467,672	-	445,721	(933,171)	-	-
Prepaid expenses	415,138	-	-	415,138	-	-	1,782	(1,782)	415,138	520,482
Other assets	5,379	-	-	5,379	-	-	3,221	(3,221)	5,379	-
Inventory	9,039	-	-	9,039	-	-	9,039	(9,039)	9,039	9,039
Total current assets	11,146,596	-	2,115,897	13,262,493	5,207,203	31,013	5,054,559	(5,542,009)	18,013,259	17,069,062

(Continued)

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA AND SUBSIDIARY**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(With Comparative Totals at June 30, 2020)

(Continued)

	Without Donor Restrictions				Fundraising Fund	Temporarily Restricted Fund	UCP Foundation of Central PA	Eliminations	Consolidated Totals	2020 Consolidated Totals
	Operating Fund	Property and Equipment Fund	Specific Purpose Fund	Total Funds						
Property and equipment:										
Land	-	757,389	-	757,389	-	-	53,112	(53,112)	757,389	338,605
Buildings	-	3,551,590	-	3,551,590	-	-	286,200	(286,200)	3,551,590	2,215,193
Furniture and fixtures	-	44,987	-	44,987	-	-	-	-	44,987	38,317
Leasehold improvements	-	512,542	-	512,542	-	-	-	-	512,542	512,542
Office equipment	-	274,841	-	274,841	-	-	-	-	274,841	203,252
Vehicles	-	553,983	-	553,983	-	-	-	-	553,983	334,748
	-	5,695,332	-	5,695,332	-	-	339,312	(339,312)	5,695,332	3,642,657
Less: accumulated depreciation	-	1,829,672	-	1,829,672	-	-	115,647	(115,647)	1,829,672	1,581,921
Net property and equipment	-	3,865,660	-	3,865,660	-	-	223,665	(223,665)	3,865,660	2,060,736
Total Assets	\$ 11,146,596	\$ 3,865,660	\$ 2,115,897	\$ 17,128,153	\$ 5,207,203	\$ 31,013	\$ 5,278,224	\$ (5,765,674)	\$ 21,878,919	\$ 19,129,798

(Continued)

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(With Comparative Totals at June 30, 2020)

(Continued)

Liabilities and Net Assets	Without Donor Restrictions				Fundraising Fund	Temporarily Restricted Fund	UCP Foundation of Central PA	Eliminations	Consolidated Totals	2020 Consolidated Totals
	Operating Fund	Property and Equipment Fund	Specific Purpose Fund	Total Funds						
Liabilities:										
Current liabilities:										
Accounts payable	\$ 1,303,034	\$ -	\$ -	\$ 1,303,034	\$ -	\$ -	\$ 3,600	\$ (3,600)	\$ 1,303,034	\$ 878,255
Accrued payroll costs	604,092	-	-	604,092	-	-	-	-	604,092	519,566
Payroll taxes and withholdings	1,019,642	-	-	1,019,642	-	-	-	-	1,019,642	635,026
Due to other funds and related parties	-	-	-	-	41,729	-	162,941	(204,670)	-	-
Refundable advance	11,528	-	-	11,528	-	-	-	-	11,528	447,985
Deferred revenue	17,311	-	-	17,311	-	6,113	-	-	23,424	31,727
Long-term debt, current portion	-	82,685	-	82,685	-	-	-	(13,195)	69,490	-
Total current liabilities	2,955,607	82,685	-	3,038,292	41,729	6,113	166,541	(221,465)	3,031,210	2,512,559
Long-term debt, net of current portion	-	1,231,993	-	1,231,993	-	-	-	(432,526)	799,467	-
Total Liabilities	2,955,607	1,314,678	-	4,270,285	41,729	6,113	166,541	(653,991)	3,830,677	2,512,559
Net Assets:										
Without donor restrictions										
Undesignated	7,848,051	2,550,982	2,115,897	12,514,930	-	-	-	-	12,514,930	12,125,309
Board-designated	342,938	-	-	342,938	4,704,606	-	4,692,726	(4,692,726)	5,047,544	4,100,663
With donor restrictions	-	-	-	-	460,868	24,900	418,957	(418,957)	485,768	391,267
Total Net Assets	8,190,989	2,550,982	2,115,897	12,857,868	5,165,474	24,900	5,111,683	(5,111,683)	18,048,242	16,617,239
Total Liabilities and Net Assets	\$ 11,146,596	\$ 3,865,660	\$ 2,115,897	\$ 17,128,153	\$ 5,207,203	\$ 31,013	\$ 5,278,224	\$ (5,765,674)	\$ 21,878,919	\$ 19,129,798

(Concluded)

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

	Without Donor Restrictions							Eliminations	Consolidated Totals	2020 Consolidated Totals
	Operating	Property and	Specific	Total	Fundraising	Temporarily Restricted	UCP Foundation of Central PA			
	Fund	Equipment Fund	Purpose Fund							
Support and Revenue:										
Public support:										
Special events	\$ 2,865	\$ -	\$ -	\$ 2,865	\$ -	\$ -	\$ 2,760	\$ -	\$ 5,625	182,763
United Way	20,480	-	-	20,480	-	-	-	-	20,480	52,872
Contributions	19,901	-	-	19,901	15,000	-	14,425	-	49,326	76,910
Foundation grants	39,323	-	-	39,323	-	-	1,895	(19,778)	21,440	30,400
Release from restriction	-	-	-	-	-	-	-	-	-	-
Total public support	82,569	-	-	82,569	15,000	-	19,080	(19,778)	96,871	342,945
Revenue:										
Program revenue:										
Government funding contracts	34,771,363	-	-	34,771,363	-	-	-	-	34,771,363	34,718,592
Other contracted funding	301,114	-	-	301,114	-	-	-	(9,749)	291,365	138,761
Client fees	301,842	-	-	301,842	-	-	-	-	301,842	240,296
Other program revenue	107	-	-	107	-	-	-	-	107	6,055
Total program revenue	35,374,426	-	-	35,374,426	-	-	-	(9,749)	35,364,677	35,103,704
Other revenue:										
Interest	2,226	-	6,294	8,520	2,148	-	8,137	-	18,805	80,567
Dividends	1,556	-	-	1,556	26,772	-	43,585	-	71,913	156,376
Realized gains (losses)	5,489	-	1,365	6,854	105,606	-	-	-	112,460	7
Unrealized gains (losses)	13,323	-	5,094	18,417	255,842	-	634,673	-	908,932	30,294
Gain on disposal	7,438	-	-	7,438	-	-	-	-	7,438	24,793
Miscellaneous income	-	-	-	-	-	-	6,600	-	6,600	31,204
Total other revenue	30,032	-	12,753	42,785	390,368	-	692,995	-	1,126,148	323,241
Total revenue	35,404,458	-	12,753	35,417,211	390,368	-	692,995	(9,749)	36,490,825	35,426,945
Total support and revenue	35,487,027	-	12,753	35,499,780	405,368	-	712,075	(29,527)	36,587,696	35,769,890

(Continued)

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA AND SUBSIDIARY**

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

(Continued)

	Without Donor Restrictions			Total	Fundraising	Temporarily Restricted	UCP Foundation of Central PA	Eliminations	2020				
	Operating	Property and Equipment	Specific Purpose						Funds	Fund	Fund	Consolidated	Consolidated
	Fund	Fund	Fund						Funds	Fund	Fund	Totals	Totals
Expenses:													
Contract expenses:													
Early intervention	613,603	-	-	613,603	-	-	-	-	613,603	672,942			
Community home services	7,926,135	-	-	7,926,135	-	-	-	-	7,926,135	6,027,707			
Alternatives	3,420,880	-	-	3,420,880	-	-	-	-	3,420,880	5,278,865			
Home based services	360,711	-	-	360,711	-	-	-	-	360,711	367,802			
Capital care	2,274,985	-	-	2,274,985	-	-	-	-	2,274,985	3,181,097			
Respite services	-	-	-	-	-	-	-	-	-	4,842			
Job skills	-	-	-	-	-	-	-	-	-	239,301			
Employment services	256,563	-	-	256,563	-	-	-	-	256,563	-			
Agency with choice vendor services	487,117	-	-	487,117	-	-	-	-	487,117	633,131			
Self-determination and fiscal agent	19,001,763	-	-	19,001,763	-	-	-	-	19,001,763	17,192,743			
Assistive technology	267,562	-	-	267,562	-	-	-	-	267,562	163,341			
Rehabilitation Advisory Council (RAC)	213,991	-	-	213,991	-	-	-	-	213,991	230,944			
AT Reutilization	43,946	-	-	43,946	-	-	-	-	43,946	53,102			
Total contract expenses	34,867,256	-	-	34,867,256	-	-	-	-	34,867,256	34,045,817			

(Continued)

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

(Continued)

	Without Donor Restrictions			Total Funds	Fundraising Fund	Temporarily Restricted Fund	UCP Foundation of Central PA	Eliminations	2020	
	Operating Fund	Property and Equipment Fund	Specific Purpose Fund						Consolidated Totals	Consolidated Totals
Other expenses and adjustments:										
Community relations	120,075	-	-	120,075	-	-	-	-	120,075	170,596
Fundraising	33,060	-	-	33,060	-	-	-	-	33,060	-
Foundation	-	-	-	-	8,639	-	67,422	(29,527)	46,534	263,964
Technology	24,056	-	-	24,056	-	-	-	-	24,056	16,520
Unallocated administrative expense	65,207	-	505	65,712	-	-	-	-	65,712	172,336
Total other expenses and adjustments	242,398	-	505	242,903	8,639	-	67,422	(29,527)	289,437	623,416
Total expenses	35,109,654	-	505	35,110,159	8,639	-	67,422	(29,527)	35,156,693	34,669,233
Change in net assets before fund transfers	377,373	-	12,248	389,621	396,729	-	644,653	-	1,431,003	1,100,657
Fund transfers	(825,713)	1,168,651	-	342,938	(342,938)	-	-	-	-	-
Change in Net Assets	(448,340)	1,168,651	12,248	732,559	53,791	-	644,653	-	1,431,003	1,100,657
Net Assets:										
Beginning of year	8,639,329	1,382,331	2,103,649	12,125,309	5,111,683	24,900	4,467,030	(5,111,683)	16,617,239	15,516,582
End of year	\$ 8,190,989	\$ 2,550,982	\$ 2,115,897	\$ 12,857,868	\$ 5,165,474	\$ 24,900	\$ 5,111,683	\$ (5,111,683)	\$ 18,048,242	\$ 16,617,239

(Concluded)

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2021

	Early Intervention					
	Physical Therapy	Speech Therapy	Occupational Therapy	Special Education	Family Support Services	Total Early Intervention Program
Expenses:						
Employee compensation:						
Salaries	\$ 119,434	\$ 50,756	\$ 116,789	\$ 68,373	\$ 37,343	\$ 392,695
Payroll taxes	9,008	3,982	9,254	7,206	2,935	32,385
Employee benefits	6,241	4,191	14,487	12,998	1,450	39,367
Total employee compensation	134,683	58,929	140,530	88,577	41,728	464,447
Operating expenses:						
Occupancy	2,474	2,443	2,591	2,452	3,676	13,636
Transportation	1,585	46	931	789	37	3,388
Professional fees	2,006	744	1,003	762	752	5,267
Supplies	315	97	127	256	16	811
Consumer expenditures	-	-	-	-	12,872	12,872
Communications	10,576	3,187	3,595	2,954	3,066	23,378
Equipment rental and repairs	7,494	7,250	7,260	7,271	1,859	31,134
Conferences	-	99	1,195	-	-	1,294
Dues, subscriptions, and publications	85	85	86	86	38	380
Other	2,795	-	-	-	-	2,795
Depreciation	1,023	451	458	452	2,142	4,526
Total operating expenses	28,353	14,402	17,246	15,022	24,458	99,481
Allocated expenses, administration	12,499	6,580	12,902	9,607	8,087	49,675
Total expenses	\$ 175,535	\$ 79,911	\$ 170,678	\$ 113,206	\$ 74,273	\$ 613,603

(Continued)

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2021

(Continued)

	Residential Home Services	Community Participation Support	Home Based Services	Capital Care
Expenses:				
Employee compensation:				
Salaries	\$ 4,825,759	\$ 1,329,424	\$ 239,182	\$ 1,411,708
Payroll taxes	363,098	122,295	18,406	119,070
Employee benefits	857,432	307,059	27,298	195,534
Total employee compensation	<u>6,046,289</u>	<u>1,758,778</u>	<u>284,886</u>	<u>1,726,312</u>
Operating expenses:				
Occupancy	391,690	599,312	6,055	53,572
Transportation	213,594	368,658	16,055	49,715
Professional fees	123,009	36,143	2,945	57,282
Supplies	136,920	14,530	2,449	7,391
Communications	149,174	114,378	12,186	34,960
Equipment rental and repairs	52,686	35,957	502	8,504
Conferences	1,633	1,649	-	575
Dues, subscriptions, and publications	954	456	36	2,384
Other	2,743	572	24	43,373
Depreciation	128,610	67,843	1,083	95
Total operating expenses	<u>1,201,035</u>	<u>1,239,498</u>	<u>41,335</u>	<u>257,851</u>
Allocated expenses, administration	<u>678,811</u>	<u>422,604</u>	<u>34,490</u>	<u>290,822</u>
Total expenses	<u>\$ 7,926,135</u>	<u>\$ 3,420,880</u>	<u>\$ 360,711</u>	<u>\$ 2,274,985</u>

(Continued)

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2021

(Continued)

	Independent Living Technology	RAC	RAC Consumer Expenses	AT Reutilization	Community Relations	Employment Services
Expenses:						
Employee compensation:						
Salaries	\$ 9,101	\$ 126,896	\$ -	\$ 16,238	\$ 65,287	\$ 157,232
Payroll taxes	712	7,639	-	1,192	4,609	11,464
Employee benefits	3,204	21,731	-	2,144	19,991	31,982
Total employee compensation	13,017	156,266	-	19,574	89,887	200,678
Operating expenses:						
Occupancy	1,769	9,821	-	9,162	4,487	8,730
Transportation	3	-	-	70	440	6,725
Professional fees	113	2,058	-	497	4,194	1,806
Supplies	93	54	-	2,297	232	103
Consumer expenditures	4,389	-	2,500	-	-	-
Communications	893	5,306	10,503	1,888	7,382	10,338
Equipment rental and repairs	1,946	1,135	-	2,650	3,313	5,566
Conferences	-	-	3,156	99	-	-
Dues, subscriptions, and publications	19	102	3,863	-	539	54
Other	-	-	-	1,950	109	-
Depreciation	245	-	-	2,508	3,291	810
Total operating expenses	9,470	18,476	20,022	21,121	23,987	34,132
Allocated expenses, administration	1,569	19,227	-	3,251	6,201	21,753
Total expenses	\$ 24,056	\$ 193,969	\$ 20,022	\$ 43,946	\$ 120,075	\$ 256,563

(Continued)

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2021

(Continued)

	Agency with Choice	Agency with Choice Vendor Services	Assistive Technology	UCP Foundation
Expenses:				
Employee compensation:				
Salaries	\$ 14,552,749	\$ -	\$ 121,894	\$ 22,716
Payroll taxes	1,212,982	-	9,166	3,737
Employee benefits	983,946	-	20,598	8,102
Total employee compensation	<u>16,749,677</u>	<u>-</u>	<u>151,658</u>	<u>34,555</u>
Operating expenses:				
Occupancy	109,797	-	9,510	5,327
Transportation	6,532	-	3,203	109
Professional fees	119,476	-	1,920	16,266
Supplies	2,724	-	19,920	480
Consumer expenditures	-	486,055	143	-
Communications	91,813	-	36,821	10,631
Equipment rental and repairs	9,708	-	5,002	2,072
Conferences	99	-	2,000	-
Dues, subscriptions, and publications	1,244	-	98	1,025
Other	7,202	1,062	18,369	23,063
Depreciation	8,448	-	2,811	6,347
Total operating expenses	<u>357,043</u>	<u>487,117</u>	<u>99,797</u>	<u>65,320</u>
Allocated expenses, administration	<u>1,895,043</u>	<u>-</u>	<u>16,107</u>	<u>9,749</u>
Total expenses	<u>\$ 19,001,763</u>	<u>\$ 487,117</u>	<u>\$ 267,562</u>	<u>\$ 109,624</u>

(Continued)

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2021

(Continued)

	Management	Human Resources	Administration	Totals
Expenses:				
Employee compensation:				
Salaries	\$ 683,244	\$ 432,869	\$ 991,450	\$ 25,378,444
Payroll taxes	43,756	31,722	79,814	2,062,047
Employee benefits	77,578	216,418	254,715	3,067,099
Total employee compensation	<u>804,578</u>	<u>681,009</u>	<u>1,325,979</u>	<u>30,507,590</u>
Operating expenses:				
Occupancy	13,461	24,162	104,673	1,365,164
Transportation	160	1,312	26,698	696,662
Professional fees	5,113	62,632	57,140	495,861
Supplies	147	11,312	4,627	204,090
Consumer expenditures	-	-	-	505,981
Communications	4,728	31,254	132,711	678,344
Equipment rental and repairs	522	11,661	25,630	197,988
Conferences	199	264	-	10,968
Dues, subscriptions, and publications	280	2,078	64,946	78,458
Other	-	8,886	16,528	126,676
Depreciation	2,822	8,138	15,652	253,229
Total operating expenses	<u>27,432</u>	<u>161,699</u>	<u>448,605</u>	<u>4,613,421</u>
Allocated expenses, administration	<u>(832,010)</u>	<u>(842,708)</u>	<u>(1,774,584)</u>	<u>-</u>
Total contract expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,121,011</u>
Expenses offset by revenue generated from administration cost centers				65,205
Elimination of Foundation related expenses				<u>(29,527)</u>
Total expenses reported on the Consolidated Statement of Activities				<u>\$ 35,156,689</u>

(Concluded)

**United Cerebral Palsy of Central
Pennsylvania and Subsidiary**

Independent Auditor's Report
in Accordance with *Government
Auditing Standards*

Year Ended June 30, 2021

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with Government Auditing Standards

**Board of Directors
United Cerebral Palsy
of Central Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of United Cerebral Palsy of Central Pennsylvania and subsidiary (Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 3, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
United Cerebral Palsy of Central Pennsylvania
Independent Auditor’s Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mahe Duessel

Harrisburg, Pennsylvania
March 3, 2022