

**United Cerebral Palsy of Central
Pennsylvania**

Financial Statements and
Supplementary Information

Years Ended June 30, 2022 and 2021
with Independent Auditor's Reports

MaherDuessel

The logo for MaherDuessel features the company name in a serif font. The word "Maher" is in black, and "Duessel" is in blue. Below the text is a horizontal bar that is black on the left and blue on the right, matching the color of the text.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

YEARS ENDED JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

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

Supplementary Information:

Schedule of Expenditures of Federal Awards	27
Notes to Schedule of Expenditures of Federal Awards	28

Independent Auditor's Reports Required by the Uniform Guidance:

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>	29
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	31

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

YEARS ENDED JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

(Continued)

Schedule of Findings and Questioned Costs 34

Summary Schedule of Prior Year Findings 36

Supplementary Information (Continued):

Schedule of Contract and Other Expenses 37

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Cerebral Palsy of Central Pennsylvania (nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy of Central Pennsylvania as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Cerebral Palsy of Central Pennsylvania and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Cerebral Palsy of Central Pennsylvania ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Cerebral Palsy of Central Pennsylvania internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Cerebral Palsy of Central Pennsylvania ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the 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 February 28, 2023 on our consideration of United Cerebral Palsy of Central Pennsylvania 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 United Cerebral Palsy of Central Pennsylvania 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 United Cerebral Palsy of Central Pennsylvania internal control over financial reporting and compliance.

Maher Duessel

Harrisburg, Pennsylvania
February 28, 2023

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

Assets	2022	2021
Current assets:		
Cash and cash equivalents	\$ 7,428,708	\$ 6,720,020
Investments	4,661,855	4,939,637
Accounts receivable	7,028,068	5,924,046
Prepaid expenses	385,909	415,138
Other assets	5,161	5,379
Inventory	9,039	9,039
Total current assets	19,518,740	18,013,259
Property and equipment:		
Land	757,389	757,389
Buildings	3,738,999	3,551,590
Furniture and fixtures	77,462	44,987
Leasehold improvements	512,542	512,542
Office equipment	287,741	274,841
Vehicles	553,983	553,983
	5,928,116	5,695,332
Less: accumulated depreciation	2,120,134	1,829,672
Net property and equipment	3,807,982	3,865,660
Total Assets	\$23,326,722	\$21,878,919

(Continued)

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

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

(Continued)

Liabilities and Net Assets	2022	2021
Liabilities:		
Current liabilities:		
Accounts payable	\$ 381,301	\$ 252,382
Accrued payroll costs	1,573,008	952,888
Payroll taxes and withholdings	659,841	1,725,060
Refundable advance	8,677	8,677
Deferred revenue	178,274	22,713
Long-term debt, current portion	79,300	69,490
Total Current Liabilities	2,880,401	3,031,210
Long-term debt, net of current portion	713,470	799,467
Total Liabilities	3,593,871	3,830,677
Net Assets:		
Without donor restrictions		
Undesignated	14,878,841	12,514,930
Board-designated	4,457,079	5,047,544
	19,335,920	17,562,474
With donor restrictions	396,931	485,768
Total Net Assets	19,732,851	18,048,242
Total Liabilities and Net Assets	\$23,326,722	\$21,878,919

(Concluded)

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

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenue:			
Public support:			
Special events	\$ 263,844	\$ -	\$ 263,844
United Way	17,312	-	17,312
Contributions	45,036	-	45,036
Foundation grants	9,742	-	9,742
Released from restriction	24,598	(24,598)	-
Total public support	360,532	(24,598)	335,934
Revenue:			
Program revenue:			
Government funding contracts	38,202,596	-	38,202,596
Other contracted funding	284,955	-	284,955
Client fees	273,094	-	273,094
Other program revenue	8,783	-	8,783
Total program revenue	38,769,428	-	38,769,428
Other revenue:			
Interest	6,754	-	6,754
Dividends	74,053	6,236	80,289
Realized gains	32,545	2,931	35,476
Unrealized losses	(766,161)	(73,406)	(839,567)
Gain on disposal	-	-	-
Miscellaneous income	490,359	-	490,359
Total other revenue	(162,450)	(64,239)	(226,689)
Total support and revenue	38,967,510	(88,837)	38,878,673
Expenses:			
Program	33,468,256	-	33,468,256
Management and general	3,534,835	-	3,534,835
Fundraising	190,973	-	190,973
Total expenses	37,194,064	-	37,194,064
Change in Net Assets	1,773,446	(88,837)	1,684,609
Net Assets:			
Beginning of year	17,562,474	485,768	18,048,242
End of year	\$ 19,335,920	\$ 396,931	\$ 19,732,851

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

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenue:			
Public support:			
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
Revenue:			
Program revenue:			
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
Other revenue:			
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**
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Expenses	Management and General	Fundraising	Total
Employee Compensation:				
Salaries	\$ 25,068,981	\$ 2,130,745	\$ 47,459	\$ 27,247,185
Payroll taxes	1,918,192	147,345	3,144	2,068,681
Employee benefits	2,449,605	566,590	8,838	3,025,033
Total employee compensation	<u>29,436,778</u>	<u>2,844,680</u>	<u>59,441</u>	<u>32,340,899</u>
Operating expenses:				
Occupancy	1,206,813	114,292	5,036	1,326,141
Transportation	702,879	33,826	430	737,135
Professional fees	277,207	176,482	470	454,159
Supplies	180,123	30,583	7,846	218,552
Consumer expenditures	694,022	-	-	694,022
Communications	187,075	32,385	15,286	234,746
Information technology	326,399	98,109	3,787	428,295
Equipment rental and repairs	138,815	58,882	1,019	198,716
Conferences	15,382	593	-	15,975
Dues, subscriptions, and publications	6,082	44,386	30	50,498
Affiliate dues	-	25,000	-	25,000
Other	55,574	28,165	95,723	179,462
Depreciation	241,107	47,452	1,905	290,464
Total operating expenses	<u>4,031,478</u>	<u>690,155</u>	<u>131,532</u>	<u>4,853,165</u>
Total functional expenses	<u>\$ 33,468,256</u>	<u>\$ 3,534,835</u>	<u>\$ 190,973</u>	<u>\$ 37,194,064</u>

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

**UNITED CEREBRAL PALSY
OF CENTRAL PENNSYLVANIA**
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	<u>27,651,430</u>	<u>2,811,566</u>	<u>44,594</u>	<u>30,507,590</u>
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	209,801	26,405	3,602	239,808
Information technology	294,239	142,288	2,009	438,536
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	<u>3,985,442</u>	<u>637,736</u>	<u>25,925</u>	<u>4,649,103</u>
Total functional expenses	<u>\$ 31,636,872</u>	<u>\$ 3,449,302</u>	<u>\$ 70,519</u>	<u>\$ 35,156,693</u>

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

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

STATEMENTS OF CASH FLOWS YEAR ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,684,609	\$ 1,431,003
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Realized and unrealized gain on investments	804,091	(1,021,392)
Depreciation	290,464	253,229
Gain on disposal	-	(7,438)
(Increase) decrease in assets:		
Accounts receivable	(1,104,022)	(518,757)
Prepaid expenses	29,229	105,344
Other assets	218	(5,379)
Increase (decrease) in liabilities:		
Accounts payable	128,919	424,779
Accrued payroll costs	620,120	84,526
Payroll taxes and withholdings	(1,065,219)	384,616
Refundable advance	-	(436,457)
Deferred revenue	155,561	(8,303)
Total adjustments	(140,639)	(745,232)
Net cash and cash equivalents provided by operating activities	1,543,970	685,771
Cash Flows From Investing Activities:		
Purchase of investments	(526,369)	(66,710)
Purchase of property and equipment	(232,783)	(1,150,999)
Net cash used in investing activities	(759,152)	(1,217,709)
Cash Flows From Financing Activities:		
Repayments of principal on mortgages	(76,130)	(30,759)
Net cash used in financing activities	(76,130)	(30,759)
Net Increase in Cash and Cash Equivalents	708,688	(562,697)
Cash and Cash Equivalents:		
Beginning of year	6,720,020	7,282,717
End of year	\$ 7,428,708	\$ 6,720,020
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 32,952	\$ 24,749
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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies

Basis of Accounting

The 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 (Organization) is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization 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 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, the Organization 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 the Organization. In addition, the Foundation was operated, supervised, and controlled by the Organization for the exclusive benefit of the Organization, including raising funds. On January 1, 2021, the Organization acquired the Foundation.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

For the fiscal year ended June 30, 2021, these financial statements consolidated the activities of United Cerebral Palsy of Central Pennsylvania and the Foundation through December 31, 2020. All significant intercompany accounts and transactions were eliminated in the consolidation.

Net Asset Classifications

The following two categories of net assets are presented in the 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 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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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 years ended June 30, 2022 and 2021 amounted to \$290,464 and \$253,229, 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 \$17,374 and \$57,277 for the years ended June 30, 2022 and 2021, respectively.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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 \$418,977 and \$348,796 for the years ended June 30, 2022 and 2021, 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 statement of activities as services are rendered and related expenses are incurred.

Revenue and Support

Contract funded revenue, with the exception of COVID funding as disclosed in Note 9, 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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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.

During the year ended June 30, 2022, the Organization sold the Capital Home Care program. \$490,000 was included in gain on disposal in the statement of activities.

Donated Services

No amounts have been reflected in the 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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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

Accounting 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.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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 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 \$7,396,146 and \$6,873,207 at June 30, 2022 and 2021, respectively, consist of \$1,250,000 and \$1,250,000 of deposits that are insured by the Federal Deposit Insurance Corporation (FDIC) and \$6,146,146 and \$5,653,207 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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

4. Accounts Receivable

Accounts receivable balances are as follows:

	At July 1, 2020	At June 30, 2021	At June 30, 2022
State government	\$ 4,414,827	\$ 4,802,072	\$ 6,645,789
Other government	525,922	511,178	212,728
Non-government	464,540	610,796	169,551
Total accounts receivable	\$ 5,405,289	\$ 5,924,046	\$ 7,028,068

Through December 31, 2022, approximately 95% of the accounts receivable balance at June 30, 2022 has been collected.

5. Investments

Investments consisted of the following at June 30:

	2022	2021
Mutual funds:		
Equity mutual funds		
Large blend	\$ 1,926,562	\$ 2,119,698
Mid blend	486,361	554,940
Small blend	508,976	628,193
International	188,633	182,645
Fixed income mutual funds		
Short-term bond	297,490	276,996
Intermediate-term bond	1,180,679	1,099,564
Total mutual funds	\$ 4,588,701	\$ 4,862,036

An investment held by the Organization in the amount of \$25,654 and \$30,101 as of June 30, 2022 and 2021, 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.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

An investment held by the Organization in the amount of \$47,500 as of June 30, 2022 and 2021, 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).

6. Endowment

The endowment was established to generate earnings in support of the viability and continued high quality of the Organization's services. The endowment enables donors to perpetuate their support of the Organization's mission and ensures the Organization'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.

The Organization 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

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

2. The purposes of the Organization 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 Organization
6. Investment policies of the Organization

Investment and Spending Policies

The Organization'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 Organization'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 Organization 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, the Organization 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.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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

	2022	2021
Balance as of July 1	\$ 364,766	\$ 291,637
Interest and dividends	6,236	6,173
Unrealized/realized gains (losses)	(58,113)	83,510
Releases to board-designated Endowment	(24,598)	(16,554)
Balance as of June 30	\$ 288,291	\$ 364,766

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

	2022	2021
Balance as of July 1	\$ 5,047,544	\$ 4,100,663
Public support revenue	9,000	32,185
Foundation grants	-	1,895
Interest and dividends	70,219	74,469
Realized/unrealized gains	(694,282)	891,239
Miscellaneous income	-	6,600
Released from restriction	24,598	16,554
Expenses	-	(76,061)
Balance as of June 30	\$ 4,457,079	\$ 5,047,544

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 into 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

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

ended June 30, 2022 and 2021, the Organization made principal payments of \$76,130 and \$31,043, respectively.

Future principal payments on the promissory note are as follows:

Year Ending June 30,	Amount
2023	\$ 79,300
2024	82,044
2025	85,421
2026	88,860
2027	92,439
Thereafter	364,706
	<u>\$ 792,770</u>

8. Bank Line of Credit

The Organization has an unsecured 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, 2023. There was no balance due on the line as of June 30, 2022 or 2021.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

9. Net Assets

Net assets at June 30, 2022 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		\$ 235,883	\$ 235,883
William Schultz Endowment Fund, UCP programs		18,018	18,018
Schmidt Endowment Fund, UCP programs		13,165	13,165
The Murphy IDEA Endowment Fund, UCP programs		15,857	15,857
Jeffrey Cooper Healthy Lifestyles		5,368	5,368
Designated by the Board of Directors to function as an endowment	\$ 4,457,079	-	4,457,079
Total endowment net assets	4,457,079	288,291	4,745,370
Net assets restricted by donors for:			
Consumer Community Participants Fund		1,656	1,656
Childhood Program Fund		15,039	15,039
Nicholas Mancini Dolson Memorial Fund, use restriction for the maintenance and improvement of playground equipment at the Capital Area Children's Center.		67,045	67,045
Temporarily restricted fund		24,900	24,900
Total donor-restricted net assets		108,640	108,640
Undesignated net assets	14,878,841	-	14,878,841
Total net assets	\$ 19,335,920	\$ 396,931	\$ 19,732,851

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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	\$ 17,562,474	\$ 485,768	\$ 18,048,242

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

Provider Relief Funds and COVID-19 relief funding was provided, which was provided by the Office of Developmental Programs (ODP) and Office of Long-Term Living (OLTL), 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. Management intends to fully comply with these required reports. Total revenue recognized under the ODP and OLTL program totaled \$928,951 and \$0, respectively, as of year ended June 30, 2022, and \$1,048,437 and \$2,400, respectively, for the year ended June 30, 2021. Total revenue

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

recognized under the Provider Relief Funds totaled \$463,732 as of year ended June 30, 2022, and \$1,271,191 for the year ended June 30, 2021. Funds received which have not yet been earned are recorded as a refundable advance liability. There were no refundable advances at June 30, 2022 or 2021.

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, 2022 and 2021, the Organization incurred rental expenses of \$646,292 and \$771,515, 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
2023	\$ 376,896
2024	325,921
2025	277,726
2026	278,813
2027	248,817
Thereafter	445,683
	<u>\$ 1,953,856</u>

12. Dues

The Organization pays dues to national and state affiliates. National dues for the years ended June 30, 2022 and 2021 were \$25,000 and \$22,917, respectively.

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

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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. As of December 15, 2021, the 1,000 hour requirement was removed from the plan eligibility requirements. 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 \$178,993 and \$347,920 for the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 2021, approximately 98% and 98%, respectively, of total support and revenue was earned under contracts with the following governmental agencies:

	2022	2021
County Intellectual Disability (ID) Programs	\$ 642,218	\$ 644,226
PA Office of Developmental Programs:		
MH/ID Waiver	35,313,839	29,734,960
County Early Intervention:		
Cumberland-Perry	212,485	138,522
Dauphin	276,672	215,072
York-Adams	9,124	5,142
Lebanon	57,749	18,117
Franklin/Fulton	12,667	10,371
Office of Long-Term Living Waivers:		
Attendant Care Act 150 and Waivers	7,133	99,650
Managed Care	68,845	1,100,716
COVID Funding	-	2,400
Office of Vocational Rehabilitation	189,013	202,922
COVID funding	1,397,233	2,319,601
PA Office of Aging	8,947	166,958
Other	6,671	112,706
	\$ 38,202,596	\$ 34,771,363

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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.

15. Contingencies

Under the terms of the government funding contracts as noted in Note 13, 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:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash	\$ 7,428,708	\$ 6,720,020
Investments	4,661,855	4,939,637
Accounts receivable	<u>7,028,068</u>	<u>5,924,046</u>
Total financial assets	19,118,631	17,583,703
Less amounts not available to be used within one year:		
Board-designated endowment	4,457,079	5,047,544
Net assets with donor restrictions	<u>396,931</u>	<u>485,768</u>
Total amount not available be used within one year	4,854,010	5,533,312
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 14,264,621</u>	<u>\$ 12,050,391</u>

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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 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, 2023.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Source Code	Assistance Listing Number	Grant/Pass-Through Grantor's Number	Total Federal Expenses
U.S. Department of Education:				
Passed-through Cumberland-Perry County MH.IDD: Special Education - Grants for infants and families	I	84.181	EI21-0003	\$ 59,327
Passed-through Pennsylvania Office of Vocational Rehabilitation: Rehabilitation Services - Vocational Rehabilitation Grants to States	I	84.126		<u>189,013</u>
Total U.S. Department of Education				<u>248,340</u>
U.S. Department of Health and Human Services:				
COVID-19 Provider Relief Fund	D	93.498	N/A	1,271,191
Passed-through Temple University: ACL Assistive Technology	I	93.464	2001PAATSG	38,163
Passed-through York-Adams County MH.IDD: Block Grants for Community Mental Health Services	I	93.958		<u>6,283</u>
Total U.S. Department of Health and Human Services				<u>1,315,637</u>
U.S. Social Security Administration (SSA):				
Passed-through Pennsylvania Office of Vocational Rehabilitation: Social Security Disability Insurance	I	96.001		<u>122</u>
Total U.S. Social Security Administration (SSA)				<u>122</u>
U.S. Department of Agriculture (USDA):				
Passed-through Pennsylvania State University: Cooperative Extension Service	I	10.500	5900-USDA-NIFA	<u>86,252</u>
Total United States Department of Agriculture (USDA)				<u>86,252</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,650,351</u></u>

D - Direct funding

I - Indirect funding

See accompanying notes to schedule of expenditures of federal awards.

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (schedule) includes the federal award activities of the Organization under programs of the federal government for the year ended June 30, 2022. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule presents only a selected portion of the operation of the Organization, and it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting, which is reconciled to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

3. Indirect Cost

The Organization has elected to use the 10.00% de minimis indirect cost rate allowed under the Uniform Guidance.

**United Cerebral Palsy
of Central Pennsylvania**

Independent Auditor's Report
in Accordance with
Government Auditing Standards

Year Ended June 30, 2022

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of 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 financial statements of United Cerebral Palsy of Central Pennsylvania, which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the United Cerebral Palsy of Central Pennsylvania’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Cerebral Palsy of Central Pennsylvania’s internal control. Accordingly, we do not express an opinion on the effectiveness of the United Cerebral Palsy of Central Pennsylvania’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 United Cerebral Palsy of Central Pennsylvania’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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the United Cerebral Palsy of Central Pennsylvania's 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 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 United Cerebral Palsy of Central Pennsylvania'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 United Cerebral Palsy of Central Pennsylvania's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mahe Duessel

Harrisburg, Pennsylvania
February 28, 2023

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Cerebral Palsy of Central Pennsylvania's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the United Cerebral Palsy of Central Pennsylvania's major federal programs for the year ended June 30, 2022. The United Cerebral Palsy of Central Pennsylvania's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Cerebral Palsy of Central Pennsylvania complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Cerebral Palsy of Central Pennsylvania and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Cerebral Palsy of Central Pennsylvania's compliance with the compliance requirements referred to above.

United Cerebral Palsy of Central Pennsylvania
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to United Cerebral Palsy of Central Pennsylvania's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Cerebral Palsy of Central Pennsylvania's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Cerebral Palsy of Central Pennsylvania's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding United Cerebral Palsy of Central Pennsylvania's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Cerebral Palsy of Central Pennsylvania's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Cerebral Palsy of Central Pennsylvania's internal control over compliance. Accordingly, no such opinion is expressed.

United Cerebral Palsy of Central Pennsylvania
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Harrisburg, Pennsylvania
February 28, 2023

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

7. Major Programs:

Federal ALN(s)

Name of Federal Program or Cluster

93.498

COVID-19 Provider Relief Fund

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? yes no

UNITED CERBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

- II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

- III. Findings and questioned costs for federal awards.

No matters were reported.

**UNITED CERBRAL PALSY
OF CENTRAL PENNSYLVANIA**

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2022

NO MATTERS WERE REPORTED

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2022

	Early Intervention					Total Early Intervention Program
	Physical Therapy	Speech Therapy	Occupational Therapy	Special Education	Family Support Services	
Expenses:						
Employee compensation:						
Salaries	\$ 141,705	\$ 83,113	\$ 132,966	\$ 67,834	\$ 50,174	\$ 475,792
Payroll taxes	10,648	6,345	10,015	5,240	3,797	36,045
Employee benefits	8,331	4,699	11,660	11,180	2,324	38,194
Total employee compensation	160,684	94,157	154,641	84,254	56,295	550,031
Operating expenses:						
Occupancy	2,584	2,416	2,546	2,451	3,618	13,615
Transportation	5,080	19	2,830	4,884	-	12,813
Professional fees	1,895	1,781	1,669	1,470	996	7,811
Supplies	1,651	84	103	459	565	2,862
Consumer expenditures	-	-	-	-	56,242	56,242
Communications	2,500	1,827	1,854	1,959	1,037	9,177
Information Technology	9,769	8,091	8,745	6,888	5,865	39,358
Equipment rental and repairs	914	1,036	878	11,365	5,350	19,543
Conferences	437	99	531	-	-	1,067
Subscriptions and publications	61	61	61	61	-	244
Affiliate dues	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Other	-	98	33	231	1,684	2,046
Depreciation	1,977	1,973	1,607	1,598	2,730	9,885
Total operating expenses	26,868	17,485	20,857	31,366	78,087	174,663
Allocated expenses, administration	13,494	8,171	13,700	10,343	11,826	57,534
Total expenses	\$ 201,046	\$ 119,813	\$ 189,198	\$ 125,963	\$ 146,208	\$ 782,228

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2022

(Continued)

	Residential Home Services	Community Participation Support	Home Based Services	Capital Care	Respite Services
Expenses:					
Employee compensation:					
Salaries	\$ 5,375,799	\$ 1,820,341	\$ 315,731	\$ 132,290	\$ -
Payroll taxes	390,159	135,032	25,743	25,696	23
Employee benefits	846,787	287,623	33,279	17,197	237
Total employee compensation	6,612,745	2,242,996	374,753	175,183	260
Operating expenses:					
Occupancy	401,573	600,056	7,464	1,235	79
Transportation	258,923	378,389	21,011	5,999	-
Professional fees	107,216	24,442	3,119	8,409	134
Supplies	145,475	17,298	3,564	201	38
Consumer expenditures	-	-	-	-	-
Communications	74,804	41,168	1,844	412	-
Information Technology	60,775	64,802	8,588	748	704
Equipment rental and repairs	55,352	30,888	811	79	-
Conferences	1,270	913	50	-	-
Subscriptions and publications	157	385	-	-	-
Affiliate dues	-	-	-	-	-
Advertising	-	-	-	-	-
Other	2,774	577	632	2,432	-
Depreciation	145,436	55,107	1,784	-	-
Total operating expenses	1,253,755	1,214,025	48,867	19,515	955
Allocated expenses, administration	767,351	429,008	52,587	10,537	1,415
Total expenses	\$ 8,633,851	\$ 3,886,029	\$ 476,207	\$ 205,235	\$ 2,630

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2022

(Continued)

	Independent Living Technology	RAC	RAC Consumer Expenses	AT Reutilization	Job Skills
Expenses:					
Employee compensation:					
Salaries	\$ 6,153	\$ 105,157	\$ -	\$ 14,997	\$ 263,874
Payroll taxes	424	7,791	-	1,117	19,555
Employee benefits	1,289	18,689	-	1,710	47,503
Total employee compensation	7,866	131,637	-	17,824	330,932
Operating expenses:					
Occupancy	1,730	9,622	-	8,825	10,500
Transportation	-	-	-	117	15,461
Professional fees	76	1,644	4,573	387	2,682
Supplies	1	516	-	-	212
Consumer expenditures	3,051	-	-	-	-
Communications	24	829	1,668	1,158	4,005
Information Technology	606	4,485	584	1,365	9,798
Equipment rental and repairs	1,215	948	-	2,775	4,367
Conferences	-	-	6,686	-	50
Subscriptions and publications	-	-	2,185	-	-
Affiliate dues	-	-	-	-	-
Advertising	-	-	-	-	-
Other	-	-	3,985	-	18
Depreciation	679	-	-	3,697	3,189
Total operating expenses	7,382	18,044	19,681	18,324	50,282
Allocated expenses, administration	1,230	9,535	-	3,019	30,458
Total expenses	\$ 16,478	\$ 159,216	\$ 19,681	\$ 39,167	\$ 411,672

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2022

(Continued)

	Agency with Choice	Agency with Choice Vendor Services	320 Assistive Technology	Fundraising	Investment
Expenses:					
Employee compensation:					
Salaries	\$ 16,357,025	\$ -	\$ 148,097	\$ 47,459	\$ -
Payroll taxes	1,262,291	-	10,837	3,144	-
Employee benefits	1,125,313	-	18,605	8,838	-
Total employee compensation	18,744,629	-	177,539	59,441	-
Operating expenses:					
Occupancy	138,515	-	9,353	5,036	-
Transportation	5,083	-	4,835	430	-
Professional fees	107,100	-	1,902	470	7,148
Supplies	3,952	-	5,107	7,846	-
Consumer expenditures	-	633,789	940	-	-
Communications	10,997	-	39,723	15,286	-
Information Technology	119,203	-	5,606	3,787	-
Equipment rental and repairs	16,231	-	2,921	1,019	-
Conferences	-	-	5,346	-	-
Subscriptions and publications	1,515	-	-	30	-
Affiliate dues	-	-	-	-	-
Advertising	-	-	-	-	-
Other	13,103	809	26,699	95,723	50
Depreciation	14,982	-	4,257	1,905	-
Total operating expenses	430,681	634,598	106,689	131,532	7,198
Allocated expenses, administration	2,234,380	-	24,398	10,585	-
Total expenses	\$ 21,409,690	\$ 634,598	\$ 308,626	\$ 201,558	\$ 7,198

UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2022

(Continued)

			MANAGEMENT & GENERAL		Totals
	Community Relations	Management	Human Resources	Administration	
Expenses:					
Employee compensation:					
Salaries	\$ 53,725	\$ 714,560	\$ 440,091	\$ 976,094	\$ 27,247,185
Payroll taxes	3,479	43,711	31,848	71,786	2,068,681
Employee benefits	13,179	115,696	240,880	210,014	3,025,033
Total employee compensation	70,383	873,967	712,819	1,257,894	32,340,899
Operating expenses:					
Occupancy	4,246	14,515	21,898	77,879	1,326,141
Transportation	248	818	1,530	31,478	737,135
Professional fees	562	5,777	127,136	43,569	454,157
Supplies	897	564	17,611	12,408	218,552
Consumer expenditures	-	-	-	-	694,022
Communications	1,266	683	8,551	23,151	234,746
Information Technology	9,777	4,864	11,646	81,599	428,295
Equipment rental and repairs	3,685	1,360	9,135	48,387	198,716
Conferences	-	238	238	117	15,975
Subscriptions and publications	1,596	202	2,064	42,120	50,498
Affiliate dues	-	-	-	25,000	25,000
Advertising	-	-	-	-	-
Other	2,451	107	4,470	23,588	179,464
Depreciation	2,091	5,204	9,649	32,599	290,464
Total operating expenses	26,819	34,332	213,928	441,895	4,853,165
Allocated expenses, administration	(97,202)	(908,299)	(926,747)	(1,699,789)	-
Total expenses	\$ -	\$ -	\$ -	\$ -	\$ 37,194,064