

**United Cerebral Palsy of Central  
Pennsylvania**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2023  
with Independent Auditor's Reports

**MaherDuessel**

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

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

YEAR ENDED JUNE 30, 2023

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# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

YEAR ENDED JUNE 30, 2023

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## 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 statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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

#### *Change in Accounting Principle*

As described in Note 1 to the financial statements, United Cerebral Palsy of Central Pennsylvania adopted the accounting provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, "*Leases*" (Topic 842). Our opinion is not modified with respect to this matter.

#### 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 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 audit was 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 March 11, 2024 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  
March 11, 2024

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

<b>Assets</b>	
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Current assets:	
Cash and cash equivalents	\$ 5,845,745
Investments	10,834,105
Accounts receivable	5,714,609
Prepaid expenses	328,271
Other assets	4,923
Inventory	7,199
	<hr/>
Total current assets	22,734,852
Property and equipment:	
Land	757,389
Buildings	3,795,110
Furniture and fixtures	77,462
Leasehold improvements	512,543
Office equipment	287,741
Vehicles	670,073
	<hr/>
	6,100,318
Less: accumulated depreciation	2,397,529
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Net property and equipment	3,702,789
Right-of-use asset operating	2,127,635
Right-of-use asset finance	536,242
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<b>Total Assets</b>	<b>\$29,101,518</b>
	<hr/> <hr/>
	(Continued)

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

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(Continued)

### Liabilities and Net Assets

#### Liabilities:

##### Current liabilities:

Accounts payable	\$ 357,142
Accrued payroll costs	1,689,744
Payroll taxes and withholdings	133,788
Deferred revenue	23,036
Operating leases	444,889
Finance leases	234,295
Long-term debt, current portion	82,311

Total Current Liabilities	2,965,205
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Operating leases	1,776,471
Finance leases	308,848
Long-term debt, net of current portion	631,221

Total Liabilities	5,681,745
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#### Net Assets:

##### Without donor restrictions

Undesignated	18,155,759
Board-designated	4,842,460

22,998,219

##### With donor restrictions

421,554

Total Net Assets	23,419,773
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<b>Total Liabilities and Net Assets</b>	<b>\$29,101,518</b>
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(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, 2023

	Without donor restrictions	With donor restrictions	Total
<b>Support and Revenue:</b>			
<u>Public support:</u>			
Special events	\$ 253,097	\$ -	\$ 253,097
United Way	16,571	-	16,571
Contributions	3,051	-	3,051
Foundation grants	119,212	-	119,212
Released from restriction	27,547	(27,547)	-
Total public support	419,478	(27,547)	391,931
<u>Revenue:</u>			
<u>Program revenue:</u>			
Government funding contracts	45,286,396	-	45,286,396
Other contracted funding	310,309	-	310,309
Client fees	298,858	-	298,858
Total program revenue	45,895,563	-	45,895,563
<u>Other revenue:</u>			
Interest	200,146	-	200,146
Dividends	84,111	6,726	90,837
Realized gains	8,003	29,302	37,305
Unrealized gains	445,195	16,142	461,337
Gain on disposal	2,959	-	2,959
Other income	116,197	-	116,197
Total other revenue	856,611	52,170	908,781
Total support and revenue	47,171,652	24,623	47,196,275
<b>Expenses:</b>			
<u>Program</u>			
Program	39,212,383	-	39,212,383
Management and general	4,117,435	-	4,117,435
Fundraising	179,535	-	179,535
Total expenses	43,509,353	-	43,509,353
Change in Net Assets	3,662,299	24,623	3,686,922
<b>Net Assets:</b>			
<u>Beginning of year</u>			
	19,335,920	396,931	19,732,851
End of year	\$ 22,998,219	\$ 421,554	\$ 23,419,773

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, 2023

	Program Expenses	Management and General	Fundraising	Total
Employee Compensation:				
Salaries	\$ 29,806,457	\$ 2,361,351	\$ 38,573	\$ 32,206,381
Payroll taxes	2,324,497	177,629	2,610	2,504,736
Employee benefits	2,501,946	641,993	4,469	3,148,408
<b>Total employee compensation</b>	<b>34,632,900</b>	<b>3,180,973</b>	<b>45,652</b>	<b>37,859,525</b>
Operating expenses:				
Occupancy	1,324,773	251,461	5,074	1,581,308
Transportation	727,145	40,159	229	767,533
Professional fees	269,745	125,329	495	395,569
Supplies	214,150	23,407	9,795	247,352
Consumer expenditures	983,976	-	-	983,976
Communications	223,927	37,593	13,743	275,263
Information technology	342,133	118,903	5,851	466,887
Equipment rental and repairs	131,529	198,319	1,110	330,958
Conferences	20,130	6,885	79	27,094
Dues, subscriptions, and publications	2,652	44,324	410	47,386
Affiliate dues	-	25,000	-	25,000
Other	61,155	31,859	96,010	189,024
Depreciation	278,168	33,223	1,087	312,478
<b>Total operating expenses</b>	<b>4,579,483</b>	<b>936,462</b>	<b>133,883</b>	<b>5,649,828</b>
<b>Total functional expenses</b>	<b>\$ 39,212,383</b>	<b>\$ 4,117,435</b>	<b>\$ 179,535</b>	<b>\$ 43,509,353</b>

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

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

<b>Cash Flows From Operating Activities:</b>	
Change in net assets	\$ 3,686,922
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
Realized and unrealized gain on investments	(498,642)
Amortization of deferred financing costs	
Amortization of finance ROU asset	159,985
Amortization of operating ROU asset	199,678
Depreciation	312,478
Gain on disposal	(2,959)
(Increase) decrease in assets:	
Accounts receivable	1,313,459
Prepaid expenses	57,638
Other assets	238
Inventory	1,840
Increase (decrease) in liabilities:	
Accounts payable	(24,159)
Accrued payroll costs	116,736
Payroll taxes and withholdings	(526,053)
Lease liability operating	(80,861)
Finance lease interest	37,017
Deferred revenue	(163,915)
Total adjustments	<u>902,480</u>
Net cash and cash equivalents provided by operating activities	<u>4,589,402</u>
<b>Cash Flows From Investing Activities:</b>	
Purchase of investments	(8,545,398)
Proceeds from sales of investments	2,871,790
Purchase of property and equipment	(207,286)
Net cash used in investing activities	<u>(5,880,894)</u>
<b>Cash Flows From Financing Activities:</b>	
Repayments of principal on mortgages	(79,238)
Payments on finance leases	(212,233)
Net cash used in financing activities	<u>(291,471)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>(1,582,963)</u>
<b>Cash and Cash Equivalents:</b>	
Beginning of year	<u>7,428,708</u>
End of year	<u>\$ 5,845,745</u>
<b>Supplemental disclosures of cash flow information:</b>	
Cash paid during the year for interest	<u>\$ 29,902</u>
<b>Noncash Capital Financing Activity:</b>	
Financed purchase of land and building	<u>\$ 323,936</u>

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

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### 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.

#### 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.

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### 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 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

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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 and U.S. Treasury Notes. 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, 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.

### Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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payments over the lease term, discounted using the Organization's risk free rate. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Non-lease components of lease agreements are accounted for separately.

### Property and Equipment

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

Total depreciation expense for the year ended June 30, 2023, amounted to \$312,478.

### 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 \$32,875 for the year ended June 30, 2023.

### 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.

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

Current accrued PTO totaling \$434,262 for the year ended June 30, 2023 are included in accrued payroll costs on the 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 10, 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 14, 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.

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 contributions, 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.

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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 over benefits are considered contribution without donor restrictions and are recognized in accordance with the Organization's contribution recognition policies.

### Contributed Non-Financial Assets

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.

### 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

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### 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.

### Adopted Accounting Standards

The provisions of these Accounting Standards Updates (ASU) have been adopted and incorporated into these financial statements:

During 2023, the Organization adopted FASB Accounting Standards Update ASU No. 2016-02, "*Leases (Topic 842)*". ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-to-use asset.

As allowed by ASU 2018-11, "*Leases (Topic 842) – Targeted Improvements*," ASC 842 was applied to all leases existing at the effective date (adoption date) of July 1, 2022. As a result of this implementation, a cumulative effect adjustment was not made to net assets at July 1, 2022 as the amount was immaterial to the financial statements. The Organization also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

At July 1, 2022, operating ROU assets and corresponding lease liability were recorded in the amount of \$2,302,221 and \$2,216,153. All capital leases were converted to finance leases as of the effective date.

### Pending Accounting Standards Updates

The Financial Accounting Standard Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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ASU 2016-13, “*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*,” is effective, as delayed, for the financial statements for the year beginning after December 15, 2022. These amendments and related amendments require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

ASU 2017-04, “*Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*,” is effective for the financial statements for the year beginning after December 15, 2022. The amendments in this update are required for public business entities and other entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill.

Management has not yet determined the impact of these amendments on the Organization’s 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. 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 \$5,978,561 at June 30, 2023 consist of \$500,000 of deposits that are insured by the Federal Deposit Insurance Corporation (FDIC) and \$5,478,561 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

YEAR ENDED JUNE 30, 2023

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### 4. Accounts Receivable

Accounts receivable balances are as follows:

	At July 1, 2022	At June 30, 2023
State government	\$ 6,645,789	\$ 5,001,833
Other government	212,728	376,454
Non-government	169,551	336,322
Total accounts receivable	<u>\$ 7,028,068</u>	<u>\$ 5,714,609</u>

Through December 31, 2023, approximately 94% of the accounts receivable balance at June 30, 2023 has been collected.

### 5. Investments

Investments consisted of the following at June 30, 2023:

Mutual funds:	
Equity mutual funds	
Large blend	\$ 2,302,419
Mid blend	567,793
Small blend	640,171
International	209,665
Fixed income mutual funds	
Short-term bond	295,150
Intermediate-term bond	1,154,608
Certificates of deposit	3,058,810
U.S. Treasury notes	2,532,335
Total	<u>\$ 10,760,951</u>

An investment held by the Organization in the amount of \$25,654 as of June 30, 2023, 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

YEAR ENDED JUNE 30, 2023

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An investment held by the Organization in the amount of \$47,500 as of June 30, 2023 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 and U.S. Treasury Notes are presented in the financial statements at fair value using quoted prices (Level 1).

Certificates of deposit are recorded at face value which approximates fair value (Level 2)

## **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.

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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
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

YEAR ENDED JUNE 30, 2023

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The following represents changes in the donor-restricted endowment fund during the year ended June 30, 2023:

Balance as of July 1	\$	288,291
Interest and dividends		6,728
Unrealized/realized gains (losses)		35,402
Releases to board-designated Endowment		<u>(27,547)</u>
Balance as of June 30	\$	<u>302,874</u>

The following represents changes in the board-designated endowment fund during the year ended June 30, 2023:

Balance as of July 1	\$	4,457,079
Public support revenue		5,336
Interest and dividends		77,481
Realized/unrealized gains		397,673
Released from restriction		27,547
Transfers out		(89,309)
Expenses		<u>(33,347)</u>
Balance as of June 30	\$	<u>4,842,460</u>

## 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 ended June 30, 2023, the Organization made principal payments of \$79,195.

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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Future principal payments on the promissory note are as follows:

Year Ending June 30,	Amount
2024	\$ 82,311
2025	85,421
2026	88,860
2027	92,439
2028	96,127
Thereafter	<u>268,374</u>
	<u>\$ 713,532</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 8.25%. The line expires on May 31, 2024. There was no balance due on the line as of June 30, 2023.

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### 9. Net Assets

Net assets at June 30, 2023 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		\$ 247,816	\$ 247,816
William Schultz Endowment Fund, UCP programs		18,929	18,929
Schmidt Endowment Fund, UCP programs		13,831	13,831
The Murphy IDEA Endowment Fund, UCP programs		16,659	16,659
Jeffrey Cooper Healthy Lifestyles		5,639	5,639
Designated by the Board of Directors to function as an endowment	\$ 4,842,460	-	4,842,460
Total endowment net assets	4,842,460	302,874	5,145,334
Net assets restricted by donors for:			
Consumer Community Participants Fund		1,855	1,855
Childhood Program Fund		16,842	16,842
Nicholas Mancini Dolson Memorial Fund, use restriction for the maintenance and improvement of playground equipment at the Capital Area Children's Center.		75,083	75,083
Temporarily restricted fund		24,900	24,900
Total donor-restricted net assets		118,680	118,680
Undesignated net assets	18,155,759	-	18,155,759
Total net assets	\$ 22,998,219	\$ 421,554	\$ 23,419,773

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

Provider Relief Funds and COVID-19 relief funding provided by the Office of Developmental Programs (ODP), is 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 barriers. Total revenue recognized

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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under the ODP program totaled \$100,863 as of year ended June 30, 2023. Funds received which have not yet been earned are recorded as a refundable advance liability. There were no refundable advances at June 30, 2023.

### 11. Leases

The Organization's operating leases consist primarily of real estate leases. One lease term includes a one-year extension, available at the Organization's option, which it is reasonably certain to exercise. Discount rates for the operating leases utilize the risk-free rate in lieu of its incremental borrowing rate. The Organization's finance leases consist primarily of vehicle leases. Discount rates for financing leases are at the risk-free rate.

The components of lease expense were as follows as of June 30, 2023:

Operating lease cost	\$	436,935
Short-term lease cost		286,872
Finance lease cost:		
Amortization of ROU assets	\$	204,154
Interest on lease liabilities		6,591
Total finance lease costs	\$	<u>210,745</u>

Other information related to leases was as follows as of June 30, 2023:

#### Supplemental cash flows information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	363,262
Operating cash flows from finance leases		212,094
Financing cash flows from finance leases		6,591

Weighted average remaining lease terms:

Operating leases	5.56
Finance leases	3.83

Weighted average discount rate:

Operating leases	2.34%
Finance leases	2.91%

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Future maturities of lease liabilities are presented in the following table for the year ended June 30:

Year Ending June 30,	<u>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 583,095	\$ 247,511
2025	514,820	107,137
2026	351,945	79,342
2027	278,897	69,077
2028	226,469	60,936
Thereafter	<u>421,093</u>	<u>-</u>
Total future minimum lease payments	2,376,319	564,003
Less: present value discount	<u>(154,959)</u>	<u>(20,860)</u>
Total lease obligations	<u>\$ 2,221,360</u>	<u>\$ 543,143</u>

### 12. Dues

The Organization pays dues to national and state affiliates. National dues for the year ended June 30, 2023 were \$25,000.

### 13. Pension Plan

All employees of the Plan Sponsor are eligible to participate in the Plan upon hire. There is no minimum age or years of eligible service an employee must meet to become a participant in the Plan for purposes of making elective deferrals. Participants eligible to receive an employer match must have attained the age of 18 and completed one year of service (12 months). 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 \$211,777 for the year ended June 30, 2023.

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### 14. Government Funding Contracts

The Organization receives a significant portion of its revenue under grants and contracts with governmental agencies. For the year ended June 30, 2023, approximately 96% of total support and revenue was earned under contracts with the following governmental agencies:

County Intellectual Disability (ID) Programs	\$	758,955
PA Office of Developmental Programs:		
MH/ID Waiver		43,495,018
County Early Intervention:		
Cumberland-Perry		211,033
Dauphin		317,927
York-Adams		12,465
Lebanon		95,969
Franklin/Fulton		6,801
Office of Vocational Rehabilitation		202,889
COVID funding		100,863
Other		84,476
	\$	<u>45,286,396</u>

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

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### 16. Availability and Liquidity

The following represents the Organization's financial assets available to meet general expenditure for the years ended June 30, 2023:

	<u>2023</u>
Financial assets at year-end:	
Cash	\$ 5,845,745
Investments	10,834,105
Accounts receivable	<u>5,714,609</u>
Total financial assets	22,394,459
Less amounts not available to be used within one year	
Board-designated endowment	4,842,460
Net assets with donor restrictions	<u>421,554</u>
Total amount not available to be used within one year	5,264,014
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 17,130,445</u>

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 8. The line expires on May 31, 2024.

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, 2023

Federal Grantor/Pass-through Grantor/Program Title	Source Code	Assistance Listing Number	Grant/Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenses
<b>U.S. Department of Education:</b>					
Passed-through Cumberland-Perry County MH.IDD: Special Education - Grants for Infants and Families	I	84.181	E121-0003	\$ -	\$ 59,327
Passed-through Pennsylvania Office of Vocational Rehabilitation: Rehabilitation Services - Vocational Rehabilitation Grants to States	I	84.126		-	202,889
Total U.S. Department of Education				-	262,216
<b>U.S. Department of Health and Human Services:</b>					
COVID-19 Provider Relief Fund	D	93.498	N/A	-	463,732
Passed-through Temple University: ACL Assistive Technology	I	93.464	2001PAATDG	-	48,436
Passed-through Lycoming Clinton MH.IDD: Social Services Block Grant	I	93.667		-	13,574
Passed-through York-Adams County MH.IDD: Block Grants for Community Mental Health Services	I	93.958		-	9,712
Total U.S. Department of Health and Human Services				-	535,454
<b>U.S. Department of Agriculture (USDA):</b>					
Passed-through Pennsylvania State University: Cooperative Extension Service	I	10.500	5900-USDA-NIFA	-	65,234
Total United States Department of Agriculture (USDA)				-	65,234
Total Expenditures of Federal Awards				\$ -	\$ 862,904

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, 2023

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### **1. Basis of Presentation**

The accompanying 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, 2023. 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, 2023

**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, 2023 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 March 11, 2024.

**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.

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

### 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  
March 11, 2024

## Independent Auditor's Report on Compliance for the 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 the Major Federal Program

#### **Opinion on the 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 program for the year ended June 30, 2023. The United Cerebral Palsy of Central Pennsylvania's major federal program is 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 the major federal program for the year ended June 30, 2023.

#### **Basis for Opinion on the 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 the 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 the 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 the 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 the 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  
March 11, 2024

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

### 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, 2023

- 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 CEREBRAL PALSY  
OF CENTRAL PENNSYLVANIA**

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2023

**NO MATTERS WERE REPORTED**

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2023

	Early Intervention					
	Physical Therapy	Speech Therapy	Occupational Therapy	Special Education	Family Support Services	Total Early Intervention Program
<b>Expenses:</b>						
Employee compensation:						
Salaries	\$ 172,634	\$ 84,488	\$ 116,467	\$ 77,542	\$ 93,075	\$ 544,206
Payroll taxes	13,313	6,347	8,910	6,188	7,084	41,842
Employee benefits	11,794	4,393	10,568	9,775	3,381	39,911
<b>Total employee compensation</b>	<b>197,741</b>	<b>95,228</b>	<b>135,945</b>	<b>93,505</b>	<b>103,540</b>	<b>625,959</b>
Operating expenses:						
Occupancy	2,517	2,385	2,508	2,455	3,763	13,628
Transportation	4,367	-	6,450	5,873	-	16,690
Professional fees	2,010	1,909	1,425	1,125	1,318	7,787
Supplies	85	39	118	294	4,066	4,602
Consumer expenditures	-	-	-	-	164,732	164,732
Communications	2,743	1,837	1,794	2,004	1,994	10,372
Information Technology	9,149	7,122	5,884	3,795	9,721	35,671
Equipment rental and repairs	697	783	437	516	4,180	6,613
Conferences	550	117	220	-	-	887
Subscriptions and publications	100	100	391	147	-	738
Affiliate dues	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Other	404	404	135	119	5,577	6,639
Depreciation	2,644	3,012	1,544	1,175	1,828	10,203
<b>Total operating expenses</b>	<b>25,266</b>	<b>17,708</b>	<b>20,906</b>	<b>17,503</b>	<b>197,179</b>	<b>278,562</b>
Allocated expenses, administration	15,824	7,826	13,174	10,995	21,936	69,755
<b>Total expenses</b>	<b>\$ 238,831</b>	<b>\$ 120,762</b>	<b>\$ 170,025</b>	<b>\$ 122,003</b>	<b>\$ 322,655</b>	<b>\$ 974,276</b>

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2023

(Continued)

	Residential Home Services	Community Participation Support	Home Based Services	Respite Services
<b>Expenses:</b>				
Employee compensation:				
Salaries	\$ 6,070,961	\$ 2,453,423	\$ 357,418	\$ 11,738
Payroll taxes	467,847	192,068	31,325	944
Employee benefits	805,121	309,431	37,285	798
Total employee compensation	<u>7,343,929</u>	<u>2,954,922</u>	<u>426,028</u>	<u>13,480</u>
Operating expenses:				
Occupancy	475,021	641,303	5,925	82
Transportation	252,294	391,140	33,236	207
Professional fees	100,710	24,451	2,861	141
Supplies	168,644	23,319	5,297	1,149
Consumer expenditures	-	-	-	-
Communications	84,982	41,899	2,117	7
Information Technology	75,576	62,733	8,918	-
Equipment rental and repairs	58,495	31,384	525	-
Conferences	354	438	-	-
Subscriptions and publications	-	385	-	-
Affiliate dues	-	-	-	-
Advertising	-	-	-	-
Other	4,410	1,170	-	-
Depreciation	191,231	51,015	1,766	-
Total operating expenses	<u>1,411,717</u>	<u>1,269,237</u>	<u>60,645</u>	<u>1,586</u>
Allocated expenses, administration	<u>888,297</u>	<u>441,254</u>	<u>52,505</u>	<u>2,997</u>
Total expenses	<u>\$ 9,643,943</u>	<u>\$ 4,665,413</u>	<u>\$ 539,178</u>	<u>\$ 18,063</u>

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2023

(Continued)

	Independent Living Technology	RAC	AT Reutilization	Employment Services
<b>Expenses:</b>				
Employee compensation:				
Salaries	\$ 4,721	\$ 120,798	\$ 16,070	\$ 260,542
Payroll taxes	374	8,677	1,244	20,321
Employee benefits	170	23,272	502	34,469
<b>Total employee compensation</b>	<b>5,265</b>	<b>152,747</b>	<b>17,816</b>	<b>315,332</b>
Operating expenses:				
Occupancy	1,021	9,590	4,680	9,150
Transportation	-	-	2,372	8,538
Professional fees	46	1,271	321	3,701
Supplies	1	701	467	245
Consumer expenditures	5,160	-	-	-
Communications	56	2,309	407	5,288
Information Technology	399	4,111	1,610	13,482
Equipment rental and repairs	1,061	1,985	4,759	3,948
Conferences	-	11,154	-	-
Subscriptions and publications	-	396	-	-
Affiliate dues	-	-	-	-
Advertising	-	-	-	-
Other	-	8,245	-	-
Depreciation	165	-	1,100	4,250
<b>Total operating expenses</b>	<b>7,909</b>	<b>39,762</b>	<b>15,716</b>	<b>48,602</b>
Allocated expenses, administration	849	15,975	2,277	36,320
<b>Total expenses</b>	<b>\$ 14,023</b>	<b>\$ 208,484</b>	<b>\$ 35,809</b>	<b>\$ 400,254</b>

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2023

(Continued)

	Agency with Choice	Agency with Choice Vendor Services	320 Assistive Technology	Fundraising	Investment
<b>Expenses:</b>					
Employee compensation:					
Salaries	\$ 19,727,752	\$ -	\$ 159,785	\$ 38,573	\$ -
Payroll taxes	1,541,896	-	12,072	2,610	-
Employee benefits	1,218,519	-	18,151	4,469	-
Total employee compensation	22,488,167	-	190,008	45,652	-
Operating expenses:					
Occupancy	145,290	-	14,659	5,074	-
Transportation	20,518	-	1,866	229	-
Professional fees	118,970	-	1,806	495	6,795
Supplies	3,656	-	4,545	9,795	-
Consumer expenditures	-	810,616	3,468	-	-
Communications	19,955	-	48,179	13,743	-
Information Technology	127,656	-	5,996	5,851	-
Equipment rental and repairs	15,037	-	3,143	1,110	-
Conferences	5	-	7,292	79	-
Subscriptions and publications	417	-	-	410	-
Affiliate dues	-	-	-	-	-
Advertising	-	-	-	-	-
Other	26,773	5,783	3,781	96,010	29
Depreciation	13,602	-	3,674	1,087	-
Total operating expenses	491,879	816,399	98,409	133,883	6,824
Allocated expenses, administration	2,614,441	-	24,871	99,377	-
Total expenses	\$ 25,594,487	\$ 816,399	\$ 313,288	\$ 278,912	\$ 6,824

# UNITED CEREBRAL PALSY OF CENTRAL PENNSYLVANIA

## SCHEDULE OF CONTRACT AND OTHER EXPENSES

YEAR ENDED JUNE 30, 2023

(Continued)

	MANAGEMENT & GENERAL				Totals
	Community Relations	Management	Human Resources	Administration	
<b>Expenses:</b>					
Employee compensation:					
Salaries	\$ 79,043	\$ 792,987	\$ 454,276	\$ 1,114,088	\$ 32,206,381
Payroll taxes	5,887	50,133	35,628	91,868	2,504,736
Employee benefits	14,317	113,378	351,205	177,410	3,148,408
Total employee compensation	<u>99,247</u>	<u>956,498</u>	<u>841,109</u>	<u>1,383,366</u>	<u>37,859,525</u>
Operating expenses:					
Occupancy	4,424	14,063	23,661	213,737	1,581,308
Transportation	284	1,249	999	37,911	767,533
Professional fees	885	5,117	79,872	40,340	395,569
Supplies	1,524	805	13,222	9,380	247,352
Consumer expenditures	-	-	-	-	983,976
Communications	8,357	1,547	9,708	26,337	275,263
Information Technology	5,981	5,327	12,324	101,252	466,887
Equipment rental and repairs	4,579	1,341	6,851	190,127	330,958
Conferences	-	6,380	500	5	27,094
Subscriptions and publications	716	188	3,679	40,457	47,386
Affiliate dues	-	-	-	25,000	25,000
Other	4,325	3,277	5,215	23,367	189,024
Depreciation	1,162	2,934	5,925	24,364	312,478
Total operating expenses	<u>32,237</u>	<u>42,228</u>	<u>161,956</u>	<u>732,277</u>	<u>5,649,828</u>
Allocated expenses, administration	<u>(131,484)</u>	<u>(998,726)</u>	<u>(1,003,065)</u>	<u>(2,115,643)</u>	<u>-</u>
Total expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,509,353</u>