



**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
December 31, 2019**

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

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December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Cerebral Palsy of Greater Dane County, Inc.  
Madison, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of United Cerebral Palsy of Greater Dane County, Inc. (UCP), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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, and the provisions in the *Wisconsin Department of Health Services Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 auditor considers 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 Greater Dane County, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, issued by the State of Wisconsin Department of Administration and State Single Audit Committee, and the schedule of revenue and expenses by funding source and by program and by contract, as required by the *DHS Audit Guide*, 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 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 a report dated August 11, 2020 on our consideration of United Cerebral Palsy of Greater Dane County, Inc.'s 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 United Cerebral Palsy of Greater Dane County, Inc.'s 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 United Cerebral Palsy of Greater Dane County, Inc.'s internal control over financial reporting and compliance.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
August 11, 2020

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

**Statement of Financial Position  
December 31, 2019**

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 534,346
Accounts Receivable	435,619
Pledges Receivable	1,000
Prepaid Expenses	41,677
Total Current Assets	<u>1,012,642</u>
FIXED ASSETS	
Furniture and Equipment	15,792
Less: Accumulated Depreciation	(5,324)
Net Fixed Assets	<u>10,468</u>
OTHER ASSETS	
Investments	823,215
Beneficial Interest in Assets Held by the Madison Community Foundation (MCF)	21,964
Other Assets	3,172
Total Other Assets	<u>848,351</u>
TOTAL ASSETS	<u>\$ 1,871,461</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 123,406
Accounts Payable-Dane County	138,827
Accrued Expenses	22,475
Accrued Payroll and Related Benefits	81,928
Total Current Liabilities	<u>366,636</u>
NET ASSETS	
Without Donor Restrictions	
Board Designated-Information Referral and Advocacy	307,991
Board Designated-Madison Community Foundation	21,964
Undesignated	1,166,870
Total Without Donor Restrictions	<u>1,496,825</u>
With Donor Restrictions	8,000
Total Net Assets	<u>1,504,825</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,871,461</u>

The accompanying notes are an integral part of the financial statements

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

**Statement of Activities  
For the Year Ended December 31, 2019**

**Changes in Net Asset Without Donor Restrictions**

**Public Support and Revenue**

Dane County Department of Human Services	\$ 3,856,758
Rock County Human Services Department	124,868
Program Service Fees and Therapy Reimbursements	846,027
Contributions	43,928
Special Events	59,783
Interest Income	1,419
Net Investment Return	103,092
Increase in Beneficial Interest in Assets Held by the Madison Community Foundation	2,817
Net Assets Released from Restrictions:	
Programs	13,000
TOTAL PUBLIC SUPPORT AND REVENUE	5,051,692

**EXPENSES**

**Program Services**

Birth to Three - Dane County	1,426,348
Birth to Three - Rock County	124,868
Youth Resources/Respite	2,815,259
CompassWisconsin: Threshold	235,847
Information, Referral, and Advocacy	63,571
Total Program Services Expenses	4,665,893

**Administrative and Supporting Services**

Management and General	23,188
Fund-raising	54,620
Total Administrative and Supporting Services	77,808

Total Expenses 4,743,701

**Total Change in Net Assets without Donor Restrictions** 307,991

**Changes in Net Assets with Donor Restrictions**

Contributions	8,000
Net Assets Released from Restrictions	(13,000)
Change in Net Assets with Donor Restrictions	(5,000)

Total Change in Net Assets 302,991

Net Assets, Beginning of Year 1,201,834

Net Assets, End of Year \$ 1,504,825

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2019**

	<b>Programs</b>					<b>Administrative and Supporting Services</b>		<b>Total Administrative and Supporting Services</b>		
	Dane County Birth to Three	Rock County Birth to Three	Youth Resources / Respite	Compass Wisconsin Threshold	Information, Referral, and Advocacy	Total	Management and General	Fundraising	Services	Total
Salaries, benefits, and related taxes	\$ 1,200,433	\$ 48,523	\$ 2,476,189	\$ 206,966	\$ 55,291	\$ 3,987,402	\$ 16,435	\$ 30,505	\$ 46,940	\$ 4,034,342
Staff recruitment and retention	2,847	16,570	27,060	95	14	46,586	553	4	557	47,143
Rent	22,930	-	59,349	3,683	1,237	87,199	367	581	948	88,147
Professional Fees	79,766	6,396	87,810	6,341	2,122	182,435	4,004	1,500	5,504	187,939
Insurance	6,806	118	33,475	1,162	306	41,867	(6)	169	163	42,030
Supplies and Printing	23,465	51,849	38,057	2,775	660	116,806	1,693	21,630	23,323	140,129
Membership and subscriptions	1,939	117	5,879	514	94	8,543	(263)	47	(216)	8,327
Telephone	12,505	575	15,614	1,478	234	30,406	202	111	313	30,719
Travel: Employee	75,172	720	12,841	12,613	361	101,707	13	73	86	101,793
Client Transportation	-	-	55,443	-	-	55,443	-	-	-	55,443
Depreciation	-	-	-	-	3,194	3,194	-	-	-	3,194
Training & Conference	485	-	3,542	220	58	4,305	15	-	15	4,320
Other	-	-	-	-	-	-	175	-	175	175
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,426,348</b>	<b>\$ 124,868</b>	<b>\$ 2,815,259</b>	<b>\$ 235,847</b>	<b>\$ 63,571</b>	<b>\$ 4,665,893</b>	<b>\$ 23,188</b>	<b>\$ 54,620</b>	<b>\$ 77,808</b>	<b>\$ 4,743,701</b>

The accompanying notes are an integral part of the financial statements

**United Cerebral Palsy of Greater Dane County, Inc.**

**Statement of Cash Flow  
For the Year Ended December 31, 2019**

Cash Flow from Operating Activities

Change in Net Assets	\$ 302,991
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents (used in) Provided by Operating Activities	
Depreciation	3,194
Loss (gain) on investments	(76,841)
Reinvested income on investments	(26,250)
Change in beneficial interest in assets held by the Madison Community Foundation	(2,817)
Changes in assets and liabilities:	
Accounts Receivable	(256,045)
Pledges Receivable	(1,000)
Prepaid Expenses	(1,261)
Other Assets	(3,172)
Accounts Payable	49,184
Accounts Payable-Dane County	109,286
Accrued Expenses	(36,707)
Net Cash and cash equivalents (used in) provided by operating activities	<u>60,562</u>
Change in Cash and Cash Equivalents	60,562
Cash and Cash Equivalents at Beginning of Year	<u>473,784</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 534,346</u></u>

The accompanying notes are an integral part of the financial statements



# UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

## Notes to Financial Statements

December 31, 2019

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### **1. Nature of Activities and Significant Accounting Policies**

#### *Nature of Activities*

United Cerebral Palsy of Greater Dane County, Inc. (UCP) provides services to persons with developmental disabilities and delays and their families in designated portions of southern Wisconsin.

UCP operates under an affiliation agreement with United Cerebral Palsy Association Incorporated (UCPA, Inc). This agreement provides that a small part of the public support (less than 0.6%) be paid to the national organization.

A summary of UCP's significant accounting policies follows:

#### *Basis of Presentation and Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the accrual basis, revenues are recognized in the accounting period in which they are earned and measurable. Expenses are recognized in the period incurred, whether paid or not.

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

For purposes of the statement of financial position and cash flows, UCP considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents, excluding funds invested with a Wealth Management advisor firm.

#### *Investments*

Investments are carried at fair value, with realized and unrealized gains and losses reflected in the statement of activities.

Investment securities are exposed to various risks including, but not limited to, interest rate and market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

# UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

## Notes to Financial Statements

December 31, 2019

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

#### *Receivables and Allowance for Bad Debts*

Accounts receivable are stated at face value, net of allowance for bad debts.

The allowance for bad debts is maintained at a level that is management's best estimate of probable bad debts incurred as of the statement of financial position date. Management's determination of the adequacy of the allowance is based on an evaluation of the receivables, past collection experience, current economic conditions, volume, growth and composition of the receivables, and other relevant factors. Provisions for bad debts charged against income increase the allowance. There was no allowance for the year ended December 31, 2019, as management feels that all accounts receivable are fully collectible.

#### *Property and Equipment*

Property and equipment is stated at cost. Acquisitions of equipment in excess of \$5,000 are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

#### *Net Assets*

UCP reports information regarding its financial position and activities according to the following two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors:

Net assets without donor restrictions - Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Net assets with donor restrictions - Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### *Contributions*

Contributions are recognized as revenue when received or unconditionally pledged. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of the donated assets are reported as restricted support. When a donor restriction expires (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

# UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

## Notes to Financial Statements

December 31, 2019

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

#### *Allocation of Functional Expenses*

Expense line items or costs within a line item were classified to a specific program, management and general, or fund-raising when there is a direct relationship and other costs have been allocated among the program services and supporting activities benefited, based on the percentage of full-time equivalent employees (FTE's) as follows:

Payroll related costs for direct service providers, program supplies, travel, certain professional fees, and client assistance expenses are directly related to a specific program or supporting activity and are directly applied to those functions.

Indirect expenses, including rent, insurance, certain professional fees, and telephone services are allocated by the percentage of FTEs for the agency based on the expense type. Rent is allocated by the percentage of FTEs for the staff that regularly use the office space. Other expenses are allocated by the percentage of FTEs for all employees as these expenses cover the entire agency.

#### *Income Taxes*

UCP is exempt from federal and state income tax pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code.

UCP must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not the position will be sustained. UCP does not believe there are any material uncertain tax positions, and, accordingly, it did not recognize any liability for unrecognized tax benefits. For the year ended December 2019, there were no interest or penalties recorded or included in the financial statements.

The Organization's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Organization is no longer subject to such examinations for years before 2016.

### 2. Concentration of Credit Risk

UCP maintains deposits in financial institutions which, at times, exceed federally insured limits. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2019, UCP had \$274,476 in deposits in excess of FDIC coverage. UCP believes it is not exposed to any significant credit risk on uninsured amounts.

# UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

## Notes to Financial Statements

December 31, 2019

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### 3. Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures" defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level One - Quoted prices in active markets for identical assets or liabilities.

Level Two - Inputs other than Level One that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are not observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level Three - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Money Market Funds - Money market funds are valued at the net asset value (NAV) of shares held by the organization at year end.

Fixed Income Funds and Equity Mutual Funds - Fixed income funds and equity mutual funds are carried at fair value based on quoted market prices.

Beneficial Interest in Assets Held by MCF - The organization's investment in beneficial interest in assets held by MCF is based on inputs used by the trustees of that organization to value the beneficial interest's underlying assets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain instruments could result in a different fair value measurement at the reporting date.

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

Notes to Financial Statements

December 31, 2019

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

UCP holds all its investments with a local investment company. The following tables summarize those assets measured at fair value in accordance with ASC 820:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Fixed Income	\$ 470,396	\$ -	\$ -	\$ 470,396
Equity Mutual Funds	342,348	-		342,348
Beneficial Interest in Assets Held by MCF	-	-	21,964	21,964
Assets held at Fair Value	<u>\$ 812,744</u>	<u>\$ -</u>	<u>\$ 21,964</u>	<u>834,708</u>
 Investments Measured at Net Asset Value*				<u>10,471</u>
 <b>Total Investments</b>				<u><u>\$ 845,179</u></u>

\* The organization's investment in money market funds is measured at fair value using the net asset value per share (or its equivalent) and has not been categorized in the fair value hierarchy. The fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position as of December 31, 2019.

The following table presents the organization's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level Three) as defined in ASC 820:

Beginning Balance	\$ 19,147
Investment Results, Net of Investment Fees	3,024
Administrative Fees	<u>(207)</u>
Ending Balance	<u><u>\$ 21,964</u></u>

**4. Investments**

Net investment returns consisted of the following:

Earning on Investments	\$ 26,250
Realized and Unrealized Gains (Losses), Net of Fees	<u>76,842</u>
Ending Balance	<u><u>\$ 103,092</u></u>

# UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

## Notes to Financial Statements

December 31, 2019

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### 5. Assets Held by the Madison Community Foundation

The Madison Community Foundation held investments of \$21,964 at December 31, 2019, for the benefit of UCP and annually distributes a percentage of the fair value of these assets annually to UCP. As of December 31, 2019, this percentage was 4.5%. Additional distributions may be requested by UCP. However, such distributions will be made only if they are deemed by MCF to benefit UCP, advance their charitable and exempt purposes, and benefit the community. Upon a change in the exempt status or termination of UCP, UCP has a right to advise the MCF on suggestions for distributions; however, the final decision on all such distributions rests with the MCF. The investment is recorded in the statement of financial position as a beneficial interest in assets held by the MCF.

### 6. Line of Credit

UCP has obtained a \$400,000 line of credit through a local banking institution. The line has a current interest rate of 5%. The current line of credit agreement expires on February 25, 2020. The line is secured by the organization's securities account. As of December 31, 2019, the line did not have any outstanding balance.

Effective February 25, 2020, UCP secured an extension to the line of credit noted above. The line has a limit of \$400,000 with an interest rate of 4.25% expiring on February 25, 2021.

### 7. Support from Governmental Unit

UCP receives a substantial amount of its support from the Dane County Department of Human Services under annual funding contracts. UCP has a signed funding contract for the year ending December 31, 2020. A significant reduction in the level of this support, if this were to occur, may have a significant effect on UCP's programs and activities.

The County allows certain assets costing more than \$5,000 to be expensed to the funding contract when purchased. These assets would become the property of the County upon termination or non-renewal of this contract. As of December 31, 2019, there were no assets expensed to the funding contract when purchased.

### 8. Leases

The organization leases space for its administrative offices under multiple operating leases. These leases include:

Main Office Space – Five-year operating lease commencing on May 1, 2018 and set to expire on April 30, 2023. The agreement allows for three renewal options for five years each.

Additional Office Space – On December 1, 2019, UCP entered into an additional operating lease at the main building location for additional space. This lease will expire on April 30, 2023.

Rock County Office Location – Five-year operating lease commencing on January 1, 2020 and set to expire on December 31, 2024. The agreement allows for an additional three-year renewal period.

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

Notes to Financial Statements

December 31, 2019

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**8. Leases (Continued)**

Total rent expense, including charges for common area maintenance, under these operating leases was \$88,147 in 2019.

Future minimum lease payments under this operating leases are as follows:

Year Ended December 31,	
2020	\$ 249,947
2021	260,727
2022	268,769
2023	118,489
2024	42,841
Total	<u>\$ 940,774</u>

**9. Net Assets with Donor Restrictions**

Net assets with donor restrictions are comprised of the following:

<b>Program Restricted</b>	
Youth Resources	<u>\$ 8,000</u>
<b>Net Assets with Donor Restrictions</b>	<u>\$ 8,000</u>

Net assets with donor restrictions were released from donor restrictions and expended for the following programs:

<b>Program Releases</b>	
Youth Resources	<u>\$ 13,000</u>
<b>Net Assets Released From Restrictions</b>	<u>\$ 13,000</u>

**10. Board Designations**

The board has designated portions of net assets without donor restrictions as follows:

Board Designations	
Information Referral and Advocacy	\$ 307,991
Investments Held by MCF	<u>21,964</u>
<b>Total Board Designated Net Assets</b>	<u>\$ 329,955</u>

# UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

## Notes to Financial Statements

December 31, 2019

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### 11. Liquidity and Availability of Financial Assets

UCP's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and Cash Equivalents	\$ 534,346
Accounts Receivable	435,619
Investments	845,179
Pledges Receivable	<u>1,000</u>
Total Financial Assets	<u>1,816,144</u>
Less those unavailable for general expenditure within one year due to:	
Investments Held by MCF	(21,964)
Donor Restrictions	<u>(8,000)</u>
	<u>(29,964)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,786,180</u>

UCP maintains two financial reserve accounts to be used in the event of cash flow needs. A money market account housed in the same institution as the main deposit account is used to draw upon first when needed. A line of credit is available and drawn on second if needed.

UCP also has an investment account with a different bank and maintains a fairly conservative investment policy, helping to ensure that the cash balance is protected from the market's volatility.

The board designations are designated for general expenditures, and are therefore, not excluded from the above financial assets available within one year of the statement of financial position date.

### 12. Tax Deferred Annuity Plan

UCP has a tax deferred annuity plan for its employees that allows for both employee and employer contributions. Employees are eligible for an employer contribution after two years of service, attainment of age 21, and working 1,000 hours annually. The employer contribution was \$89,836 in 2019.

### 13. Payments to National Programs

Payments to national programs were allocated among the various functions of UCP. Total payments to national programs were \$12,975, of which \$5,513 was a prepayment of 2020 dues.



# UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

## Notes to Financial Statements

December 31, 2019

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### 14. Subsequent Events

Management has evaluated subsequent events through August 11, 2020, the date which the financial statements were available for issue. No events have occurred that would influence the reader's opinion of the financial statements for the year ended December 31, 2019. Other subsequent events are outlined below.

A novel strain of coronavirus (COVID-19) spread to the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency which has created economic uncertainty internationally. It is anticipated that these impacts will continue for some time. Current and potential future impacts could include reductions in program service revenues collected for some programs. The future long-term effects of these issues are unknown.

As part of the CARES Act, the U.S. government created the Paycheck Protection Program (PPP) administered through the Small Business Administration, that allowed non-for-profits to apply for potentially forgivable loans as part of the impacts of COVID-19. UCP applied for and was awarded \$757,283 in PPP loan funds. Any unused funds or amounts not eligible to be forgiven will be returned under the terms of the loan agreement.

### 15. Effect of New Accounting Standards on Current-Period Financial Statements

The Financial Accounting Standards Board (FASB) has approved the following:

- Accounting Standards Update (ASU) No. 2016-02, (Topic 842): *Leases*. For most entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2019.
- Accounting Standards Update (ASU) No. 2014-09, (Topic 606): *Revenue from Contracts with Customers*. The implementation date for this new revenue recognition standard for nonpublic entities is for annual reporting periods beginning after December 15, 2018.

In response to the COVID-19 pandemic, the FASB issued an Accounting Standards Update that permits private companies and not-for-profits that have not yet applied its new revenue recognition standard to implement the new rules for annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. Private companies and private not-for-profits may apply the new lease accounting standard for fiscal years beginning after December 15, 2021, and to interim periods within fiscal years beginning after December 15, 2022.

UCP has made the decision to delay implementation of these standards under the update described above. Management is currently evaluating the impact of these standards will have to UCP's financial accounting and reporting. When they become effective, application of these standards may restate portions of these financial statements.

**SUPPLEMENTAL INFORMATION**

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**  
**Schedule of Revenue and Expenses by funding Source and by Program and by Contract**  
**For the Year Ended December 31, 2019**

Program: Funding Source:	Birth to Three				Youth Resources and Respite		
	Dane County	Rock County	Other	Total	Dane County	Other	Total
<b>Total Revenues</b>	\$ 1,396,700	\$ 124,868	\$ 47,369	\$ 1,568,937	\$ 48,963	\$ 2,997,406	\$ 3,046,369
<b>Expenses</b>							
Program Expenses							
Personnel	1,094,219	44,272	-	1,138,491	39,237	2,341,417	2,380,654
Operating	179,678	69,726	-	249,404	2,469	211,310	213,779
Space	21,263	-	-	21,263	1,095	55,954	57,049
Special Costs	-	-	-	-	1,156	54,286	55,442
Total Program Expenses	1,295,160	113,998	-	1,409,158	43,957	2,662,967	2,706,924
Administrative Expenses							
Personnel	108,033	4,251	-	112,284	2,793	92,741	95,534
Operating	21,909	6,619	(421)	28,107	2,131	8,372	10,503
Space	1,667	-	-	1,667	82	2,216	2,298
Other*	(30,069)	-	30,069	-	-	-	-
Total Administrative Expenses	101,540	10,870	29,648	142,058	5,006	103,329	108,335
<b>Total Expenses</b>	1,396,700	124,868	29,648	1,551,216	48,963	2,766,296	2,815,259
Net Investment Income (Loss)	-	-	-	-	-	-	-
<b>Net Benefit (Deficiency)</b>	\$ -	\$ -	\$ 17,721	\$ 17,721	\$ -	\$ 231,110	\$ 231,110

\*Offsetting Revenue for MA/Insurance Revenue

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**  
**Schedule of Revenue and Expenses by funding Source and by Program and by Contract**  
**For the Year Ended December 31, 2019**

<b>Program: Funding Source:</b>	<b>Compass WI: Threshold Other</b>	<b>Information Referral and Advocacy Other</b>	<b>Management &amp; General Other</b>	<b>Development Other</b>	<b>TOTAL</b>
<b>Total Revenues</b>	\$ 235,847	\$ 1,419	\$ 500	\$ 87,711	\$ 4,940,783
<b>Expenses</b>					
Program Expenses					
Personnel	189,995	48,761	-	-	3,757,901
Operating	23,054	6,211	-	-	492,448
Space	3,370	1,091	-	-	82,773
Special Costs	-	-	-	-	55,442
<b>Total Program Expenses</b>	<b>216,419</b>	<b>56,063</b>	<b>-</b>	<b>-</b>	<b>4,388,564</b>
Administrative Expenses					
Personnel	16,971	6,530	16,435	30,505	278,259
Operating	2,144	832	6,386	23,534	71,506
Space	313	146	367	581	5,372
Other*	-	-	-	-	-
<b>Total Administrative Expenses</b>	<b>19,428</b>	<b>7,508</b>	<b>23,188</b>	<b>54,620</b>	<b>355,137</b>
<b>Total Expenses</b>	<b>235,847</b>	<b>63,571</b>	<b>23,188</b>	<b>54,620</b>	<b>4,743,701</b>
Net Investment Income (Loss)	-	2,817	103,092	-	105,909
<b>Net Benefit (Deficiency)</b>	<b>\$ -</b>	<b>\$ (59,335)</b>	<b>\$ 80,404</b>	<b>\$ 33,091</b>	<b>\$ 302,991</b>

\*Offsetting Revenue for MA/Insurance Revenue

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

Schedule of Expenditures of Federal and State Awards

For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
U.S. Department of Education				
Pass-Through Program From:				
Dane County Department of Human Services				
Special Education - Grants for Infants and Families	84.181	84459	\$ 180,760	\$ -
Rock County Human Services Department				
Special Education - Grants for Infants and Families	84.181	Not Available	63,682	-
U.S. Department of Health and Human Services				
Pass-Through Program From:				
Dane County Department of Human Services				
Medical Assistance Program	93.778	84492	<u>1,405,100</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,649,542</u>	<u>\$ -</u>

State Grantor/Pass-Through Grantor/Program or Cluster Title	State Identifying Number	Pass-Through Entity Identifying Number	State Expenditures	Pass-Through to Subrecipients
Wisconsin Department of Health Services				
Pass-Through Program From:				
Dane County Department of Human Services				
Children's Community Options Program	435.377	84459	\$ 39,500	\$ -
Birth to Three Initiative (BIRTH - 3)	435.550	84459	173,671	-
Children's Long Term Support (CLTS)	435.820	84492	985,746	-
Rock County Human Services Department				
Birth to Three Initiative (BIRTH - 3)	435.550	Not Available	<u>61,185</u>	<u>-</u>
Total Expenditures of State Awards			<u>\$ 1,260,102</u>	<u>\$ -</u>

# **UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

## **Notes to Schedule of Expenditures of Federal and State Awards**

**For the Year Ended December 31, 2019**

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

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of United Cerebral Palsy of Greater Dane County, Inc., under programs of the federal and state governments for the year ended December 31, 2019. The information in this 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) and the State Single Audit Guidelines. Because the Schedule presents only a selected portion of the operations of United Cerebral Palsy of Greater Dane County, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of United Cerebral Palsy of Greater Dane County, Inc.

### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the State Single Audit Guidelines, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **3. Indirect Cost Rate**

United Cerebral Palsy of Greater Dane County, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### **4. Subrecipients**

United Cerebral Palsy of Greater Dane County, Inc. did not pass-through any federal awards to subrecipients.

**SINGLE AUDIT**



**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***

To the Board of Directors  
United Cerebral Palsy of Greater Dane County, Inc.  
Madison, Wisconsin

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 Greater Dane County (UCP) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 August 11, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered UCP’s internal control over financial reporting (internal control) to determine the 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 UCP’s internal control. Accordingly, we do not express an opinion on the effectiveness of the UCP’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 entity’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 may exist that have not been identified.





## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UCP'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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
August 11, 2020



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors  
United Cerebral Palsy of Greater Dane County, Inc.  
Madison, Wisconsin

**Report on Compliance for Each Major Federal Program**

We have audited United Cerebral Palsy of Greater Dane County, Inc.’s (UCP) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of UCP’s major federal and state programs for the year ended December 31, 2019. UCP’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of UCP’s major federal and state programs based on our audit of the types of compliance requirements referred to above. 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); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about UCP’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of UCP’s compliance.



### ***Opinion on Each Major Federal and State Program***

In our opinion, UCP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2019.

### **Report on Internal Control over Compliance**

Management of UCP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered UCP's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UCP's 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 and 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 or state 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 or state 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
August 11, 2020

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

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**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

\* Material weakness identified? No  
\* Significant deficiency(ies) identified None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

\* Material weakness identified? No  
\* Significant deficiency(ies) identified None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a): No

Identification of major federal programs:

CFDA Number

93.778

Name of Program or Cluster

Medical Assistance Program

Dollar threshold for distinguishing Types A and B programs: \$750,000

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major programs:

\* Material weakness identified? No  
\* Significant deficiency(ies) identified None Reported

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

**Section I - Summary of Auditor's Results (continued)**

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

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**Section I - Summary of Auditor's Results (continued)**

Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*: No

Identification of major state programs:

<u>ID Number</u>	<u>Name of Program or Cluster</u>
435.820	Children's Long-term Support

Dollar threshold for distinguishing Types A and B programs: \$250,000

**Section II - Financial Statement Findings**

No matters were reported

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported

**Section IV - State Award Findings and Questioned Costs**

No matters were reported

**Section V - Other Issues**

1. Does the auditor have substantial doubt about the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:  
Department of Health Services No

4. Was a Management letter or other document conveying audit comments issued as a result of this audit? Yes

5. Name and signature of partner



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Tara Bast, CPA

6. Date of report August 11, 2020

**UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.**  
Summary Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended December 31, 2019

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None Reported