

**United Cerebral Palsy Foundation
of Central Pennsylvania**

Financial Statements

Six-Month Period Ended December 31, 2020
with Independent Auditor's Report

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 FOUNDATION OF CENTRAL PENNSYLVANIA

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

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Independent Auditor's Report

Board of Directors United Cerebral Palsy Foundation of Central Pennsylvania

We have audited the accompanying financial statements of the United Cerebral Palsy Foundation of Central Pennsylvania (Foundation), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the six-month period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Maier Duessel

Harrisburg, Pennsylvania
March 3, 2022

**UNITED CEREBRAL PALSY FOUNDATION
OF CENTRAL PENNSYLVANIA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

Assets	
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Current assets:	
Cash	\$ 131,025
Investments	4,463,771
Loan receivable due from UCP, current portion	13,195
Inventory	9,039
Other assets	3,221
Prepaid expenses	1,782
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Total current assets	4,622,033
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Noncurrent assets:	
Loan receivable due from UCP, net of current portion	432,526
Property and equipment:	
Land	53,112
Buildings, net of accumulated depreciation	170,553
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Net property and equipment	223,665
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Total noncurrent assets	656,191
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Total Assets	\$ 5,278,224
	<hr/> <hr/>
Liabilities and Net Assets	
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Liabilities:	
<hr/>	
Current liabilities:	
Accounts payable	\$ 3,600
Due to UCP	162,941
	<hr/>
Total Liabilities	166,541
	<hr/>
Net Assets:	
<hr/>	
Without donor restriction:	
Board-designated	4,676,172
With donor restriction	435,511
	<hr/>
Total Net Assets	5,111,683
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Total Liabilities and Net Assets	\$ 5,278,224
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The accompanying notes are an integral part of these financial statements.

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

STATEMENT OF ACTIVITIES

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
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Public support:			
Special events	\$ 2,760	\$ -	\$ 2,760
Contributions	14,425	-	14,425
Foundation grants	1,895	-	1,895
Release from restriction	-	-	-
Total public support	19,080	-	19,080
Other revenue:			
Interest	8,137	-	8,137
Dividends	39,144	4,441	43,585
Unrealized gains	569,970	64,703	634,673
Miscellaneous income	6,600	-	6,600
Total other revenue	623,851	69,144	692,995
Total support and revenue	642,931	69,144	712,075
Expenses:			
<hr/>			
Program services	42,494	-	42,494
Supporting services:			
Management and general	11,438	-	11,438
Fundraising services	13,490	-	13,490
Total expenses	67,422	-	67,422
Change in Net Assets	575,509	69,144	644,653
Net Assets:			
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Beginning of year	4,100,663	366,367	4,467,030
End of year	\$ 4,676,172	\$ 435,511	\$ 5,111,683

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

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Program Expenses	Management and General	Fundraising	Total
Staffing costs	\$ 11,925	\$ 5,963	\$ 5,963	\$ 23,851
Occupancy	2,745	-	915	3,660
Transportation	72	-	24	96
Professional fees	2,539	5,475	2,671	10,685
Supplies	143	-	-	143
Communications	7,071	-	375	7,446
Equipment rental and repairs	1,078	-	359	1,437
Subscriptions and publications	728	-	243	971
Special events	502	-	1,569	2,071
Other	441	-	-	441
Grants to related parties	11,138	-	-	11,138
Depreciation	4,112	-	1,371	5,483
Total expenses	<u>\$ 42,494</u>	<u>\$ 11,438</u>	<u>\$ 13,490</u>	<u>\$ 67,422</u>

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

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

STATEMENT OF CASH FLOWS

SIX-MONTH PERIOD ENDING DECEMBER 31, 2020

Cash Flows From Operating Activities:	
Change in net assets	\$ 644,653
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,483
Realized and unrealized gain on investments	(634,673)
(Increase) decrease in assets:	
Accounts receivable	6,310
Prepaid Expenses	(801)
Other assets	(3,221)
Inventory	-
Increase (decrease) in liabilities:	
Accounts payable	(900)
Due to UCP	55,770
Deferred revenue	-
Net cash provided by operating activities	72,621
Cash Flows From Investing Activities:	
Purchase of investments	(49,340)
Net cash used in investing activities	(49,340)
Cash Flows From Financing Activities:	
Payments received on mortgage receivable from UCP	6,194
Net cash provided by financing activities	6,194
Net Increase in Cash	29,475
Cash:	
Beginning of year	101,550
End of year	\$ 131,025

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

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

1. Organization and Summary of Significant Accounting Policies

Organization

United Cerebral Palsy Foundation of Central Pennsylvania (the Foundation) is a 501(c)(3) corporation. The Foundation was created in January of 2006 for the exclusive benefit of United Cerebral Palsy of Central Pennsylvania (UCP).

On January 1, 2021 the Foundation was acquired by affiliated entity, United Cerebral Palsy of Central Pennsylvania. Accordingly, these financial statements are the last set of stand-alone financial statements for the Foundation.

Basis of Presentation

The Foundation is a subsidiary of UCP and is included in UCP's consolidated financial statements. The majority of the Foundation's governing board members are also board members of UCP. In addition, the Foundation is operated, supervised, and controlled by UCP for the exclusive benefit of UCP, including raising funds.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

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.

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

Income Taxes

The Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code (Code) and is a publicly supported organization as described in Section 509(a)(3) of the Code, and files Form 990 - Return of Organization Exempt from Income Tax, on an annual basis.

Cash and Cash Equivalents

The Foundation includes in cash and cash equivalents, monies held at a financial institution, including monies held in money market accounts.

Fair Value Measurements

Investments are reported at fair value with gains and losses included in the 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 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.

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

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 Foundation. The Foundation 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 Foundation's perceived risk of that instrument.

Valuation of Investments

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

The Foundation 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 stipulations or by law. Realized gains and losses, 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 Foundation maintains an endowment program that generates earnings in support of the viability and continued high quality of UCP's services. The Foundation's endowments consist of 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.

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

Uncollectable Accounts

Since bad debts have historically not been material, no allowance for uncollectable accounts has been provided. The Foundation uses the specific write-off method in recording uncollectable accounts.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional.

Inventory

The inventory of products for use is stated at the lower of cost or net realizable value using the first-in, first-out method.

Property and Equipment

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

Revenue and Support

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

Contributions are recognized when the donor makes a promise to give to the Foundation 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 are recognized when the conditions on which they depend are substantially met.

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

Special events revenue 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 Foundation's contribution recognition policies.

Net Asset Classifications

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

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 Foundation and/or the passage of time or that they be maintained permanently by the Foundation.

Functional Expenses

Expenses directly related to a specific program are charged to that program. Expenses related to supporting services are allocated on the basis of actual or estimated employee time. In addition, administrative costs allocated from UCP are based upon actual expenses and budgeted employee full time equivalency percentages.

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.

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

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.

Subsequent Events

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

2. Deposits

The Foundation has deposits with financial institutions that are covered by FDIC insurance. These deposits sometimes exceed federally insured limits. Cash deposits at December 31, 2020 did not exceed FDIC insured limits.

3. Investments

Investments consisted of the following at December 31, 2020:

Mutual funds:

Equity mutual funds:

Large blend	\$ 1,669,897
Mid blend	397,310
Small blend	590,982
International	563,302

Fixed income mutual funds:

Short-term bond	249,084
Intermediate-term bond	993,196

Total mutual funds	<u><u>\$ 4,463,771</u></u>
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UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

Fair Value of Financial Instruments

The investments are presented in the financial statements at fair value using quoted prices (Level 1).

4. Endowment

The Foundation's 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 Foundation's donor-restricted endowment fund is classified as net assets with donor restrictions. 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 Foundation's Board to function like a permanent 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.

The Foundation 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 the Foundation 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 the Foundation
6. Investment policies of the Foundation

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

Investment and Spending Policies

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

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

The Foundation preserves the principal of all donor restricted endowed funds in perpetuity. Perpetual endowed funds will accumulate investment gains and investment losses as applied proportionately to all Foundation funds. Gains and income from these 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 funds without donor restrictions.

When possible, the Foundation 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 six-month period ending December 31, 2020:

Balance as of July 1	\$ 291,637
Interest and dividends	55,838
Released to board-designated Endowment	-
Balance as of December 31	<u>\$ 347,475</u>

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

The following represents changes in the board-designated endowment fund during the six-month period ending December 31, 2020:

Balance as of July 1	\$ 4,100,663
Public support revenue	17,185
Foundation grants	1,895
Interest and dividends	47,281
Realized/unrealized gains	569,970
Miscellaneous income	6,600
Expenses	<u>(67,422)</u>
Balance as of December 31	<u>\$ 4,676,172</u>

5. Related Party Transactions

The Foundation entered into an administrative service and cost sharing agreement with UCP. The total expenses incurred by the Foundation as a result of this agreement totaled \$5,475 for the six-month period ending December 31, 2020. Total net amount due to UCP for the six-month period ending December 31, 2020, for such services, as well as other direct operating expenses, and less short-term financing, amounted to \$162,941.

During the six-month period ending December 31, 2020, the Foundation granted \$11,139 to related parties to further their missions. The entire amount was granted to UCP for the six-month period ending December 31, 2020.

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 the six-month period ending December 31, 2020 was \$132,229.

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 the six-month period ending December 31, 2020 was \$161,398.

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

In August 2017, UCP entered into a 30-year loan agreement with the Foundation for the purchase of a residential home property 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 the six-month period ending December 31, 2020 was \$152,094.

Subsequent principal payments on the loans receivable are as follows:

Year Ending June 30,	Amount
2022	\$ 13,195
2023	13,823
2024	14,483
2025	15,175
2026	15,901
2027-2031	91,688
2032-2036	115,969
2037-2041	98,892
2042-2046	44,518
2047-2051	22,077
	<u>\$ 445,721</u>

6. Property and Equipment

Property and equipment consists of the following for the six-month period ending December 31, 2020:

Land	\$ 53,112
Building	<u>286,200</u>
Total property	<u>339,312</u>
Less accumulated depreciation	<u>115,647</u>
Net property	<u>\$ 223,665</u>

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

Depreciation expense for the six-month period ending December 31, 2020 amounted to \$5,483.

7. Net Assets

Net assets for the six-month period ending December 31, 2020 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets:			
Funds invested in perpetuity for which income is expendable to support the following (see Note 4):			
Glenn Hoffman Endowment Fund, UCP programs		\$ 284,312	\$ 284,312
William Schultz Endowment Fund, UCP programs		21,716	21,716
Schmidt Endowment Fund, UCP programs		15,867	15,867
The Murphy IDEA Endowment Fund, UCP programs		19,110	19,110
Jeffrey Cooper Healthy Lifestyles		6,470	6,470
Designated by the Board of Directors to function as an endowment	\$ 4,676,172	-	4,676,172
Total endowment net assets	4,676,172	347,475	5,023,647
Net assets restricted by donors for:			
Consumer Community Participants Fund		1,741	1,741
Childhood Program Fund		15,810	15,810
Nicholas Mancini Dolson Memorial Fund, use restriction for the maintenance and improvement of playground equipment at the Capital Area Children's Center.		70,485	70,485
Total donor-restricted net assets		88,036	88,036
Total net assets	\$ 4,676,172	\$ 435,511	\$ 5,111,683

UNITED CEREBRAL PALSY FOUNDATION OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

8. Availability and Liquidity

The following represents the Foundation's financial assets available to meet general expenditure as of the six-month period ending December 31, 2020:

Financial assets at year-end:	
Cash	\$ 131,025
Investments	4,463,771
Loan receivable due from UCP, current portion	<u>13,195</u>
Total financial assets	4,607,991
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>435,511</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,172,480</u>

The Foundation's policy for invested cash is to invest in such a manner as to ensure sufficient liquidity to meet operating expenses. While all assets without donor restrictions are designated by the Board in a quasi-endowment, the Board has the authority to un-designate any of the designated reserves and use them as they see fit to cover costs of the Foundation.

9. Subsequent Event

On January 1, 2021 the Foundation was acquired by affiliated entity, United Cerebral Palsy of Central Pennsylvania.