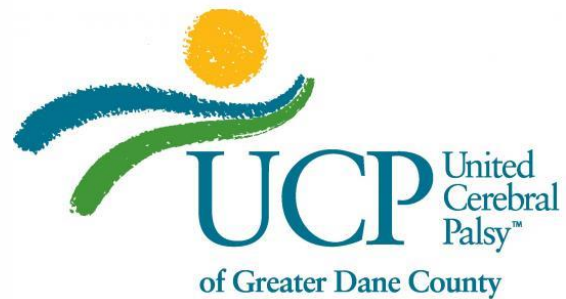




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**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**For the Years Ended
December 31, 2022 and 2021**

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

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December 31, 2022 and 2021

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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

Opinion

We have audited the accompanying financial statements of United Cerebral Palsy of Greater Dane County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Cerebral Palsy of Greater Dane County, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 *Department of Health Services Audit Guide* issued by the Wisconsin Department of Health Services. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Cerebral Palsy of Greater Dane County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2022, United Cerebral Palsy of Greater Dane County, Inc. adopted the provisions of FASB issued Accounting Standards Update 2016-06 *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Cerebral Palsy of Greater Dane County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Cerebral Palsy of Greater Dane County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Cerebral Palsy of Greater Dane County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were 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 and the schedule of final agency expense report by program, 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 June 27, 2023 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.
June 27, 2023

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	<u>ASSETS</u>	
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 931,515	\$ 1,009,067
Accounts Receivable	123,925	144,055
Grants Receivable	1,142,394	473,413
Prepaid Expenses	97,989	57,796
Total Current Assets	<u>2,295,823</u>	<u>1,684,331</u>
FIXED ASSETS		
Furniture and Equipment	32,781	32,781
Less: Accumulated Depreciation	<u>(22,836)</u>	<u>(16,244)</u>
Net Fixed Assets	<u>9,945</u>	<u>16,537</u>
OTHER ASSETS		
Investments	816,638	958,301
Beneficial Interest in Assets Held by the Madison Community Foundation (MCF)	25,099	27,820
Operating Lease Right-of-Use Asset	115,279	-
Other Assets	<u>3,172</u>	<u>3,172</u>
Total Other Assets	<u>960,188</u>	<u>989,293</u>
TOTAL ASSETS	<u>\$ 3,265,956</u>	<u>\$ 2,690,161</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts Payable	\$ 673,498	\$ 323,152
Accounts Payable-Dane County	1,227	1,227
Accrued Expenses	-	19,950
Accrued Payroll and Related Benefits	86,322	90,716
Operating Lease Liability, Due Within One Year	<u>74,133</u>	<u>-</u>
Total Current Liabilities	<u>835,180</u>	<u>435,045</u>
LONG-TERM LIABILITIES		
Operating Lease Liability, Due in More Than One Year	<u>42,637</u>	<u>-</u>
Total Long-Term Liabilities	<u>42,637</u>	<u>-</u>
TOTAL LIABILITIES	<u>877,817</u>	<u>435,045</u>
NET ASSETS		
Without Donor Restrictions		
Board Designated-Information, Referral, and Advocacy	133,023	504,430
Board Designated-Madison Community Foundation	25,099	27,820
Undesignated	<u>2,225,017</u>	<u>1,717,866</u>
Total Without Donor Restrictions	<u>2,383,139</u>	<u>2,250,116</u>
With Donor Restrictions	<u>5,000</u>	<u>5,000</u>
TOTAL NET ASSETS	<u>2,388,139</u>	<u>2,255,116</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,265,956</u>	<u>\$ 2,690,161</u>

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

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.
Statements of Activities
For the Year Ended December 31, 2022 and 2021

	2022	2021
<u>Changes in Net Asset Without Donor Restrictions</u>		
<u>Public Support, Revenue and Other Gains</u>		
Grants:		
Dane County Department of Human Services	\$ 1,603,340	\$ 1,531,063
Rock County Human Services Department	1,436,122	1,290,199
Employee Retention Credit	762,572	-
Service Revenue:		
Youth Resources and Respite Services	1,313,255	2,445,094
Program Service Fees and Therapy Reimbursements	703,440	650,491
Contributions	54,163	62,397
Special Events	23,670	5,073
Interest Income	1,557	1,022
Net Investment Return (Loss)	(141,664)	59,292
Increase in Beneficial Interest in Assets Held by the Madison Community Foundation	(2,720)	4,275
Gain on Forgiveness of Loan	-	275,802
Net Assets Released from Restrictions:		
Programs	5,000	-
Total Public Support, Revenue, and Other Gains	5,758,735	6,324,708
<u>Expenses</u>		
<u>Program Services Expenses</u>		
Birth to Three - Dane County	1,511,365	1,410,014
Birth to Three - Rock County	1,375,734	1,214,407
Youth Resources/Respite	1,723,868	2,566,040
CompassWisconsin: Threshold	-	58,075
Total Program Services Expenses	4,610,967	5,248,536
<u>Administrative and Supporting Services</u>		
Information, Referral, and Advocacy	18,814	10,558
Management and General	972,600	549,122
Fundraising	23,331	12,062
Total Administrative and Supporting Services	1,014,745	571,742
Total Expenses	5,625,712	5,820,278
<u>Total Change in Net Assets without Donor Restrictions</u>	133,023	504,430
<u>Changes in Net Assets with Donor Restrictions</u>		
Contributions	5,000	5,000
Net Assets Released from Restrictions	(5,000)	-
Total Change in Net Assets with Donor Restrictions	-	5,000
Total Change in Net Assets	133,023	509,430
Net Assets, Beginning of Year	2,255,116	1,745,686
Net Assets, End of Year	\$ 2,388,139	\$ 2,255,116

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

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2022

	<u>Programs</u>				<u>Administrative and Supporting Services</u>			Total	
	Dane County Birth to Three	Rock County Birth to Three	Youth Resources / Respite	Total	Information, Referral, and Advocacy	Management and General	Fundraising	Administrative and Supporting Services	Total
Salaries, benefits, and related taxes	\$ 1,329,883	\$ 1,194,116	\$ 1,532,174	\$ 4,056,173	\$ 16,679	\$ 415,663	\$ 17,104	\$ 449,446	\$ 4,505,619
Staff recruitment and retention	168	1,372	10,117	11,657	234	1,311	3	1,548	13,205
Rent and utilities	41,341	53,881	81,994	177,216	(3,872)	18,183	646	14,957	192,173
Professional fees	59,945	47,486	35,615	143,046	1,046	506,079	2,605	509,730	652,776
Insurance	6,727	-	33,146	39,873	98	11,889	98	12,085	51,958
Supplies and printing	4,725	17,446	4,714	26,885	1,330	3,019	2,775	7,124	34,009
Membership and subscriptions	-	1,600	508	2,108	26	5,329	26	5,381	7,489
Telephone	5,866	6,768	3,942	16,576	-	1,206	-	1,206	17,782
Travel: Employee	62,644	53,011	4,441	120,096	60	6,425	56	6,541	126,637
Client transportation	-	-	16,092	16,092	-	-	-	-	16,092
Depreciation	-	-	-	-	3,213	3,361	18	6,592	6,592
Training & conference	66	54	1,125	1,245	-	135	-	135	1,380
TOTAL EXPENDITURES	<u>\$ 1,511,365</u>	<u>\$ 1,375,734</u>	<u>\$ 1,723,868</u>	<u>\$ 4,610,967</u>	<u>\$ 18,814</u>	<u>\$ 972,600</u>	<u>\$ 23,331</u>	<u>\$ 1,014,745</u>	<u>\$ 5,625,712</u>

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

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2021

	<u>Programs</u>					<u>Administrative and Supporting Services</u>			Total	
	Dane County Birth to Three	Rock County Birth to Three	Youth Resources / Respite	Compass Wisconsin: Threshold	Total	Information, Referral, and Advocacy	Management and General	Fundraising	Administrative and Supporting Services	Total
Salaries, benefits, and related taxes	\$ 1,279,508	\$ 1,072,737	\$ 2,301,678	\$ 58,617	\$ 4,712,540	\$ 5,044	\$ 444,968	\$ 5,436	\$ 455,448	\$ 5,167,988
Staff recruitment and retention	3,328	3,839	12,427	-	19,594	49	1,851	59	1,959	21,553
Rent and utilities	26,337	43,294	94,766	(1,288)	163,109	519	18,304	481	19,304	182,413
Professional fees	33,447	33,633	49,152	(569)	115,663	657	41,049	2,479	44,185	159,848
Insurance	4,933	-	31,887	291	37,111	53	10,927	91	11,071	48,182
Supplies and printing	22,144	14,650	29,643	430	66,867	968	11,962	2,935	15,865	82,732
Membership and subscriptions	1,248	1,041	911	74	3,274	40	4,159	545	4,744	8,018
Telephone	11,971	13,900	7,371	422	33,664	-	2,395	-	2,395	36,059
Travel: Employee	27,098	31,296	5,347	81	63,822	24	4,105	24	4,153	67,975
Client transportation	-	-	31,132	-	31,132	-	-	-	-	31,132
Depreciation	-	-	-	17	17	3,204	3,359	12	6,575	6,592
Training & conference	-	17	1,726	-	1,743	-	200	-	200	1,943
Interest	-	-	-	-	-	-	5,843	-	5,843	5,843
TOTAL EXPENDITURES	<u>\$ 1,410,014</u>	<u>\$ 1,214,407</u>	<u>\$ 2,566,040</u>	<u>\$ 58,075</u>	<u>\$ 5,248,536</u>	<u>\$ 10,558</u>	<u>\$ 549,122</u>	<u>\$ 12,062</u>	<u>\$ 571,742</u>	<u>\$ 5,820,278</u>

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

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Statements of Cash Flow

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flow from Operating Activities		
Change in Net Assets	\$ 133,023	\$ 509,430
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents (used in) Provided by Operating Activities		
Depreciation	6,592	6,592
Loan Forgiveness	-	(275,802)
Loss (gain) on investments	165,469	(28,794)
Reinvested income on investments	(23,805)	(30,498)
Change in beneficial interest in assets held by the Madison Community Foundation	2,720	(4,275)
Changes in assets and liabilities:		
Accounts Receivable	20,130	208,549
Grants Receivable	(668,981)	(123,519)
Prepaid Expenses	(40,193)	60,278
Operating Lease Assets and Liabilities	1,491	-
Accounts Payable	350,346	11,197
Accounts Payable-Dane County	-	(212,843)
Accounts Payable-Rock County	-	(3,187)
Accrued Expenses	(24,344)	(25,290)
Net Cash Provided (Used) by Operating Activities	<u>(77,552)</u>	<u>91,838</u>
Cash Flow from Financing Activities		
PPP Loan Repayments	<u>-</u>	<u>(481,396)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(481,396)</u>
Change in Cash and Cash Equivalents	(77,552)	(389,558)
Cash and Cash Equivalents at Beginning of Year	<u>1,009,067</u>	<u>1,398,625</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 931,515</u></u>	<u><u>\$ 1,009,067</u></u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash payments for interest	<u><u>\$ -</u></u>	<u><u>\$ 5,843</u></u>
Right-of-use assets obtained in exchange for lease liabilities	<u><u>\$ 286,837</u></u>	<u><u>\$ -</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, 2022 and 2021

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, 2022 and 2021

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 years ended December 31, 2022 and 2021, 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.

Revenue Recognition

Revenue from the third-party administrator contract, program service fees, and therapy reimbursements are recognized as services are performed for clients.

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

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

Revenue Recognition (Continued)

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. Conditional contributions or promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. There were no conditional promises to give outstanding as of December 31, 2022 and 2021.

Allocation of Functional Expenses

UCP allocates expenses to its various programs and supporting functions based on the nature of the expense as well as consideration for how much management and oversight each program needs. This is achieved by using the FTE allocations for the employees for the natural expenses as well as reviewing how much of those FTE allocations are supportive in nature. Some of the programs also need to follow a contractual requirement in regards to supportive 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.

The following program services and supporting activities are included in the accompanying financial statements:

Birth to Three Program (Dane and Rock Counties) – this program serves families with infants and toddlers with developmental delays and disabilities. Families can expect to receive comprehensive support as defined by individualized plan created in conjunction with parents to help address their child's developmental needs.

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

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

Allocation of Functional Expenses (Continued)

Youth Resources/Respite – this program provides limited-term care for children and adults with developmental disabilities so primary care-givers may renew their energy and support their overall resiliency. This program also offers after school services for middle and high school aged youth living with the Madison Metropolitan School District.

Management and General – includes activities related to the overall direction of UCP and the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of UCP, and perform other administrative functions.

Fundraising – includes activities related to soliciting contributions from individuals, foundations, governments, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to UCP

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 2022 and 2021, 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 2019.

Reclassifications

Certain reclassifications may have been made in the prior year's amounts to conform with current year statement presentation.

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

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

Change in Accounting Principles

Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), as amended, supersedes or replaces nearly all GAAP nonfinancial asset contribution guidance. These standards increase transparency of contributed nonfinancial assets for not-for-profit entities, as well as the amount of those contributions used in their programs and other activities. UCP has implemented ASU 2020-07 and has had no effect on these financial statements. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), as amended, supersedes or replaces previous lease accounting methodology and established a single model for lease accounting based on the foundation principle that leases are a financing right-to-use an underlying asset. These standards increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. UCP has implemented ASU 2016-02 and has had no effect on these financial statements. The amendments have been applied retrospectively at the beginning of the period of adoption, with no effect on net assets.

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, 2022 and 2021, UCP had \$962 and \$846, respectively, 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, 2022 and 2021

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, 2022 or 2021.

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, 2022 and 2021

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>	Total Fair Value 2022
Fixed Income	\$ 455,158	\$ -	\$ -	\$ 455,158
Equity Mutual Funds	351,863	-	-	351,863
Beneficial Interest in Assets Held by MCF	-	-	25,099	25,099
Assets held at Fair Value	<u>\$ 807,021</u>	<u>\$ -</u>	<u>\$ 25,099</u>	832,120
Investments Measured at Net Asset Value*				<u>9,617</u>
Total Investments				<u><u>\$ 841,737</u></u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total Fair Value 2021
Fixed Income	\$ 524,638	\$ -	\$ -	\$ 524,638
Equity Mutual Funds	420,614	-	-	420,614
Beneficial Interest in Assets Held by MCF	-	-	27,820	27,820
Assets held at Fair Value	<u>\$ 945,252</u>	<u>\$ -</u>	<u>\$ 27,820</u>	973,072
Investments Measured at Net Asset Value*				<u>13,049</u>
Total Investments				<u><u>\$ 986,121</u></u>

* UCP'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, 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 27,820	\$ 23,545
Investment Results, Net of Investment Fees	(2,461)	4,530
Administrative Fees	(260)	(255)
Ending Balance	<u>\$ 25,099</u>	<u>\$ 27,820</u>

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

4. Investments

Net investment returns consisted of the following:

	<u>2022</u>	<u>2021</u>
Earning on Investments	\$ 23,805	\$ 32,783
Realized and Unrealized Gains (Losses), Net of Fees	(165,469)	26,509
Ending Balance	<u>\$ (141,664)</u>	<u>\$ 59,292</u>

5. Assets Held by the Madison Community Foundation

The Madison Community Foundation held investments of \$25,099 and \$27,820 at December 31, 2022 and 2021, respectively, for the benefit of UCP and annually distributes a percentage of the fair value of these assets annually to UCP. 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 statements of financial position as a beneficial interest in assets held by the MCF.

6. Line of Credit

For 2022 and 2021, UCP obtained a \$400,000 line of credit through a local banking institution. The line had a current interest rate of 3.5% in 2022 and 3.5% in 2021. The current line of credit agreement expires on February 25, 2023. The line is secured by UCP's securities account. As of December 31, 2022, and 2021, the line did not have any outstanding balance.

Effective February 25, 2023, UCP secured an extension to the line of credit noted above. The line has a limit of \$400,000 with an interest rate of 7.75% expiring on March 25, 2024.

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. 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. UCP has a signed funding contract for the year ending December 31, 2023.

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, 2022 and 2021, there were no assets expensed to the funding contract when purchased.

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

8. Leases

UCP 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 March 31, 2023.

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 March 31, 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.

Included in the determination of the right-of-use assets and lease liabilities are any renewal options when the options are reasonably certain to be exercised. The operating leases requires UCP to maintain public liability insurance coverage.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, it is estimated using an applicable incremental borrowing rate. The incremental borrowing rate is estimated using applicable borrowing rates and the contractual lease term.

The total lease costs for the year ended December 31, 2022 is as follows:

	<u>2022</u>
Operating Lease Cost	\$ 173,344

The following table summarizes the supplemental cash flow information for the year ended December 31, 2022:

	<u>2022</u>
Cash Paid For Amounts Included In The Measurement Of Lease Liabilities	
Operating Cash Flows From Operating Leases	\$ 171,854
Right-Of-Use Assets Obtained In Exchange For Lease Liabilities	
Operating Leases	\$ 286,837

The weighted-average discount rate is 0.97% for the weighted-average remaining lease term of 1.5 years.

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

8. Leases (Continued)

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2022:

<u>December 31,</u>	<u>Operating</u>
2023	\$ 74,793
2024	42,840
Total Lease Payments	117,633
Less: Interest	(863)
Total Lease Liabilities	<u>\$ 116,770</u>

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following:

	<u>2022</u>	<u>2021</u>
Restricted for Future Period	\$ 5,000	\$ 5,000
Net Assets with Donor Restrictions	<u>\$ 5,000</u>	<u>\$ 5,000</u>

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

	<u>2022</u>	<u>2021</u>
Program Releases		
Youth Resources	\$ 5,000	\$ -
Net Assets Released From Restrictions	<u>\$ 5,000</u>	<u>\$ -</u>

10. Board Designations

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

	<u>2022</u>	<u>2021</u>
Board Designations		
Information, Referral and Advocacy	\$ 133,023	\$ 504,430
Investments Held by MCF	25,099	27,820
Total Board Designated Net Assets	<u>\$ 158,122</u>	<u>\$ 532,250</u>

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

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:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 931,515	\$ 1,009,067
Accounts Receivable	123,925	144,055
Grants Receivable	1,142,394	473,413
Investments	841,737	986,121
Total Financial Assets	<u>3,039,571</u>	<u>2,612,656</u>
Less those unavailable for general expenditure within one year due to:		
Investments Held by MCF	(25,099)	(27,820)
Donor Restrictions	(5,000)	(5,000)
	<u>(30,099)</u>	<u>(32,820)</u>
Liquidity resources:		
Bank lines of credit available	<u>400,000</u>	<u>400,000</u>
Total financial assets and liquidity resources available to meet cash needs for expenditures within one year:	<u>\$ 3,409,472</u>	<u>\$ 2,979,836</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 \$80,071 and \$197,346 in 2022 and 2021, respectively.

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

13. Payments to National Programs

Payments to national programs were allocated among the various functions of UCP. In 2022, total payments to the national organization were \$7,350, of which \$5,513 was a prepayment of 2023 dues. In 2021 total payments to national programs were \$7,350, of which \$5,513 was a prepayment of 2022 dues.

14. Paycheck Protection Program Loan

UCP received loan proceeds in the amount of \$757,200 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. UCP intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

During 2021, UCP obtained partial forgiveness of the PPP loan. \$275,802 was forgiven and has been recognized as a gain on loan forgiveness in these financial statements. The remaining balance of \$481,398 was repaid during the year. Interest expense on the PPP loan totaled \$5,843 for 2021.

15. Employee Retention Credit

The CARES Act provided an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes. UCP determined it was eligible for the Employee Retention Credit (“ERC”) and submitted revised Quarterly Federal Tax Returns as required. Credits totaling \$762,572 have been received subsequent to December 31, 2022. UCP has recorded these as a receivable as of December 31, 2022, which represents refunds due on the applicable tax quarters prior to December 31, 2022. The total amount of these credits has been recorded as revenue on the Statement of Activities.

16. Subsequent Events

Management has evaluated subsequent events through June 27, 2023, 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, 2022.

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Financial Statements

December 31, 2022 and 2021

17. 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. 2021-05, (Topic 842): *Lessors – Certain leases with variable lease payments*. For most entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2022.

When this becomes effective, application of this standard may restate portions of these financial statements.

SUPPLEMENTARY INFORMATION

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.
Schedule of Revenue and Expenses by Funding Source and by Program and by Contract
Dane County Department of Human Services Contracts
For the Year Ended December 31, 2022

Program: Funding Source:	Birth to Three				Youth Resources and Respite		
	Dane County	Rock County	Other	Total	Dane County	Other	Total
Total Revenues	\$ 1,574,607	\$ 1,436,122	\$ 140,986	\$ 3,151,715	\$ 28,734	\$ 1,894,100	\$ 1,922,834
Expenses							
Program Expenses							
Personnel	1,329,883	1,194,116	-	2,523,999	22,921	1,509,253	1,532,174
Operating	140,141	127,737	-	267,878	1,400	92,208	93,608
Space	41,341	53,881	-	95,222	1,225	80,769	81,994
Special Costs	-	-	-	-	240	15,852	16,092
Total Program Expenses	1,511,365	1,375,734	-	2,887,099	25,786	1,698,082	1,723,868
Administrative Expenses							
Personnel	107,028	133,270	-	240,298	2,623	172,741	175,364
Operating	4,202	22,306	-	26,508	242	15,920	16,162
Space	3,241	6,013	-	9,254	134	8,795	8,929
Other*	(51,229)	(89,757)	140,986	-	-	-	-
Total Administrative Expenses	63,242	71,832	140,986	276,060	2,999	197,456	200,455
Total Expenses	1,574,607	1,447,566	140,986	3,163,159	28,785	1,895,538	1,924,323
Net Investment Income (Loss)	-	-	-	-	-	-	-
Net Benefit (Deficiency)	\$ -	\$ (11,444)	\$ -	\$ (11,444)	\$ (51)	\$ (1,438)	\$ (1,489)

*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
Dane County Department of Human Services Contracts
For the Year Ended December 31, 2022

Program: Funding Source:	<u>Information, Referral and Advocacy Other</u>	<u>Management & General Other</u>	<u>Development Other</u>	<u>TOTAL</u>
Total Revenues	\$ 3,578	\$ 762,572	\$ 60,864	\$ 5,901,563
Expenses				
Program Expenses				
Personnel	-	-	-	4,056,173
Operating	-	-	-	361,486
Space	-	-	-	177,216
Special Costs	-	-	-	16,092
Total Program Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,610,967</u>
Administrative Expenses				
Personnel	16,680	-	17,104	449,446
Operating	6,006	496,085	5,581	550,342
Space	(3,872)	-	646	14,957
Other*	-	-	-	-
Total Administrative Expenses	<u>18,814</u>	<u>496,085</u>	<u>23,331</u>	<u>1,014,745</u>
Total Expenses	18,814	496,085	23,331	5,625,712
Net Investment Income (Loss)	(142,828)	-	-	(142,828)
Net Benefit (Deficiency)	<u>\$ (158,064)</u>	<u>\$ 266,487</u>	<u>\$ 37,533</u>	<u>\$ 133,023</u>

SINGLE AUDIT

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Schedule of Expenditures of Federal and State Awards

For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Pass-Through Program From:			
Dane County Department of Human Services			
Special Education - Grants for Infants and Families	84.181	85357	\$ 204,047
Rock County Human Services Department			
Special Education - Grants for Infants and Families	84.181	Not Available	683,594
Total Special Education - Grants for Infants and Families			<u>887,641</u>
U.S. Department of Health and Human Services			
Pass-Through Program From:			
Dane County Department of Human Services			
Medical Assistance Program	93.778	84491	<u>862,274</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,749,915</u></u>

State Grantor/Pass-Through Grantor/Program or Cluster Title	State Identifying Number	Pass-Through Entity Identifying Number	State Expenditures
Wisconsin Department of Health Services			
Pass-Through Program From:			
Rock County Human Services Department			
Birth to Three Initiative (BIRTH - 3)	435.550	Not Available	\$ 752,528
Dane County Department of Human Services			
Birth to Three Initiative (BIRTH - 3)	435.550	85357	224,624
Total Birth to Three Initiative (BIRTH - 3)			<u>977,152</u>
Children's Community Options Program	435.377	85357	1,789
Children's Long-Term Support (CLTS)	435.877	84491	<u>441,709</u>
Total Expenditures of State Awards			<u><u>\$ 1,420,650</u></u>

See notes to schedule of awards.

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Notes to Schedule of Expenditures of Federal and State Awards

For the Year Ended December 31, 2022

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, 2022. 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.



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, 2022, 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 June 27, 2023.

Report on 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) as a basis for designing 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.



Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.
June 27, 2023



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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited United Cerebral Palsy of Greater Dane County, Inc.’s (UCP) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, UCP complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 audit requirements of the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration and the State Single Audit Committee. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of UCP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of UCP’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to UCP's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UCP's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UCP's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding UCP's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UCP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of UCP's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
June 27, 2023

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

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:

<u>Assistance Listing Number</u>	<u>Name of Program or Cluster</u>
84.181	Special Education – Grants for Infants and Families

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

Auditee qualified as low-risk auditee? Yes

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

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

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results (Continued)

Identification of major state programs:

<u>ID Number</u>	<u>Name of Program or Cluster</u>
435.550	Birth to Three Initiative

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

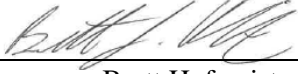
No matters were reported

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
Department of Corrections	N/A
Department of Workforce Development	N/A
3. Was a Management letter or other document conveying audit comments issued as a result of this audit? No
4. Was at least 25% of Department of Health Services expenses tested? Yes
5. Name and signature of partner

Brett Hofmeister, CPA
6. Date of report
June 27, 2023

UNITED CEREBRAL PALSY OF GREATER DANE COUNTY, INC.

Summary Schedule of Prior Year Findings and Questioned Costs

For the Year Ended December 31, 2022

None Reported