

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
(A MINNESOTA NONPROFIT ORGANIZATION)**

**AUDITED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2008 AND 2007**

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
INDEX**

<u>DESCRIPTION</u>	<u>PAGE</u>
Report of Independent Auditors	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 9

## **REPORT OF INDEPENDENT AUDITORS**

Board of Directors  
United Cerebral Palsy  
of Central Minnesota, Inc.  
510 25<sup>th</sup> Avenue North  
St. Cloud, MN 56303

We have audited the accompanying statement of financial position of United Cerebral Palsy of Central Minnesota, Inc., a Minnesota nonprofit organization, as of September 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of the above Organization. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2008 and 2007, and the results of its activities and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Schmitz & Ketchum, P.A.  
Certified Public Accountants

January 27, 2009  
St. Cloud, Minnesota

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2008 AND 2007**

<b>ASSETS</b>	2008			2007
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash – Checking	\$ 9,951	\$ 200	\$ 10,151	\$ 37,214
Cash – Ameriprise Financial	<u>21,715</u>	<u>-</u>	<u>21,715</u>	<u>21,068</u>
 TOTAL CASH AND CASH EQUIVALENTS	 \$ 31,666	 \$ 200	 \$ 31,866	 \$ 58,282
Certificates of Deposit – Designated Reserve	11,415	-	11,415	8,924
Receivables	44,013	-	44,013	10,851
Prepaid Expenses	<u>1,857</u>	<u>-</u>	<u>1,857</u>	<u>1,902</u>
 <b>TOTAL CURRENT ASSETS</b>	 \$ 88,951	 \$ 200	 \$ 89,151	 \$ 79,959
 Furniture and Equipment, Net of Depreciation of \$24,274 and \$22,939	 <u>6,572</u>	 <u>-</u>	 <u>6,572</u>	 <u>5,438</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 95,523</u>	 <u>\$ 200</u>	 <u>\$ 95,723</u>	 <u>\$ 85,397</u>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT (ALL) LIABILITIES</b>				
Accounts Payable	\$ 6,749	\$ -	\$ 6,749	\$ 9,660
Payroll Taxes Payable	3,551	-	3,551	3,963
Flexible Spending Account Withholding	-89	-	-89	860
SIMPLE IRA Accrued	712	-	712	509
Deferred Grant Revenue	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
 <b>TOTAL CURRENT (ALL) LIABILITIES</b>	 \$ 13,923	 \$ -	 \$ 13,923	 \$ 14,992
 <b>NET ASSETS</b>				
Unrestricted	\$ 81,600	\$ -	\$ 81,600	\$ 69,253
Temporarily Restricted	<u>-</u>	<u>200</u>	<u>200</u>	<u>1,152</u>
 <b>TOTAL NET ASSETS</b>	 \$ 81,600	 \$ 200	 \$ 81,800	 \$ 70,405
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 95,523</u>	 <u>\$ 200</u>	 <u>\$ 95,723</u>	 <u>\$ 85,397</u>

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

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

<b>REVENUES, GAINS, AND OTHER SUPPORT</b>	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
Contributions Received from				
Individuals and Other Organizations	\$ 24,260	\$ 1,200	\$ 25,460	\$ 23,308
Contributed Services	3,000	-	3,000	2,000
Contributed Printing and				
Advertising Services	10,200	-	10,200	-
Special Events	141,816	-	141,816	179,032
Grants				
STAR	32,718	-	32,718	10,000
Legislative Appropriation/ Assistive Technology	7,032	-	7,032	3,250
Bellows Fellows	755	2,618	3,373	2,794
Stearns Electric	-	-	-	500
Dayton Foundation	250	-	250	-
United Way of St. Cloud Area	51,186	-	51,186	51,186
Program Revenue	9,431	-	9,431	10,660
Interest and Dividends Earned	1,297	-	1,297	1,065
Miscellaneous Revenue	4,858	-	4,858	6,436
Net Assets Released from Restrictions	<u>4,770</u>	<u>-4,770</u>	<u>-</u>	<u>-</u>
 <b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	 <u>\$ 291,573</u>	 <u>\$ -952</u>	 <u>\$ 290,621</u>	 <u>\$ 290,231</u>
 <b>EXPENSES AND LOSSES</b>				
National Organization - Settlements	\$ 7,500	\$ -	\$ 7,500	\$ 7,500
Special Events	33,763	-	33,763	53,604
Functional Expenses				
Technology	81,669	-	81,669	69,804
Financial Assistance/Scholarship	42,654	-	42,654	41,222
Information and Referral/Public Ed.	77,457	-	77,457	54,967
Management and General	16,469	-	16,469	15,879
Fundraising	<u>19,714</u>	<u>-</u>	<u>19,714</u>	<u>8,841</u>
 <b>TOTAL EXPENSES AND LOSSES</b>	 <u>\$ 279,226</u>	 <u>\$ -</u>	 <u>\$ 279,226</u>	 <u>\$ 251,817</u>
 <b>CHANGE IN NET ASSETS</b>	 \$ 12,347	 -952	 \$ 11,395	 \$ 38,414
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 <u>69,253</u>	 <u>1,152</u>	 <u>70,405</u>	 <u>31,991</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 81,600</u>	 <u>\$ 200</u>	 <u>\$ 81,800</u>	 <u>\$ 70,405</u>

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

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 11,395	\$ 38,414
Adjustments to Reconcile Change in Net Assets To Net Cash Flows from Operating Activities:		
Depreciation	1,335	769
Proceeds from Insurance Claim	-	-541
(Increase) Decrease in Receivables	-33,162	-4,693
(Increase) Decrease in Prepaid Expenses	45	77
Increase (Decrease) in Accounts Payable	-2,911	-4,316
Increase (Decrease) in Payroll Taxes Payable	-412	883
Increase (Decrease) in Flexible Spending Account Withholding	-949	-623
Increase (Decrease) in SIMPLE IRA Accrued	203	-116
Increase (Decrease) in Deferred Grant Income	3,000	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ -21,456</b>	<b>\$ 29,854</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Certificates of Deposit - Net	\$ -2,491	\$ -721
Proceeds from Insurance Claim	-	541
Purchases of Furniture and Equipment	-2,469	-4,433
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>\$ -4,960</b>	<b>\$ -4,613</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ -26,416</b>	<b>\$ 25,241</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>58,282</b>	<b>33,041</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 31,866</b>	<b>\$ 58,282</b>

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

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>Technology</u>	<u>Financial Assistance/ Scholarship</u>	<u>Information And Referral/ Public Ed.</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Totals for Year Ended September 30,</u>	
						<u>2008</u>	<u>2007</u>
<b>FUNCTIONAL EXPENSES</b>							
Salaries	\$ 44,062	\$ 23,643	\$ 39,764	\$ 11,247	\$ 6,248	\$ 124,964	\$ 113,258
Payroll Taxes and Benefits	4,677	2,509	4,222	1,194	663	13,265	11,713
	<u>48,739</u>	<u>26,152</u>	<u>43,986</u>	<u>12,441</u>	<u>6,911</u>	<u>138,229</u>	<u>124,971</u>
Professional Fees	-	-	-	300	-	300	965
Contributed Professional Services	1,058	568	954	270	150	3,000	2,000
Supplies	2,491	1,337	2,248	636	353	7,065	8,858
Telephone	682	366	615	174	97	1,934	2,508
Postage	468	251	422	119	66	1,326	1,566
Printing and Publications	-	-	249	19	-	268	687
Contributed Printing and Advertising Services	-	-	-	-	10,200	10,200	-
Conferences, Conventions, Meetings, and Mileage	1,405	754	1,268	359	199	3,985	7,265
Program Expense	16,824	9,675	21,743	-	602	48,844	20,635
Office Rent	7,525	2,222	3,738	1,411	784	15,680	15,336
Insurance	872	468	786	223	124	2,473	2,357
Dues/Subscriptions	224	120	202	57	32	635	595
Depreciation	471	253	424	120	67	1,335	769
Equipment Maintenance and Rental	910	488	822	232	129	2,581	2,168
Miscellaneous	-	-	-	108	-	108	33
	<u>-</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>-</u>	<u>108</u>	<u>33</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 81,669</u>	<u>\$ 42,654</u>	<u>\$ 77,457</u>	<u>\$ 16,469</u>	<u>\$ 19,714</u>	<u>\$ 237,963</u>	<u>\$ 190,713</u>

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

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007**

**ORGANIZATION AND NATURE OF ACTIVITIES**

United Cerebral Palsy of Central Minnesota, Inc. is a Minnesota nonprofit organization, organized to advance the independence, productivity and respect of people with cerebral palsy and other disabilities, provide information and referral services to these persons, their families and professionals, and in general, raise public awareness with regard to cerebral palsy. They also provide annual scholarships to individuals with cerebral palsy, who are pursuing a post-secondary education. The Organization provides its services mainly within the St. Cloud tri-county area.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Net assets and revenues, gains, and losses of the Organization are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted - Those resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board has set aside for a particular purpose.

Temporarily Restricted - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted - Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

At this time, the Organization has only temporarily restricted and unrestricted net assets.

The Organization further classifies its functional expenses into program groups as follows:

Technology - The Technology Program Group includes expenses incurred to provide information on assistive technology.

Financial Assistance/Scholarship - Expenses incurred to provide specialized equipment to individuals with cerebral palsy are accounted for in the Financial Assistance/Scholarship Program Group. Also accounted for in this program group are scholarships awarded to students with cerebral palsy, seeking a post-secondary education.

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Information and Referral/Public Education – The Information and Referral/Public Education Program Group includes expenses incurred to provide information and educate persons with cerebral palsy and other disabilities, their families, professionals and the public, with regard to cerebral palsy, through workshops, a speakers' bureau, a website, brochures and newsletters.

Management and General – The general and administrative activities serving the purpose of the Organization are accounted for in the Management and General Program Group.

Fundraising – The Fundraising Program Group includes expenses incurred to raise the funds necessary to carry on the activities serving the purpose of the Organization.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations about how long donated long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated long-lived assets are placed in service.

Amounts received by the Organization but not yet earned, those amounts for which a corresponding expense has not been incurred or recognized, are included in deferred revenue on the statement of financial position. This revenue will be recognized as expenses relating to it are incurred and recognized.

Contributed Services

The Organization receives services donated by people committed to its mission. Contributed professional services meeting the requirements for recognition in the financial statements amounted to \$13,200 and \$2,000 for 2008 and 2007, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition, and have not been recognized on the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash

Cash consists of cash held in the bank checking account and the Ameriprise Financial cash management account. Certificates with a maturity of three months or less are classified as cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Certificates of Deposit - Designated Reserve

The designated reserve shown on the statement of financial position was established by the board of directors as a result of a recommendation from National United Cerebral Palsy and the United Way, a major funding source to the Organization, that the Organization establish a reserve of three month's operating expenses. The balance in the reserve as of September 30, 2008 and 2007, was \$11,415 and \$8,924, respectively.

Receivables

Receivables have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year-end.

Furniture and Equipment and Depreciation

Furniture and equipment are carried at cost if purchased, or if donated, at the approximate fair value at the date of donation. Major additions and betterments are charged to the property accounts while replacements, maintenance, and repairs which do not improve or extend the life of the respective assets are expensed currently. It is the Organization's policy to capitalize acquisitions for items in excess of \$500.

Depreciation is provided over five to seven year estimated useful lives of the respective assets on a straight-line basis. Charges to operations amounted to \$1,335 and \$769 for 2008 and 2007, respectively.

Functional Expenses

The functional expense breakdown is based on the percentage of estimated time spent on these functions, unless an expense can be identified as a direct functional expense, in which case it is allocated at actual cost.

**SIMPLE IRA PLAN**

The Organization provides a SIMPLE IRA plan for all employees meeting certain eligibility requirements, including being reasonably expected to earn \$5,000 in the year of participation. Under the terms of the plan, the Organization will match employees' contributions to the plan up to 3% of the employees' salary. Contributions on behalf of its employees for the years ended September 30, 2008 and 2007, were \$2,703 and \$2,201, respectively.

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007**

**AFFILIATED ORGANIZATION**

The United Cerebral Palsy of Central Minnesota pays monthly settlement fees to National United Cerebral Palsy. The fees are based on 1.75% of the affiliate's total expenses for the previous fiscal year plus the Effective Buying Income (EBI) of the affiliate's territory multiplied by its pro rata share of the affiliate's EBI to the total EBI for all counties served by all affiliates. Within these guidelines, the maximum an affiliate would have to pay under each of the above components is \$100,000, but limited to \$150,000 for the combined components. Each affiliate is required to pay a minimum total fee of \$7,500. For its years ended September 30, 2008 and 2007, the Organization paid \$7,500 and \$7,500, respectively, to National.

**OFFICE LEASE**

The Organization leases its office space from Styles Unlimited Rental Partnership. The term of the lease is for a period of two years, beginning September 1, 2008, and ending on August 31, 2010. The rental charge is payable monthly at a rate of \$1,325 for the first year of the lease and \$1,375 for the second year.

Future minimum rentals at September 30, 2008, are as follows:

Year Ended September 30,	
2009	\$ 15,950
2010	<u>15,125</u>
Total	<u>\$ 31,075</u>

**EXEMPTION FROM INCOME TAXES**

The Organization has been exempted from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable provisions of the State of Minnesota.

**TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets of \$200 and \$1,152 at September 30, 2008 and 2007, respectively, were unspent funds contributed by donors for specific client assistance.