

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

**AUDITED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015 AND 2014**

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
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**REPORT OF INDEPENDENT AUDITORS**

Board of Directors  
United Cerebral Palsy of  
Central Minnesota, Inc.  
St. Cloud, MN

We have audited the accompanying financial statements of United Cerebral Palsy of Central Minnesota, Inc. (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy of Central Minnesota, Inc. as of September 30, 2015 and 2014, 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

**Emphasis-of-Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in the Notes to Financial Statements, the Organization has suffered recurring significant reductions in revenues and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in the Notes to Financial Statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

*Schmitz & Ketchum, P.A.*

Schmitz & Ketchum, P.A.  
Certified Public Accountants

February 2, 2016  
St. Cloud, Minnesota

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2015 AND 2014**

	2015			2014
<b>ASSETS</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash – Checking	\$ 18,625	\$ 1,500	\$ 20,125	\$ 23,671
Cash – Savings	154	-	154	327
Cash – Savings – Designated Reserve	-	-	-	12,000
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 18,779</b>	<b>\$ 1,500</b>	<b>\$ 20,279</b>	<b>\$ 35,998</b>
Grants Receivable	188	-	188	875
Accounts Receivable	4,310	-	4,310	2,900
Prepaid Expenses	1,094	-	1,094	899
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 24,371</b>	<b>\$ 1,500</b>	<b>\$ 25,871</b>	<b>\$ 40,672</b>
Furniture and Equipment, Net of Accum. Depreciation of \$30,846 and \$30,504	-	-	-	342
<b>TOTAL ASSETS</b>	<b>\$ 24,371</b>	<b>\$ 1,500</b>	<b>\$ 25,871</b>	<b>\$ 41,014</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT (ALL) LIABILITIES</b>				
Bank Line of Credit	\$ -	\$ -	\$ -	\$ -
Accounts Payable	12,103	-	12,103	922
Payroll Taxes Payable	-	-	-	3,484
SIMPLE IRA Withheld/Accrued	943	-	943	843
Accrued Paid Time Off	5,375	-	5,375	3,520
Deferred Revenue	12,094	-	12,094	7,871
<b>TOTAL CURRENT (ALL) LIABILITIES</b>	<b>\$ 30,515</b>	<b>\$ -</b>	<b>\$ 30,515</b>	<b>\$ 16,640</b>
<b>NET ASSETS</b>				
Unrestricted				
Undesignated	\$ -6,144	\$ -	\$ -6,144	\$ 10,874
Designated Reserve	-	-	-	12,000
Total Unrestricted	-6,144	-	-6,144	22,874
Temporarily Restricted	-	1,500	1,500	1,500
<b>TOTAL NET ASSETS</b>	<b>\$ -6,144</b>	<b>\$ 1,500</b>	<b>\$ -4,644</b>	<b>\$ 24,374</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 24,371</b>	<b>\$ 1,500</b>	<b>\$ 25,871</b>	<b>\$ 41,014</b>

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, 2015 AND 2014**

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Contributions Received from				
Individuals and Other Organizations	\$ 45,004	\$ -	\$ 45,004	\$ 108,916
Contributed Professional Services	3,300	-	3,300	3,600
Contributed Printing Services	-	-	-	150
Special Events	85,565	-	85,565	69,835
Grants				
STAR	2,640	-	2,640	2,305
Bellows Fellows	2,672	-	2,672	2,205
Benton Telecommunications	10,846	-	10,846	7,353
EquipALife	-	-	-	8,340
Initiative Foundation	3,500	-	3,500	5,500
Program Revenue	6,645	-	6,645	4,775
Interest and Dividends Earned	22	-	22	37
Miscellaneous Revenue	511	-	511	1,004
Net Assets Released from Restrictions	-	-	-	-
	<b>\$ 160,705</b>	<b>\$ -</b>	<b>\$ 160,705</b>	<b>\$ 214,020</b>
<b>EXPENSES AND LOSSES</b>				
National Organization - Settlements	\$ 7,500	\$ -	\$ 7,500	\$ 7,500
Special Events	18,059	-	18,059	16,303
Functional Expenses				
Access to Technology	74,702	-	74,702	73,162
Information, Referral & Public Ed.	41,501	-	41,501	46,664
Financial Assistance & Scholarships	24,900	-	24,900	26,627
Management & General	13,840	-	13,840	14,118
Fundraising	9,221	-	9,221	9,405
	<b>\$ 189,723</b>	<b>\$ -</b>	<b>\$ 189,723</b>	<b>\$ 193,779</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ -29,018</b>	<b>\$ -</b>	<b>\$ -29,018</b>	<b>\$ 20,241</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>22,874</b>	<b>1,500</b>	<b>24,374</b>	<b>4,133</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ -6,144</b>	<b>\$ 1,500</b>	<b>\$ -4,644</b>	<b>\$ 24,374</b>

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, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ -29,018	\$ 20,241
Adjustments to Reconcile Change in Net Assets To Net Cash Flows from Operating Activities:		
Depreciation	342	474
(Increase) Decrease in Receivables	-723	-2,658
(Increase) Decrease in Prepaid Expenses	-195	7
Increase (Decrease) in Accounts Payable	11,181	-1,366
Increase (Decrease) in Payroll Taxes Payable	-3,484	814
Increase (Decrease) in Flexible Spending Account Withholding	-	-281
Increase (Decrease) in SIMPLE IRA Withheld/Accrued	100	-469
Increase (Decrease) in Accrued Paid Time Off	1,855	-2,184
Increase (Decrease) in Deferred Revenue	4,223	-5,548
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ -15,719</b>	<b>\$ 9,030</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Certificates of Deposit - Net	\$ -	\$ 6,716
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 6,716</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ -15,719</b>	<b>\$ 15,746</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>35,998</b>	<b>20,252</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 20,279</b>	<b>\$ 35,998</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, 2015 AND 2014**

	Access to Technology	Information Referral & Public Ed.	Financial Assistance & Scholarships	Management & General	Fundraising	Totals for Year Ended	
						2015	2014
<b>FUNCTIONAL EXPENSES</b>							
Salaries	\$ 46,953	\$ 26,085	\$ 15,651	\$ 9,392	\$ 6,260	\$ 104,341	\$ 103,059
Payroll Taxes and Benefits	4,390	2,439	1,463	879	585	9,756	10,945
	51,343	28,524	17,114	10,271	6,845	114,097	114,004
Professional Fees	-	-	-	-	-	-	-
Contributed Professional Services	1,485	825	495	297	198	3,300	3,600
Supplies	956	531	319	191	128	2,125	4,242
Telephone/Internet	1,107	615	369	222	148	2,461	2,798
Postage	211	117	70	43	28	469	639
Contributed Printing Services	-	-	-	-	-	-	150
Printing and Publications	860	478	287	171	115	1,911	-
Conferences, Conventions, Meetings, and Mileage	496	276	165	100	66	1,103	3,122
Program Expense	5,529	3,071	1,843	-	-	10,443	12,981
Office Rent/Storage	8,748	4,860	2,916	1,750	1,166	19,440	18,940
Insurance	1,509	839	503	302	201	3,354	2,963
Dues/Subscriptions	581	322	194	116	77	1,290	176
Depreciation	154	86	51	31	20	342	474
Equipment Maintenance and Rental	1,674	930	558	336	223	3,721	3,327
Miscellaneous	49	27	16	10	6	108	2,560
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 74,702</b>	<b>\$ 41,501</b>	<b>\$ 24,900</b>	<b>\$ 13,840</b>	<b>\$ 9,221</b>	<b>\$ 164,164</b>	<b>\$ 169,976</b>

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

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014**

**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 and other disabilities. 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 has elected to present temporarily restricted contributions, which are fulfilled in the same period, within the unrestricted net asset class.

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

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

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014**

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

Information, Referral & Public Education – The Information, 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 and other disabilities, through workshops, a speakers' bureau, a website, brochures and newsletters.

Financial Assistance & Scholarships – Expenses incurred to provide specialized equipment to individuals with cerebral palsy and other disabilities are accounted for in the Financial Assistance & Scholarships Program Group. Scholarships awarded to individuals with cerebral palsy, seeking a post secondary education, are also accounted for in this program group.

Management & General – The general and administrative activities serving the purpose of the Organization are accounted for in the Management & 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 \$3,300 and \$3,750 for 2015 and 2014, respectively. In addition, many individuals (approximately 175 during the year ended September 30, 2015) 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.

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014**

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

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.

Cash

Cash consists of cash held in the bank checking and savings accounts. 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.

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, that the Organization establish a reserve of three month's operating expenses. The balance in the reserve as of September 30, 2015 and 2014, was -0- and \$12,000, respectively.

Receivables

Receivables are recorded at original invoice amounts, and have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year-end. The Organization does not charge interest on outstanding receivables.

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 \$342 and \$474 for 2015 and 2014, respectively.

Functional Expenses

The functional expense breakdown is based on management's best estimate of 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.

**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014**

**BANK LINE OF CREDIT**

At September 30, 2015, the Organization had a \$15,000 line of credit with Bremer Bank. Interest on the line was at 2.0 points over the prime rate (interest rate at September 30, 2015 was 5.25%). The line is unsecured. As of September 30, 2015, the Organization had \$ - 0 - advanced against the line.

**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, 2015 and 2014, were \$2,075 and \$2,752, respectively.

**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, 2015 and 2014, 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, 2013, and ending on August 31, 2015. The rental charge is payable monthly at a rate of \$1,585. As of September 30, 2015, the lease had been extended through February 28, 2016, at the rate of \$1,645 per month. Future minimum rentals as of September 30, 2015, are:

Fiscal Year Ended September 30, 2016	<u>\$8,225</u>
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**UNITED CEREBRAL PALSY  
OF CENTRAL MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014**

**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. The federal and state tax returns of the Organization are open and subject to examination by the taxing authority, generally for three years after the filing date.

**TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets of \$1,500 at September 30, 2015 and 2014, were unspent funds contributed by donors for client assistance.

**GOING CONCERN**

The Organization has suffered recurring significant reductions in revenues and a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern.

Management has taken steps to address this situation. The Organization, under new leadership, has developed and implemented a new business plan, supported by the Initiative Foundation of Central MN. The business plan includes more outreach into the community, creating a new marketing plan, and a new fee for service program. Management is confident the implementation of this business plan will sustain the Organization.

**SUBSEQUENT EVENTS**

On December 8, 2015, the Organization obtained a loan from the Initiative Foundation of Central MN, located in Little Falls, Minnesota. The five year loan in the principal amount of \$75,000, is payable in monthly installments of \$1,694, including interest at the rate of 4% per annum. The unsecured loan matures December 5, 2020.

The Organization has evaluated subsequent events through February 2, 2016, the date which the financial statements were available to be issued, and has determined there are no subsequent events, other than the one disclosed in the previous paragraph, that require recognition or disclosure.