

# **United Cerebral Palsy Association of Greater Chicago**

Financial Report  
June 30, 2011

## Contents

---

Independent Auditor's Report	1
------------------------------	---

---

Consolidated Financial Statements	
Consolidated statements of financial position	2
Consolidated statements of activities	3 – 4
Consolidated statements of functional expenses	5 – 8
Consolidated statements of cash flows	9
Notes to consolidated financial statements	10 – 16

---

Supplementary Information	
Consolidating statements of financial position	17 – 18
Consolidating statements of activities	19 – 20

---



## Independent Auditor's Report

To the Board of Directors  
United Cerebral Palsy Association of Greater Chicago

We have audited the accompanying consolidated statements of financial position of United Cerebral Palsy Association of Greater Chicago (UCP) as of June 30, 2011 and 2010, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of UCP's management. 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 audit 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy Association of Greater Chicago as of June 30, 2011 and 2010, and their activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information listed in the table of contents is not a required part of the basic consolidated financial statements and is presented for the purpose of additional analysis of the basic consolidated financial statements rather than to present the financial position and activities of the individual organizations. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Chicago, Illinois  
December 16, 2011

**United Cerebral Palsy Association of Greater Chicago**

**Consolidated Statements of Financial Position  
June 30, 2011 and 2010**

	2011	2010
<b>Assets</b>		
Cash and equivalents	\$ 608,094	\$ 640,734
Accounts receivable, net	709,353	878,822
Investments	4,097,160	3,561,854
Prepaid expenses and other current assets	146,114	171,148
Donated equipment held for donation to clients	361,560	352,616
	<u>5,922,281</u>	<u>5,605,174</u>
Property and equipment, net	<u>9,846,283</u>	<u>10,236,655</u>
	<u><u>\$ 15,768,564</u></u>	<u><u>\$ 15,841,829</u></u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 284,276	\$ 486,592
Deferred revenue	44,509	43,528
	<u>328,785</u>	<u>530,120</u>
Net assets		
Unrestricted		
Undesignated	4,592,984	4,277,054
Invested in property and equipment	9,846,283	10,236,655
	<u>14,439,267</u>	<u>14,513,709</u>
Temporarily restricted	852,512	650,000
Permanently restricted	148,000	148,000
	<u>15,439,779</u>	<u>15,311,709</u>
	<u><u>\$ 15,768,564</u></u>	<u><u>\$ 15,841,829</u></u>

See Notes to Consolidated Financial Statements.

**United Cerebral Palsy Association of Greater Chicago**

**Consolidated Statement of Activities  
Year Ended June 30, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and support:</b>				
Fees for services	\$ 1,726,782	\$ -	\$ -	\$ 1,726,782
Grants from governmental agencies	3,096,094	-	-	3,096,094
Contributions	254,540	366,912	-	621,452
In-kind revenue	2,725,047	-	-	2,725,047
Bequests and memorials	95,364	-	-	95,364
Facility rental	230,611	-	-	230,611
Special events, net	228,843	-	-	228,843
Interest and dividend income	94,821	-	-	94,821
Net realized and unrealized gain on investments	97,330	-	-	97,330
Other	2,374	-	-	2,374
Net assets released from restrictions	164,400	(164,400)	-	-
	<u>8,716,206</u>	<u>202,512</u>	<u>-</u>	<u>8,918,718</u>
<b>Operating expenses:</b>				
Program services	8,371,562	-	-	8,371,562
<b>Supporting services:</b>				
General and administrative	290,220	-	-	290,220
Program fund development	128,866	-	-	128,866
	<u>8,790,648</u>	<u>-</u>	<u>-</u>	<u>8,790,648</u>
<b>Increase (decrease) in net assets</b>	(74,442)	202,512	-	128,070
<b>Net assets:</b>				
Beginning of year	<u>14,513,709</u>	<u>650,000</u>	<u>148,000</u>	<u>15,311,709</u>
End of year	<u>\$ 14,439,267</u>	<u>\$ 852,512</u>	<u>\$ 148,000</u>	<u>\$ 15,439,779</u>

See Notes to Consolidated Financial Statements.

**United Cerebral Palsy Association of Greater Chicago**

**Consolidated Statement of Activities, Continued**  
**Year Ended June 30, 2010**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and support:</b>				
Fees for services	\$ 1,802,971	\$ -	\$ -	\$ 1,802,971
Grants from governmental agencies	3,216,824	-	-	3,216,824
Contributions	281,909	-	-	281,909
In-kind revenue	3,032,703	-	-	3,032,703
Bequests and memorials	58,144	-	-	58,144
Facility rental	300,751	-	-	300,751
Special events, net	331,052	-	-	331,052
Interest and dividend income	38,568	-	-	38,568
Net realized and unrealized gain on investments	80,680	-	-	80,680
Other	4,224	-	-	4,224
Net assets released from restrictions	50,000	(50,000)	-	-
	<u>9,197,826</u>	<u>(50,000)</u>	<u>-</u>	<u>9,147,826</u>
<b>Operating expenses:</b>				
Program services	8,567,967	-	-	8,567,967
Supporting services:				
General and administrative	269,445	-	-	269,445
Program fund development	184,418	-	-	184,418
	<u>9,021,830</u>	<u>-</u>	<u>-</u>	<u>9,021,830</u>
<b>Increase (decrease) in net assets</b>	175,996	(50,000)	-	125,996
<b>Net assets:</b>				
Beginning of year	<u>14,337,713</u>	<u>700,000</u>	<u>148,000</u>	<u>15,185,713</u>
End of year	<u>\$ 14,513,709</u>	<u>\$ 650,000</u>	<u>\$ 148,000</u>	<u>\$ 15,311,709</u>

See Notes to Consolidated Financial Statements.

United Cerebral Palsy Association of Greater Chicago

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2011

	Program Services							
	Assistive Technology Exchange Network	Infinitec	Children and Family Services	Adult Services	Employment Services	Information and Public Education	Training and Educational Support	Payments to Affiliates
Salaries	\$ 174,376	\$ 591,140	\$ 627,025	\$ 537,546	\$ 72,537	\$ 3,117	\$ -	\$ -
Employee benefits	34,059	96,118	61,151	93,194	3,533	644	-	-
Payroll taxes	13,936	27,602	61,944	44,088	6,147	242	-	-
	222,371	714,860	750,120	674,828	82,217	4,003	-	-
Advertising	-	-	250	515	-	-	-	-
Awards	-	125	-	225	-	-	-	-
Direct program	2,619,339	98,049	520,435	141,951	28	-	1,400	-
Dues and subscriptions	1,351	9,254	1,579	601	-	115	-	-
Equipment lease	248	485	16,800	698	53	-	-	-
Insurance	8,563	29,244	45,214	32,145	3,359	949	-	-
Kitchen supplies and food	-	-	-	-	-	-	-	-
Miscellaneous	-	17	1,431	34	-	-	-	-
Occupancy	21,000	31,699	109,644	75,621	39,402	-	1,033	-
Office supplies and expense	13,968	48,604	89,897	20,348	6,399	5,793	301	-
Professional services	9,089	187,777	650,672	56,448	215	18,863	-	-
Repairs and maintenance	5,956	67,365	186	40,355	-	-	-	-
Security	-	393	-	-	-	-	-	-
Training	-	-	-	1,120	-	-	-	-
Travel, conference and staff	16,361	68,881	66,975	8,159	1,241	4	5,021	-
UCP Association, Inc. - dues	-	-	-	-	-	-	-	41,800
	2,918,246	1,256,753	2,253,203	1,053,048	132,914	29,727	7,755	41,800
Depreciation and amortization	39,825	531,875	30,459	28,905	24,768	4,011	18,273	-
	\$ 2,958,071	\$ 1,788,628	\$ 2,283,662	\$ 1,081,953	\$ 157,682	\$ 33,738	\$ 26,028	\$ 41,800

**United Cerebral Palsy Association of Greater Chicago**

**Consolidated Statement of Functional Expenses (Continued)**  
**Year Ended June 30, 2011**

	Total Program Services	Supporting Services		Total Supporting Services	2011 Total
		General and Administrative	Program Fund Development		
Salaries	\$ 2,005,741	\$ 160,545	\$ 67,957	\$ 228,502	\$ 2,234,243
Employee benefits	288,699	33,048	6,860	39,908	328,607
Payroll taxes	153,959	11,151	5,888	17,039	170,998
	<u>2,448,399</u>	<u>204,744</u>	<u>80,705</u>	<u>285,449</u>	<u>2,733,848</u>
Advertising	765	-	-	-	765
Awards	350	44	1,257	1,301	1,651
Direct program	3,381,202	5,244	-	5,244	3,386,446
Dues and subscriptions	12,900	25	-	25	12,925
Equipment lease	18,284	-	302	302	18,586
Insurance	119,474	-	4,719	4,719	124,193
Kitchen supplies and food	-	-	-	-	-
Miscellaneous	1,482	552	5,146	5,698	7,180
Occupancy	278,399	-	294	294	278,693
Office supplies and expense	185,310	4,249	6,111	10,360	195,670
Professional services	923,064	62,358	18,405	80,763	1,003,827
Repairs and maintenance	113,862	1,719	8,588	10,307	124,169
Security	393	-	-	-	393
Training	1,120	-	-	-	1,120
Travel, conference and staff	166,642	1,414	3,339	4,753	171,395
UCP Association, Inc. - dues	41,800	-	-	-	41,800
	<u>7,693,446</u>	<u>280,349</u>	<u>128,866</u>	<u>409,215</u>	<u>8,102,661</u>
Depreciation and amortization	678,116	9,871	-	9,871	687,987
	<u>\$ 8,371,562</u>	<u>\$ 290,220</u>	<u>\$ 128,866</u>	<u>\$ 419,086</u>	<u>\$ 8,790,648</u>

See Notes to Consolidated Financial Statements.

**United Cerebral Palsy Association of Greater Chicago**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2010**

	Program Services							
	Assistive Technology Exchange Network	Infinitec	Children and Family Services	Adult Services	Employment Services	Information and Public Education	Training and Educational Support	Payments to Affiliates
Salaries	\$ 170,384	\$ 547,775	\$ 524,409	\$ 603,617	\$ 70,165	\$ 4,454	\$ -	\$ -
Employee benefits	33,772	91,598	42,052	101,953	7,387	632	-	-
Payroll taxes	14,220	29,219	51,034	52,356	6,280	406	-	-
	<u>218,376</u>	<u>668,592</u>	<u>617,495</u>	<u>757,926</u>	<u>83,832</u>	<u>5,492</u>	-	-
Advertising	-	-	419	140	-	-	-	-
Awards	-	393	-	959	-	-	-	-
Direct program	2,971,015	69,614	522,663	142,317	135	-	3,921	-
Dues and subscriptions	2,938	2,234	852	719	-	-	-	-
Equipment lease	240	942	7,444	418	36	-	-	-
Insurance	6,696	24,660	38,102	33,566	4,954	638	-	-
Kitchen supplies and food	-	-	-	1,252	-	-	-	-
Miscellaneous	-	30	1,452	-	-	-	-	-
Occupancy	21,000	45,444	132,257	79,443	39,359	-	-	-
Office supplies and expense	10,273	28,601	60,886	21,104	6,663	11,712	182	-
Professional services	10,511	57,476	774,575	43,144	838	22,233	32	-
Repairs and maintenance	6,675	92,005	2,942	43,117	-	-	-	-
Security	-	833	-	-	-	-	-	-
Training	-	-	-	262	-	-	-	-
Travel, conference and staff	14,837	28,226	71,588	7,420	2,352	291	4,462	-
UCP Association, Inc. - dues	-	-	-	-	-	-	-	42,396
	<u>3,262,561</u>	<u>1,019,050</u>	<u>2,230,675</u>	<u>1,131,787</u>	<u>138,169</u>	<u>40,366</u>	<u>8,597</u>	<u>42,396</u>
Depreciation and amortization	27,022	563,930	50,538	28,152	24,724	-	-	-
	<u>\$ 3,289,583</u>	<u>\$ 1,582,980</u>	<u>\$ 2,281,213</u>	<u>\$ 1,159,939</u>	<u>\$ 162,893</u>	<u>\$ 40,366</u>	<u>\$ 8,597</u>	<u>\$ 42,396</u>

**United Cerebral Palsy Association of Greater Chicago**

**Consolidated Statement of Functional Expenses (Continued)**  
**Year Ended June 30, 2010**

	Total Program Services	Supporting Services		Total Supporting Services	2010 Total
		General and Administrative	Program Fund Development		
Salaries	\$ 1,920,804	\$ 159,946	\$ 76,312	\$ 236,258	\$ 2,157,062
Employee benefits	277,394	31,754	6,517	38,271	315,665
Payroll taxes	153,515	11,883	5,962	17,845	171,360
	<u>2,351,713</u>	<u>203,583</u>	<u>88,791</u>	<u>292,374</u>	<u>2,644,087</u>
Advertising	559	-	-	-	559
Awards	1,352	82	704	786	2,138
Direct program	3,709,665	-	24,813	24,813	3,734,478
Dues and subscriptions	6,743	37	1,616	1,653	8,396
Equipment lease	9,080	-	134	134	9,214
Insurance	108,616	-	6,367	6,367	114,983
Kitchen supplies and food	1,252	-	-	-	1,252
Miscellaneous	1,482	426	7,245	7,671	9,153
Occupancy	317,503	-	-	-	317,503
Office supplies and expense	139,421	4,661	12,104	16,765	156,186
Professional services	908,809	46,666	31,558	78,224	987,033
Repairs and maintenance	144,739	1,798	8,688	10,486	155,225
Security	833	-	-	-	833
Training	262	-	-	-	262
Travel, conference and staff	129,176	2,630	2,054	4,684	133,860
UCP Association, Inc. - dues	42,396	-	-	-	42,396
	<u>7,873,601</u>	<u>259,883</u>	<u>184,074</u>	<u>443,957</u>	<u>8,317,558</u>
Depreciation and amortization	694,366	9,562	344	9,906	704,272
	<u>\$ 8,567,967</u>	<u>\$ 269,445</u>	<u>\$ 184,418</u>	<u>\$ 453,863</u>	<u>\$ 9,021,830</u>

See Notes to Consolidated Financial Statements.

**United Cerebral Palsy Association of Greater Chicago**

**Consolidated Statements of Cash Flows  
Years Ended June 30, 2011 and 2010**

	2011	2010
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 128,070	\$ 125,996
Depreciation and amortization	687,987	704,272
Gain on sale of equipment	(10,379)	-
Net realized and unrealized gain on investments	(97,330)	(80,680)
Changes in:		
Accounts receivable	169,469	(326,458)
Pledge receivable	-	50,000
Prepaid expenses and other current assets	25,034	50,426
Donated equipment held for donation to clients	(8,944)	(1,336)
Accounts payable and accrued expenses	(202,316)	46,054
Deferred revenue	981	21,852
<b>Net cash provided by operating activities</b>	<b>692,572</b>	<b>590,126</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(311,236)	(412,182)
Proceeds from sale of equipment	24,000	-
Proceeds from sale of investments	1,732,143	2,974,098
Purchases of investments	(2,170,119)	(2,637,722)
<b>Net cash used in investing activities</b>	<b>(725,212)</b>	<b>(75,806)</b>
<b>Increase (decrease) in cash and equivalents</b>	<b>(32,640)</b>	<b>514,320</b>
<b>Cash and equivalents:</b>		
Beginning of year	640,734	126,414
End of year	\$ 608,094	\$ 640,734
<b>Supplemental Schedule of Noncash Investing and Operating Activities</b>		
Donation of computer equipment received and held for donation to clients	\$ 2,626,400	\$ 2,962,867

See Notes to Consolidated Financial Statements.

## United Cerebral Palsy Association of Greater Chicago

### Notes to Consolidated Financial Statements

---

#### Note 1. Nature of Activities and Summary of Significant Accounting Policies

The United Cerebral Palsy Association of Greater Chicago (UCP) is an Illinois nonprofit corporation and voluntary health and welfare organization whose mission is to advance the independence of people with disabilities, enrich their lives, provide support to their families and advocate for their inclusion in every facet of community life. In conjunction with its national and state-affiliated organizations, UCP provides information, training and education programs and services to individuals with disabilities, their families, care givers and the public at large; promotes public understanding and awareness of disabilities; supports research and scientific investigation into the nature and prevention of cerebral palsy throughout the greater metropolitan area of Chicago, Illinois; and provides employment training and placement services to individuals in the Chicago area. UCP conducts its activities, which are funded primarily from revenue sources such as government grants and public and private contributions, from various owned and leased facilities.

UCP's board members and executive director comprise the separate board of directors of an affiliated nonprofit organization: Ramp Up, LLC (Ramp Up). Ramp Up was incorporated on April 9, 2009, with UCP as its single member. The primary purpose of Ramp Up is to fund the construction and installation of modular home ramps for individuals with disabilities in the Chicagoland area.

UCP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Ramp Up, LLC is a disregarded entity for taxation purposes as any tax attributable to its operations would be the tax responsibility of UCP.

**Basis of presentation:** The financial statements are prepared using the accrual basis of accounting and, in accordance with ASC Topic 958, *Reporting of Related Entities by Not-for-Profit Organizations*, UCP's financial statements consolidate the activities of Ramp Up, its affiliate. UCP meets the criteria for consolidating Ramp Up due to its level of control over, and economic interest in, the organization. All interorganizational balances and transactions have been eliminated in consolidation. In accordance with nonprofit financial reporting requirements, UCP classifies its net assets and activities in three classes: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Unrestricted:** Those resources with no legal or donor-imposed restrictions.

**Temporarily restricted:** Temporarily restricted net assets arise from contributions whose use is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of UCP pursuant to those restrictions. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. UCP considers temporary restrictions on long-lived assets to be released when the asset is placed in service.

**Permanently restricted:** Permanently restricted net assets represent funds which are subject to the restrictions of gift instruments requiring the principal to be maintained intact and the income to be used for the general operating purposes of UCP or for certain purposes specified by the donor.

**Revenue recognition:** Contributions, promises to give and grants are recorded in the period received as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Bequests are recorded as revenue when UCP has received notice of an unconditional beneficial interest and the amount can be reasonably estimated. Revenues derived from services are recorded in the period the services are provided. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Restricted revenue is reported as an addition to either temporarily or permanently restricted net assets.

## United Cerebral Palsy Association of Greater Chicago

### Notes to Consolidated Financial Statements

---

#### Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

**Contributed services and in-kind revenue:** UCP records the fair market value of contributed services if the contributed services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donation. Contributed services totaled \$75,182 for the year ended June 30, 2011 (2010 - \$36,207). In-kind donations resulting from UCP's holiday drive totaled \$23,465 for the year ended June 30, 2011 (2010 - \$32,660)

Also, amounts have been included in the financial statements for contributions in-kind which are recorded at their fair values at date of receipt. UCP received computer equipment from various contributors to be used in its Assistive Technology Exchange Network Program. UCP estimates the value of the contributed computer equipment received in 2011 and 2010 totaled \$2,626,400 and \$2,962,867, respectively. Equipment given to qualified recipients and charged to program expense during the years ended June 30, 2011 and 2010 totaled \$2,369,876 and \$2,499,903, respectively. At June 30, 2011, \$361,560 of the donated equipment was still on hand and was included in donated equipment held for donation to clients (2010 - \$352,616). Contributed computer equipment received in 2011 but considered only to have scrap value and accordingly expensed totaled \$247,580 (2010 - \$461,576).

**Cash and equivalents:** UCP considers all highly liquid debt instruments with a maturity of three months or less when acquired to be cash equivalents. UCP maintains its cash in bank accounts which at times may exceed federally insured limits. UCP has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on cash.

**Accounts receivable:** Accounts receivable is comprised of amounts due from various government grants and is stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances and allows for, as of year-end, all balances that are not expected to be collected. The allowance for doubtful accounts at June 30, 2011 and 2010 totaled \$5,000.

**Investments:** Contributions of investments are recorded at their fair value at the date of the gift. Marketable securities are reported at fair value, based upon quoted prices from national securities exchanges. Certificates of deposit with original maturities of more than 90 days are carried at cost, which approximates fair value. Investment income and realized and unrealized gains and losses are reported as increases or decreases in net assets and are recorded as unrealized gains and losses in the consolidated statements of activities.

**Property and equipment:** All acquisitions of property and equipment with a cost of \$1,000 or more are stated at cost or, if donated, at the approximate fair value at the date of donation. General maintenance and repairs which do not materially prolong the useful lives of the assets are expensed. Provisions for depreciation have been computed on a straight-line basis over the estimated useful lives of the depreciable assets which range from five to forty years for buildings and building improvements. Furniture and office equipment is being depreciated over five to seven years, with transportation equipment being depreciated over five years. Amortization on leasehold improvements is provided based upon the remaining lease term with which the leasehold improvements relate.

**Deferred revenue:** Deferred revenue is comprised of government funding which will be recognized as revenue in the year when expenses are incurred.

## United Cerebral Palsy Association of Greater Chicago

### Notes to Consolidated Financial Statements

---

#### Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

**Income taxes:** The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits should be recorded in the financial statements. Under this guidance, UCP may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of UCP, and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. Management has determined that there are no uncertain tax positions during the reporting periods covered by these financial statements.

UCP files annual information returns in the U.S. federal jurisdiction and the State of Illinois. UCP is generally no longer subject to examination by the Internal Revenue Service for tax years before 2008.

**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 affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications:** Certain 2010 amounts have been reclassified to conform to the current year presentation without affecting previously reported total net assets or changes in net assets.

**Subsequent events:** UCP has evaluated subsequent events for potential recognition and/or disclosure through December 16, 2011, the date the financial statements were available to be issued.

#### Note 2. Investments

Investments consisted of the following at June 30, 2011 and 2010:

	2011	2010
Certificates of deposit	\$ 3,158,328	\$ 2,880,982
Corporate and government bonds	359,315	269,720
American depository receipts	8,439	7,800
Mutual funds:		
Domestic equity	95,775	73,928
Exchange traded funds:		
Domestic equity	89,554	60,564
International	29,750	12,689
Common stock:		
Large cap	239,914	164,052
Mid cap	18,410	3,950
Small cap	11,760	-
International	10,646	6,026
	<u>4,021,891</u>	<u>3,479,711</u>
Cash and equivalents	75,269	82,143
	<u>\$ 4,097,160</u>	<u>\$ 3,561,854</u>

## United Cerebral Palsy Association of Greater Chicago

### Notes to Consolidated Financial Statements

---

#### Note 2. Investments (Continued)

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Realized gains (losses) from investment sales during 2011 and 2010 totaled \$3,491 and (\$3,728), respectively. Unrealized gains on the investment portfolio for the years ended June 30, 2011 and 2010 totaled \$93,839 and \$84,408, respectively. Investment fees incurred in 2011 and 2010 were \$8,021 and \$6,233, respectively.

#### Note 3. Fair Value Measurements

UCP records its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2. Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3. Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. UCP's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

Investments in corporate and government bonds, common stocks and mutual and exchange traded funds, traded on a national securities exchange are stated at the last reported sales price on the day of valuation. These financial investments are classified as Level 1 in the fair value hierarchy.

**United Cerebral Palsy Association of Greater Chicago**

**Notes to Consolidated Financial Statements**

**Note 3. Fair Value Measurements (Continued)**

The following tables present UCP's financial instruments measured at fair value on a recurring basis as of June 30, 2011 and 2010:

Description	2011			
	Fair Value Measurement Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Corporate and government bonds	\$ 359,315	\$ -	-	359,315
American depository receipts	8,439	-	-	8,439
Mutual funds	95,775	-	-	95,775
Exchange traded funds	119,304	-	-	119,304
Common stock	280,730	-	-	280,730
	<u>\$ 863,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,563</u>

Description	2010			
	Fair Value Measurement Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Corporate and government bonds	\$ 269,720	\$ -	-	269,720
American depository receipts	7,800	-	-	7,800
Mutual funds	73,928	-	-	73,928
Exchange traded funds	73,253	-	-	73,253
Common stock	174,028	-	-	174,028
	<u>\$ 598,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,729</u>

## United Cerebral Palsy Association of Greater Chicago

### Notes to Consolidated Financial Statements

---

#### Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2011 and 2010:

	2011	2010
Land	\$ 1,135,000	\$ 1,135,000
Building and building improvements	9,865,190	9,865,190
Leasehold improvements	273,473	273,473
Furniture and office equipment	6,702,744	6,428,987
Transportation equipment	385,493	388,877
	<u>18,361,900</u>	<u>18,091,527</u>
Accumulated depreciation and amortization	<u>(8,515,617)</u>	<u>(7,854,872)</u>
	<u>\$ 9,846,283</u>	<u>\$ 10,236,655</u>

UCP owns the property for its facilities located in Highland Park, Oak Park, Tinley Park and Villa Park, Illinois. Land parcels for some of these owned properties were donated to UCP and, due to the nature of donor restrictions on these parcels, the land values have been included in temporarily restricted net assets and permanently restricted net assets.

Depreciation and amortization expense for the years ended June 30, 2011 and 2010 was \$687,987 and \$704,272, respectively. During 2011, a vehicle with a net book value of \$13,621 was sold, with proceeds of \$24,000 received resulting in a gain on disposal of \$10,379.

#### Note 5. Retirement Plan

UCP has a 401(k) defined contribution plan (the Plan) which covers substantially all employees who meet the eligibility requirements of the Plan. UCP makes a contribution to each participant in an amount equal to 5 percent of participant's annual compensation. The amount contributed to the Plan by UCP and included in expenses for the years ended June 30, 2011 and 2010 was \$94,134 and \$97,681, respectively.

#### Note 6. Restricted Net Assets

**Temporarily restricted net assets:** In a prior year, UCP received land with an appraised value of \$650,000 in fiscal year 2003. The land is utilized by UCP for its Highland Park facility. If UCP discontinues its use of the parcel for the purposes of providing services and support to persons with disabilities at any time before November 2022, the title of the land reverts to the Northern Suburban Special Education District. Therefore, the value of the land is included in temporarily restricted net assets.

In 2011, UCP received a cash contribution from Ronald McDonald House Charities in the amount of \$366,912 for the expansion of the Infinitec program into Georgia and Minnesota. UCP expended \$164,400 of the contribution for the defined purpose in 2011, with the remaining \$202,512 of the contribution to be utilized in fiscal 2012. Therefore, the \$202,512 is included in temporarily restricted net assets.

**Permanently restricted:** In a prior year, UCP received donated Tinley Park land with an appraised value of \$148,000 in fiscal year 2001. UCP constructed a building on this land for the purposes of providing services and support to disabled persons. The provisions of the donation specify that if UCP discontinues its use of the parcel for the restricted charitable purpose or attempts to convey all or part of the land to another party, then the title reverts to the State of Illinois. Therefore, the value of the land is included in permanently restricted net assets.

## United Cerebral Palsy Association of Greater Chicago

### Notes to Consolidated Financial Statements

---

#### Note 7. Operating Leases

UCP occupies two facilities in Chicago, Illinois and Cicero, Illinois under lease agreements which provide for monthly base rental payments and UCP's proportionate share of operating expenses and real estate taxes through December 2022 and September 2016, respectively. Approximate future minimum base lease rental payments are as follows:

2012	\$ 122,000
2013	126,000
2014	129,000
2015	133,000
2016	104,000
Thereafter	674,000
	<u>\$ 1,288,000</u>

Total rent expense for the years ended June 30, 2011 and 2010 totaled \$157,083 and \$161,269, respectively.

UCP leases a portion of its Villa Park, Illinois and Highland Park, Illinois facilities to unrelated nonprofit organizations under lease agreements which provide for monthly base rental payments, plus the lessee's proportionate share of operating expenses and real estate taxes. The Villa Park lease is effective through April 2029 and the Highland Park lease is effective through October 2015. Approximate future rental payments to be received under these leases are as follows:

2012	\$ 265,000
2013	270,000
2014	272,000
2015	247,000
2016	132,000
Thereafter	1,005,000
	<u>\$ 2,191,000</u>

Total rental income for the years ended June 30, 2011 and 2010 totaled \$179,057 and \$254,545, respectively.

#### Note 8. Payments to Affiliates

UCP makes payments to affiliated national and state organizations in exchange for services and advice related to certain programs such as research, training, scholarships, public education and other activities in accordance with the terms of the affiliation agreement. During the years ended June 30, 2011 and 2010, the amount paid to national and state affiliates totaled \$41,800 and \$42,396, respectively.

## **Supplementary Information**

**United Cerebral Palsy Association of Greater Chicago**

**Consolidating Statement of Financial Position**

**June 30, 2011**

	United Cerebral Palsy Association of Greater Chicago	Ramp Up	Eliminations	Total
<b>Assets</b>				
Cash and equivalents	\$ 532,862	\$ 75,232	\$ -	\$ 608,094
Accounts receivable, net	668,453	40,900	-	709,353
Investments	4,097,160	-	-	4,097,160
Prepaid expenses and other current assets	146,114	-	-	146,114
Donated equipment held for donation to clients	361,560	-	-	361,560
Property and equipment, net	9,846,283	-	-	9,846,283
Due from Ramp Up	674,323	-	(674,323)	-
	<u>\$ 16,326,755</u>	<u>\$ 116,132</u>	<u>\$ (674,323)</u>	<u>\$ 15,768,564</u>
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued expenses	\$ 284,276	\$ -	\$ -	\$ 284,276
Deferred revenue	44,509	-	-	44,509
Due to United Cerebral Palsy Association of Greater Chicago	-	674,323	(674,323)	-
	<u>328,785</u>	<u>674,323</u>	<u>(674,323)</u>	<u>328,785</u>
Net assets (deficit)				
Unrestricted	14,997,458	(558,191)	-	14,439,267
Temporarily restricted	852,512	-	-	852,512
Permanently restricted	148,000	-	-	148,000
	<u>15,997,970</u>	<u>(558,191)</u>	<u>-</u>	<u>15,439,779</u>
	<u>\$ 16,326,755</u>	<u>\$ 116,132</u>	<u>\$ (674,323)</u>	<u>\$ 15,768,564</u>

**United Cerebral Palsy Association of Greater Chicago**

**Consolidating Statement of Financial Position**

**June 30, 2010**

	United Cerebral Palsy Association of Greater Chicago	Ramp Up	Eliminations	Total
<b>Assets</b>				
Cash and equivalents	\$ 593,930	\$ 46,804	\$ -	\$ 640,734
Accounts receivable, net	839,429	39,393	-	878,822
Investments	3,561,854	-	-	3,561,854
Prepaid expenses and other current assets	171,148	-	-	171,148
Donated equipment held for donation to clients	352,616	-	-	352,616
Property and equipment, net	10,236,655	-	-	10,236,655
Due from Ramp Up	486,565	-	(486,565)	-
	<u>\$ 16,242,197</u>	<u>\$ 86,197</u>	<u>\$ (486,565)</u>	<u>\$ 15,841,829</u>
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued expenses	\$ 486,592	\$ -	\$ -	\$ 486,592
Deferred revenue	43,528	-	-	43,528
Due to United Cerebral Palsy Association of Greater Chicago	-	486,565	(486,565)	-
	<u>530,120</u>	<u>486,565</u>	<u>(486,565)</u>	<u>530,120</u>
Net assets (deficit):				
Unrestricted	14,914,077	(400,368)	-	14,513,709
Temporarily restricted	650,000	-	-	650,000
Permanently restricted	148,000	-	-	148,000
	<u>15,712,077</u>	<u>(400,368)</u>	<u>-</u>	<u>15,311,709</u>
	<u>\$ 16,242,197</u>	<u>\$ 86,197</u>	<u>\$ (486,565)</u>	<u>\$ 15,841,829</u>

**United Cerebral Palsy Association of Greater Chicago**

**Consolidating Statement of Activities  
Year Ended June 30, 2011**

	United Cerebral Palsy Association of Greater Chicago	Ramp Up	Eliminations	Total
<b>Revenue and support:</b>				
Fees for services	\$ 1,720,382	\$ 6,400	\$ -	1,726,782
Grants from governmental agencies	2,707,150	388,944	-	3,096,094
Contributions	621,452	-	-	621,452
In-kind revenue	2,725,047	-	-	2,725,047
Bequests and memorials	95,364	-	-	95,364
Facility rental	230,611	-	-	230,611
Special events, net	228,843	-	-	228,843
Interest and dividend income	94,741	80	-	94,821
Net realized and unrealized gain on investments	97,330	-	-	97,330
Other	2,374	-	-	2,374
	<u>8,523,294</u>	<u>395,424</u>	<u>-</u>	<u>8,918,718</u>
<b>Expenses:</b>				
<b>Program services:</b>				
Assistive Technology Exchange Network	2,958,071	-	-	2,958,071
Infinitec	1,788,628	-	-	1,788,628
Children and family services	1,730,415	553,247	-	2,283,662
Adult services	1,081,953	-	-	1,081,953
Employment services	157,682	-	-	157,682
Information and public education	33,738	-	-	33,738
Training and educational support	26,028	-	-	26,028
Payments to affiliates	41,800	-	-	41,800
	<u>7,818,315</u>	<u>553,247</u>	<u>-</u>	<u>8,371,562</u>
<b>Supporting services:</b>				
General and administrative	290,220	-	-	290,220
Program fund development	128,866	-	-	128,866
	<u>419,086</u>	<u>-</u>	<u>-</u>	<u>419,086</u>
	<u>8,237,401</u>	<u>553,247</u>	<u>-</u>	<u>8,790,648</u>
<b>Increase (decrease) in net assets</b>	<b>285,893</b>	<b>(157,823)</b>	<b>-</b>	<b>128,070</b>
<b>Net assets (deficit):</b>				
Beginning of year	<u>15,712,077</u>	<u>(400,368)</u>	<u>-</u>	<u>15,311,709</u>
End of year	<u>\$ 15,997,970</u>	<u>\$ (558,191)</u>	<u>\$ -</u>	<u>\$ 15,439,779</u>

**United Cerebral Palsy Association of Greater Chicago**

**Consolidating Statement of Activities  
Year Ended June 30, 2010**

	United Cerebral Palsy Association of Greater Chicago	Ramp Up	Eliminations	Total
<b>Revenue and support:</b>				
Fees for services	\$ 1,799,871	\$ 3,100	\$ -	1,802,971
Grants from governmental agencies	2,828,246	388,578	-	3,216,824
Contributions	281,909	-	-	281,909
In-kind revenue	3,031,734	969	-	3,032,703
Bequests and memorials	58,144	-	-	58,144
Facility rental	300,751	-	-	300,751
Special events, net	331,052	-	-	331,052
Interest and dividend income	38,265	303	-	38,568
Net realized and unrealized gain on investments	80,680	-	-	80,680
Other	4,224	-	-	4,224
	<u>8,754,876</u>	<u>392,950</u>	<u>-</u>	<u>9,147,826</u>
<b>Expenses:</b>				
<b>Program services:</b>				
Assistive Technology Exchange Network	3,289,583	-	-	3,289,583
Infinitec	1,582,980	-	-	1,582,980
Children and family services	1,697,163	584,050	-	2,281,213
Adult services	1,159,939	-	-	1,159,939
Employment services	162,893	-	-	162,893
Information and public education	40,366	-	-	40,366
Training and educational support	8,597	-	-	8,597
Payments to affiliates	42,396	-	-	42,396
	<u>7,983,917</u>	<u>584,050</u>	<u>-</u>	<u>8,567,967</u>
<b>Supporting services:</b>				
General and administrative	269,445	-	-	269,445
Program fund development	184,418	-	-	184,418
	<u>453,863</u>	<u>-</u>	<u>-</u>	<u>453,863</u>
	<u>8,437,780</u>	<u>584,050</u>	<u>-</u>	<u>9,021,830</u>
<b>Increase (decrease) in net assets</b>	317,096	(191,100)	-	125,996
<b>Net assets (deficit):</b>				
Beginning of year	15,394,981	(209,268)	-	15,185,713
End of year	<u>\$ 15,712,077</u>	<u>\$ (400,368)</u>	<u>\$ -</u>	<u>\$ 15,311,709</u>