

Financial Report

*United Cerebral Palsy of
Greater New Orleans, Inc.
Kenner, Louisiana*

June 30, 2024

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Cerebral Palsy of Greater New Orleans, Inc.,
New Orleans, Louisiana.

Opinion

We have audited the accompanying financial statements of United Cerebral Palsy of Greater New Orleans, Inc. (UCP) (a non-profit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 UCP as of June 30, 2024, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 UCP and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of the 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, which raise substantial doubt about UCP'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 UCP'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, which raise substantial doubt about UCP'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.

Report on Summarized Comparative Information

We have previously audited UCP's 2023 financial statements and expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Income and Expenses by Program (Schedules 1-A and 1-B) are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information in Schedule 2 is presented for purposes of additional analysis, as required by Louisiana Revenue Statute 24:513(A)(3) and is not a required part of the financial statements. Such information in the supplemental schedules 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 our report, dated November 6, 2024 on our consideration of UCP's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, and other matters. The purpose of that report is 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 on the 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 UCP's internal control over financial reporting and compliance.



Certified Public Accountants.

New Orleans, Louisiana,
November 6, 2024.

STATEMENT OF FINANCIAL POSITION**United Cerebral Palsy of Greater New Orleans, Inc.**
Kenner, LouisianaJune 30, 2024
(With comparative totals for 2023)

| | <u>2024</u> | <u>2023</u> |
|--|--------------------|--------------------|
| Assets | | |
| Cash | \$1,779,357 | \$1,618,156 |
| Contract fees receivable | 112,954 | 106,744 |
| Funds held by Greater New Orleans Foundation | 57,886 | 54,129 |
| Prepaid expenses | 63,643 | 62,803 |
| Right-of-use asset | 120,724 | 114,378 |
| Property and equipment, net | 26,996 | 34,903 |
| Deposits | <u>24,246</u> | <u>24,246</u> |
| Total assets | <u>\$2,185,806</u> | <u>\$2,015,359</u> |
| Liabilities | | |
| Accounts payable | \$ 3,973 | \$ 852 |
| Accrued payroll and related liabilities | 213,401 | 185,633 |
| Lease liability | <u>120,973</u> | <u>115,055</u> |
| Total liabilities | <u>338,347</u> | <u>301,540</u> |
| Net Assets | | |
| Without donor restrictions | 1,817,459 | 1,683,819 |
| With donor restrictions | <u>30,000</u> | <u>30,000</u> |
| Total net assets | <u>1,847,459</u> | <u>1,713,819</u> |
| Total liabilities and net assets | <u>\$2,185,806</u> | <u>\$2,015,359</u> |

See notes to financial statements.

STATEMENT OF ACTIVITIES**United Cerebral Palsy of Greater New Orleans, Inc.**
Kenner, LouisianaFor the year ended June 30, 2024
(With comparative totals for 2023)

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | 2024 Totals | 2023 Totals |
|---|--|---|---------------------------|---------------------------|
| Revenues and Support | | | | |
| Program service fees - Medicaid | \$3,784,017 | \$ - | \$3,784,017 | \$3,515,394 |
| Contributions | 3,829 | - | 3,829 | 14,128 |
| Interest income | 64,555 | - | 64,555 | - |
| Investment income, net | 6,376 | - | 6,376 | 24,919 |
| Miscellaneous income | 63,357 | - | 63,357 | 25,478 |
| Net assets released from restriction | - | - | - | - |
| Total revenues and support | <u>3,922,134</u> | <u>-</u> | <u>3,922,134</u> | <u>3,579,919</u> |
| Expenses | | | | |
| Program services: | | | | |
| Supported living services | 3,422,495 | - | 3,422,495 | 3,020,175 |
| Supporting services: | | | | |
| Management and general | <u>365,999</u> | <u>-</u> | <u>365,999</u> | <u>360,266</u> |
| Total expenses | <u>3,788,494</u> | <u>-</u> | <u>3,788,494</u> | <u>3,380,441</u> |
| Change in Net Assets | 133,640 | - | 133,640 | 199,478 |
| Net Assets | | | | |
| Beginning of year | <u>1,683,819</u> | <u>30,000</u> | <u>1,713,819</u> | <u>1,514,341</u> |
| End of year | <u><u>\$1,817,459</u></u> | <u><u>\$30,000</u></u> | <u><u>\$1,847,459</u></u> | <u><u>\$1,713,819</u></u> |

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**United Cerebral Palsy of Greater New Orleans, Inc.**
Kenner, Louisiana

For the year ended June 30, 2024

| | <u>Program Services</u> | <u>Supporting Services</u> | |
|-------------------------------------|---------------------------------|--------------------------------|--------------------|
| | Supported Living Services | Management and General | <u>Totals</u> |
| Salaries | \$2,873,500 | \$ 190,866 | \$3,064,366 |
| Payroll taxes | 219,391 | 15,304 | 234,695 |
| Employee benefits | 99,208 | 30,754 | 129,962 |
| Workers' compensation | 25,771 | 4,548 | 30,319 |
| | <u>3,217,870</u> | <u>241,472</u> | <u>3,459,342</u> |
| Total salaries and related expenses | | | |
| Advertising | 502 | - | 502 |
| Depreciation | 6,721 | 1,186 | 7,907 |
| Dues and subscriptions | - | 4,708 | 4,708 |
| Equipment maintenance | - | 11,477 | 11,477 |
| Insurance | 70,376 | 12,419 | 82,795 |
| Miscellaneous expense | 5,754 | 10,112 | 15,866 |
| National membership fees | - | 16,509 | 16,509 |
| Occupancy | 66,971 | 11,816 | 78,787 |
| Postage and shipping | 33 | 847 | 880 |
| Professional fees and consulting | 27,674 | 43,576 | 71,250 |
| Stipends | - | 2,620 | 2,620 |
| Supplies | 7,570 | 1,336 | 8,906 |
| Telephone | 7,643 | 6,448 | 14,091 |
| Travel and transportation | 3,037 | - | 3,037 |
| Utilities | 8,344 | 1,473 | 9,817 |
| | <u>\$3,422,495</u> | <u>\$ 365,999</u> | <u>\$3,788,494</u> |
| Total expenses | | | |

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**United Cerebral Palsy of Greater New Orleans, Inc.**
Kenner, Louisiana

For the year ended June 30, 2023

| | <u>Program Services</u> | <u>Supporting Services</u> | |
|----------------------------------|---------------------------------|--------------------------------|--------------------|
| | Supported Living Services | Management and General | <u>Totals</u> |
| Salaries | \$2,520,248 | \$ 190,931 | \$2,711,179 |
| Payroll taxes | 208,200 | 14,561 | 222,761 |
| Employee benefits | 82,683 | 31,616 | 114,299 |
| Workers' compensation | 23,848 | 4,542 | 28,390 |
| | <u>2,834,979</u> | <u>241,650</u> | <u>3,076,629</u> |
| Advertising | 487 | - | 487 |
| Depreciation and amortization | 9,684 | 1,844 | 11,528 |
| Dues and subscriptions | - | 3,922 | 3,922 |
| Equipment maintenance | - | 9,182 | 9,182 |
| Insurance | 52,844 | 12,130 | 64,974 |
| Miscellaneous expense | 3,860 | 6,988 | 10,848 |
| Meetings and conferences | 412 | 214 | 626 |
| National membership fees | - | 17,356 | 17,356 |
| Occupancy | 63,884 | 12,168 | 76,052 |
| Postage and shipping | - | 788 | 788 |
| Professional fees and consulting | 25,502 | 41,268 | 66,770 |
| Stipends | - | 2,636 | 2,636 |
| Supplies | 9,504 | 1,810 | 11,314 |
| Telephone | 6,844 | 6,057 | 12,901 |
| Travel and transportation | 2,280 | 368 | 2,648 |
| Utilities | 9,895 | 1,885 | 11,780 |
| | <u>\$3,020,175</u> | <u>\$ 360,266</u> | <u>\$3,380,441</u> |

See notes to financial statements.

STATEMENT OF CASH FLOWS**United Cerebral Palsy of Greater New Orleans, Inc.**
Kenner, LouisianaFor the year ended June 30, 2024
(With comparative totals for 2023)

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|--------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 133,640 | \$ 199,478 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 7,907 | 11,528 |
| Accrued operating lease obligations | (428) | 137 |
| Investment gain on funds held by Greater New Orleans Foundation, net | (3,757) | (1,731) |
| Changes in operating assets and liabilities: | | |
| Contract fees and receivable | (6,210) | (9,062) |
| Prepaid expenses | (840) | (6,700) |
| Accounts payable | 3,121 | (55,148) |
| Accrued payroll and related liabilities | 27,768 | 20,220 |
| | <u>161,201</u> | <u>158,722</u> |
| Cash Flows From Investing Activities | | |
| Payment on accounts payable used to finance property and equipment purchases | <u>-</u> | <u>(789)</u> |
| Net Increase in Cash | 161,201 | 157,933 |
| Cash | | |
| Beginning of year | <u>1,618,156</u> | <u>1,460,223</u> |
| End of year | <u>\$1,779,357</u> | <u>\$1,618,156</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

United Cerebral Palsy of Greater New Orleans, Inc.
Kenner, Louisiana

June 30, 2024 and 2023

Note 1 - NATURE OF ACTIVITIES

United Cerebral Palsy of Greater New Orleans, Inc. (UCP) is a nonprofit organization formed in 1950 which provides programs and services in several southeastern Louisiana parishes to advance the independence, productivity, and full citizenship of people with cerebral palsy and other disabilities and thereby to improve the quality of life for them and their families. UCP provides job placement and support for adults with disabilities in the Adult Program; and personal/respite care services and independent living assistance in the home through its Supported Living Services.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Basis of Accounting**

The accompanying financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when the related liability is incurred.

b. Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of UCP and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of UCP, the passage of time, or are to be held in perpetuity.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

d. Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include all highly liquid investments with maturities of three months or less. There were no cash equivalents as of June 30, 2024 and 2023.

e. Contract Fees Receivable and Allowance for Credit Losses

Services rendered to clients are paid through third parties. Contract fees receivable is stated at the amount management expects to collect from outstanding balances.

Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. Management determined that an allowance for credit losses was not required as of June 30, 2024 and 2023.

UCP estimates credit losses associated with contract fees receivables using an expected credit loss model, which utilizes an evaluation based on historical information and adjusted for asset-specific considerations, current economic conditions, and reasonable and supportable forecasts.

f. Promises to Give

Unconditional promises to give are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There are no unconditional promises to give as of June 30, 2024 and 2023. There are no conditional promises to give as of June 30, 2024 and 2023.

g. Investments

Pooled accounts managed by the Greater New Orleans Foundation are reported at fair market value, including any pro rata gains and losses.

Donated investments are valued at current market value at the date of donation.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Property and Equipment

Property and equipment is recorded at cost when purchased. UCP has a policy of capitalizing property and equipment in excess of \$500. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for improvements, renewals, and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of property and equipment range from five to ten years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the change in net assets.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, UCP reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. UCP reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. If the donor has stipulated a time restriction, the expiration of this restriction is reported as the related asset is depreciated.

i. Revenue Recognition

Revenue from Contracts with Customers

Revenues from Exchange Transactions: UCP recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers*”, as amended, ASU No. 2014-09 applies to exchange transactions with customers and donors that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. UCP records the following exchange transaction revenue in its Statements of Activities for the years ended June 30, 2024 and 2023.

Program Service Fees

Program service fees are reported at the estimated net realizable amounts from Medicaid, for services rendered. Provisions for estimated third party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and final settlements are recorded in the year of settlement.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Contributions

Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to 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 in the same reporting periods are reported as support without donor restrictions.

k. Compensated Absences

Full-time staff employees are entitled to paid vacations after one full year of employment. Vacations must be taken within the twelve months following the anniversary date of employment. Vacation time not used by this time will be forfeited and cannot be carried forward from year to year except with written approval. No more than two weeks can be accrued unless approved by the Board of Directors. Employees will be paid for unused vacation leave only upon termination and only for one year's accumulation. The total amount of accrued vacation leave as reported in accrued payroll and related liabilities on the Statements of Financial Position was \$8,092 and \$3,834 as of June 30, 2024 and 2023, respectively.

Sick leave accrues at one day for each month worked. An employee may accumulate sick leave not to exceed six months of leave. In no instance shall salary be paid in lieu of sick days unused, nor shall any employee receive wages for sick leave at termination.

l. Advertising Costs

Advertising costs are expensed when incurred. Advertising expense for the years ended June 30, 2024 and 2023 was \$502 and \$487, respectively.

m. Methods Used for Allocation of Expenses

Most of the expenses can be directly allocated to one of the programs or supporting services. The financial statements also report certain categories of expenses that are attributable to more than one program or supporting service. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, and travel transportation, which are allocated on the basis of estimates of time and effort. Depreciation, insurance, occupancy, and utilities are allocated based on the percentage of program and management and general expenses compared to total expenses.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Income Taxes

UCP is a nonprofit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5). UCP is not subject to Federal income tax unless the organization has unrelated trade or business income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity’s financial statements. It requires an entity to recognize financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. Tax years ended June 30, 2021 and later remain subject to examination by taxing authorities. As of June 30, 2024, management of UCP believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

o. Recently Issued Accounting Standards

Measurement of Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments - Credit Losses*” (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk. The ASU was adopted for the year ended June 30, 2024, and its adoption did not have a material impact on the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Subsequent Events

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through November 6, 2024, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATIONS OF CREDIT RISK

UCP maintained its cash balances in a financial institution where they are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2024. As of June 30, 2024, the cash balance did not exceed insured amounts.

Note 4 - PROPERTY AND EQUIPMENT

As of June 30, 2024 and 2023, the cost and accumulated depreciation are as follows:

| | 2024 | 2023 |
|-------------------------------|-----------|-----------|
| Furniture and equipment | \$ 89,983 | \$ 89,983 |
| Construction in progress | 10,054 | 10,054 |
| | 100,037 | 100,037 |
| Less accumulated depreciation | (73,041) | (65,134) |
| Net property and equipment | \$ 26,996 | \$ 34,903 |

Depreciation expense for the years ended June 30, 2024 and 2023 was \$7,907 and \$11,528, respectively.

Note 5 - LEASES

Operating Leases

UCP leases office space under a long-term non-cancelable operating lease agreement. Monthly lease payments range from \$5,963 from February 1, 2019 and \$6,366 through January 31, 2026. The lease expires on January 31, 2026. UCP includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. UCP's operating lease provides for increases in future minimum annual lease payments. UCP has elected to use its implicit borrowing rate ranging from 6.75% to 8.5%.

Note 5 - LEASES (Continued)

Operating Leases (Continued)

Reported under FASB ASC 842 for the years ended June 30, 2024 and 2023 are as follows:

| | <u>2024</u> | <u>2023</u> |
|---|---------------------------------|-------------------|
| Lease Cost | | |
| Operating lease costs | <u>\$ 77,980</u> | <u>\$ 75,966</u> |
| Operating lease right-of-use assets | <u>\$ 120,724</u> | <u>\$ 114,378</u> |
| Operating lease liabilities | <u>\$ 120,973</u> | <u>\$ 115,055</u> |
| Cash Flow Items | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | <u>\$ 78,408</u> | <u>\$ 75,829</u> |
| Right-of-use assets obtained in exchange for lease liabilities | <u>\$ 76,463</u> | <u>\$ -</u> |
| Weighted-Average Information | | |
| Weighted-average remaining lease in years | 1.60 | 1.60 |
| Weighted-average discount rate: | | |
| Operating leases | 7.86% | 6.75% |
| Future Minimum Lease Payments | | |
| | <u>Year Ending June 30,</u> | <u>Amounts</u> |
| | 2025 | \$ 81,228 |
| | 2026 | <u>47,383</u> |
| | | 128,611 |
| Total lease payments less interest | | <u>(7,638)</u> |
| Present value of lease liabilities | | <u>\$ 120,973</u> |

Note 6 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UCP has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Investments held in pooled accounts managed by Greater New Orleans Foundation are included in Level 2 of the fair value hierarchy as the investment pool is valued using the net asset value as reported by the custodian. The net asset values are determined based on the fair values of the underlying investments. The custodian of this portfolio uses independent pricing services, where available, to value the securities included in this portfolio. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodian will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisers, and principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security.

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while UCP believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of June 30, 2024 and 2023, assets measured at fair value on a recurring basis are comprised of and determined as follows:

| Description | Fair Value At June 30, 2024 | 2024 | | |
|---|-----------------------------------|--|--|-------------------------------------|
| | | Based on | | |
| | | Quoted Prices In Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Pooled accounts managed by Greater New Orleans Foundation | <u>\$ 57,886</u> | <u>\$ -</u> | <u>\$ 57,886</u> | <u>\$ -</u> |

| Description | Fair Value At June 30, 2023 | 2023 | | |
|---|-----------------------------------|--|--|-------------------------------------|
| | | Based on | | |
| | | Quoted Prices In Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Pooled accounts managed by Greater New Orleans Foundation | <u>\$ 54,129</u> | <u>\$ -</u> | <u>\$ 54,129</u> | <u>\$ -</u> |

As of June 30, 2024 and 2023, there were no assets measured at fair value on a non-recurring basis.

Note 7 - BANK LINE OF CREDIT

UCP has available a line of credit up to \$75,000 with a local financial institution at a variable interest rate of Wall Street Journal prime plus 3.5% (12.0% and 11.75% as of June 30, 2024 and 2023, respectively). The line of credit is unsecured, was renewed September 13, 2023 and expires on September 13, 2025. As of June 30, 2024 and 2023, there were no balances outstanding under UCP's line of credit. The line of credit is required by the State of Louisiana Department of Health and Hospitals.

UCP recognized no interest expense on the line of credit for the years ended June 30, 2024 and 2023.

Note 8 - SPASTICITY CLINIC

UCP received funding that is perpetually restricted for endowment purposes. Investment income related to the restricted funds will be used to support the Spasticity Clinic. In 2003, UCP established an endowment fund through Greater New Orleans Foundation (GNOF) for this purpose. Funds held by GNOF are invested in a pooled investment arrangement. Distributions from this fund began in fiscal year 2004 and are anticipated annually based on earnings by the fund during the year. Distributions received will be restricted for the Spasticity Clinic. Distributions of \$2,234 and \$2,197 were received for the Spasticity Clinic during the years ended June 30, 2024 and 2023, respectively.

Note 9 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets as of June 30, 2024 and 2023 are restricted for the following:

| | 2024 | 2023 |
|-----------------------------------|-----------|-----------|
| Subject to perpetual restriction: | | |
| Spasticity Clinic | \$ 30,000 | \$ 30,000 |

Note 10 - DONOR DESIGNATED ENDOWMENT

The Endowments. UCP’s endowment fund consists of a permanently restricted fund established primarily for the purpose of generating income to support the Spasticity Clinic. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. UCP has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as expressly requiring the preservation of the historical dollar value for donor restricted endowment funds absent explicit donor stipulations to the contrary.

The following are classified as permanently restricted net assets in the accompanying financial statements.

- the original value of gifts donated to the endowment;
- the original value of subsequent gifts to the endowment; and
- accumulations to the endowment, made in accordance with the direction of the applicable donor gift instrument.

Note 10 - DONOR DESIGNATED ENDOWMENT (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by UCP in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, UCP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of UCP and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of UCP; and
- the investment policies of UCP.

Endowment net asset composition as of June 30, 2024 and 2023 is as follows:

| | 2024 | | |
|-------------------------------------|----------------------------------|-------------------------------|----------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total Net Endowment Assets |
| Donor-restricted endowment funds | <u>\$ 27,886</u> | <u>\$ 30,000</u> | <u>\$ 57,886</u> |
| | 2023 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total Net Endowment Assets |
| Donor-restricted endowment funds | <u>\$ 24,129</u> | <u>\$ 30,000</u> | <u>\$ 54,129</u> |

Note 10 - DONOR DESIGNATED ENDOWMENT (Continued)

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total Net Endowment Assets</u> |
|--------------------------------------|---|--|---|
| Net assets as of | | | |
| June 30, 2022 | \$ 22,398 | \$ 30,000 | \$ 52,398 |
| Investment return: | | | |
| Investment gain, net | 396 | - | 396 |
| Net gain, realized and unrealized | 3,532 | - | 3,532 |
| Net asset releases | <u>(2,197)</u> | <u>-</u> | <u>(2,197)</u> |
| Net assets as of | | | |
| June 30, 2023 | 24,129 | 30,000 | 54,129 |
| Investment return: | | | |
| Investment gain, net | 259 | - | 259 |
| Net gain, realized and unrealized | 5,732 | - | 5,732 |
| Net asset releases | <u>(2,234)</u> | <u>-</u> | <u>(2,234)</u> |
| Net assets as of | | | |
| June 30, 2024 | <u>\$ 27,886</u> | <u>\$ 30,000</u> | <u>\$ 57,886</u> |

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or SPMIFA requires UCP to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of restricted contributions. There were no such deficiencies of this nature as of June 30, 2024 and 2023.

Return Objectives and Risk Parameters. Management has adopted investment and spending policies for endowment assets that preserve the real purchasing power of the principal and provide a stable source of perpetual financial support. Under these policies, the endowment is invested with the intention of obtaining general market returns with a minimum amount of investment and management expenses and minimum risk.

Strategies Employed for Achieving Objectives. The investment funds are in a pooled account managed by GNOF. An allocation in each investment type has not been determined by the Board of Directors.

Note 10 - DONOR DESIGNATED ENDOWMENT (Continued)

Spending Policy and How Investment Objectives Relate to the Spending Policy. Management's policy for appropriating funds for annual expenditures is approximately 5% of the endowment fund's average value. This policy is consistent with management's long-term objective to preserve the real purchasing power of the principal and provide a stable source of perpetual financial support.

Note 11 - AVAILABILITY OF FINANCIAL ASSETS

UCP is substantially supported by program service fees. UCP is also supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, UCP must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. General expenditures include expenses associated with supported living services and management and general. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

As part of UCP's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and as other obligations come due. To help manage unanticipated liquidity needs, UCP has a \$75,000 line of credit which it could draw upon. UCP does not intend to spend from its investment funds other than amounts appropriated for general expenditures.

| | 2024 | 2023 |
|--|--------------|--------------|
| Financial assets: | | |
| Cash | \$ 1,779,357 | \$ 1,618,156 |
| Contract fees receivable | 112,954 | 106,744 |
| Funds held by Greater New Orleans Foundation | 57,886 | 54,129 |
| Total financial assets | 1,950,197 | 1,779,029 |
| Less amounts unavailable for general expenditures within one year, due to: | | |
| Donor imposed restrictions: | | |
| Perpetual restriction | (30,000) | (30,000) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 1,920,197 | \$ 1,749,029 |

Note 12 - THIRD PARTY REIMBURSEMENTS

UCP has agreements with Medicare and Medicaid fiscal intermediaries to provide home health services to qualified patients. For the years ended June 30, 2024 and 2023, approximately \$3,784,000 and \$3,515,000, respectively, of program service fees were received from the State of Louisiana Department of Health and Hospitals acting as a Medicare and Medicaid fiscal intermediary. As reflected in the accompanying financial statements, Medicare and Medicaid accounts for approximately 96% and 98% of total revenue and support for the years ended June 30, 2024 and 2023, respectively.

The State provides annual contracts to UCP which grant the State the right to audit program accounts and activities. The State, acting as the Medicare and Medicaid intermediary for Medicare and Medicaid patients, reimburses services rendered to Medicare and Medicaid program beneficiaries under an allowable cost reimbursement formula that is subject to audit and retroactive adjustments. Management believes that UCP is in compliance with the provisions of these contracts and grants.

Note 13 - RETIREMENT PLAN

UCP has a defined contribution plan (the “Plan”) covering substantially all employees who have one year of service and are age 21 or older. Eligible employees may make salary deferral contributions pursuant to Section 401(k) of the Internal Revenue Code. The Plan allows discretionary matching contributions and profit-sharing contributions to be made by UCP. UCP did not make any matching or profit-sharing contributions for the years ended June 30, 2024 and 2023.

Note 14 - LEASE COMMITMENT

On October 29, 2019, UCP signed a lease for copier equipment. The lease is for 60 months and commenced on November 1, 2019, and the rent is \$622 per month. The lease is not significant to the financial statements.

The leases expense of \$7,464 for both the years ended June 30, 2024 and 2023 is included in equipment maintenance on the Statements of Functional Expenses.

As of June 30, 2024, minimum future obligations under the lease are as follows:

| <u>Year Ending June 30,</u> | <u>Amounts</u> |
|---------------------------------|----------------|
| 2025 | <u>\$2,488</u> |

Note 15 - RELATED PARTY TRANSACTIONS

UCP is affiliated with the national organization, United Cerebral Palsy, and pays an annual membership fee. For the years ended June 30, 2024 and 2023, the fee was \$16,509 and \$17,356, respectively. United Cerebral Palsy provides services to UCP in the capacity of advisor, supporter, and partner in serving the local community. There were no balances due as of June 30, 2024 and 2023.

Note 16 - CONTINGENCIES

UCP is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disaster; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2024 and 2023.

SUPPLEMENTAL INFORMATION

SCHEDULE OF INCOME AND EXPENSES BY PROGRAM**United Cerebral Palsy of Greater New Orleans, Inc.**

Kenner, Louisiana

For the year ended June 30, 2024

(Unaudited)

| | Program Services | Supporting Services | | | Totals |
|--|---------------------------------|---|--|---------------------------------|-------------|
| | Supported Living Services | Fundraising and Management and General | Administrative Services Restricted | Total Supporting Services | |
| Revenues and Support | | | | | |
| Program service fees - | | | | | |
| Medicaid | \$3,784,017 | \$ - | \$ - | \$ - | \$3,784,017 |
| Other income | - | 138,117 | - | 138,117 | 138,117 |
| Support services allocated revenue | 138,117 | (138,117) | - | (138,117) | - |
| Total revenues and support | 3,922,134 | - | - | - | 3,922,134 |
| Expenses | | | | | |
| Total compensation | 3,217,870 | - | 241,472 | 241,472 | 3,459,342 |
| Occupancy and related expenses | 145,691 | - | 25,708 | 25,708 | 171,399 |
| Travel and meetings | 3,037 | - | - | - | 3,037 |
| Other direct program expenses | 49,176 | - | 97,633 | 97,633 | 146,809 |
| Allocation of support services | 364,813 | - | (364,813) | (364,813) | - |
| Total expenses before non-cash expenses | 3,780,587 | - | - | - | 3,780,587 |
| Totals | 141,547 | - | - | - | 141,547 |
| Non-Cash Expense | | | | | |
| Depreciation expense | 6,721 | - | 1,186 | 1,186 | 7,907 |
| Change in net assets | \$ 134,826 | \$ - | \$ (1,186) | \$ (1,186) | \$ 133,640 |

SCHEDULE OF INCOME AND EXPENSES BY PROGRAM**United Cerebral Palsy of Greater New Orleans, Inc.**
Kenner, LouisianaFor the year ended June 30, 2023
(Unaudited)

| | Program Services | Supporting Services | | | Totals |
|--|---------------------------------|---|--|---------------------------------|-------------|
| | Supported Living Services | Fundraising and Management and General | Administrative Services Restricted | Total Supporting Services | |
| Revenues and Support | | | | | |
| Program service fees - | | | | | |
| Medicaid | \$3,515,394 | \$ - | \$ - | \$ - | \$3,515,394 |
| Other income | - | 64,525 | - | 64,525 | 64,525 |
| Support services allocated revenue | 64,525 | (64,525) | - | (64,525) | - |
| Total revenues and support | 3,579,919 | - | - | - | 3,579,919 |
| Expenses | | | | | |
| Total compensation | 2,834,979 | - | 241,650 | 241,650 | 3,076,629 |
| Occupancy and related expenses | 126,623 | - | 26,183 | 26,183 | 152,806 |
| Travel and meetings | 2,280 | - | 368 | 368 | 2,648 |
| Other direct program expenses | 46,609 | - | 90,221 | 90,221 | 136,830 |
| Allocation of support services | 358,422 | - | (358,422) | (358,422) | - |
| Total expenses before non-cash expenses | 3,368,913 | - | - | - | 3,368,913 |
| Totals | 211,006 | - | - | - | 211,006 |
| Non-Cash Expense | | | | | |
| Depreciation expense | 9,684 | - | 1,844 | 1,844 | 11,528 |
| Change in net assets | \$ 201,322 | \$ - | \$ (1,844) | \$ (1,844) | \$ 199,478 |

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

United Cerebral Palsy of Greater New Orleans, Inc.
Kenner, Louisiana

For the year ended June 30, 2024

Agency Head Name: Kendra Nelson, Executive Director

Purpose

| | |
|--|--------------------------|
| Salary | \$ 92,300 |
| Benefits - insurance | 10,328 |
| Benefits - retirement | 0 |
| Benefits - other | 0 |
| Car allowance | 0 |
| Vehicle provided by government | 0 |
| Per diem | 0 |
| Reimbursements | 0 |
| Travel | 0 |
| Registration fees | 0 |
| Conference travel | 0 |
| Continuing professional education fees | 0 |
| Housing | 0 |
| Unvouchered expenses | 0 |
| Special meals | 0 |
| | <hr/> |
| | <u>\$ 102,628</u> |

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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 New Orleans, Inc.,
Kenner, Louisiana.

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 financials statements of United Cerebral Palsy of Greater New Orleans, Inc. (UCP) (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2024, 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 November 6, 2024.

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 determining 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 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 of material misstatements, 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 UCP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,
November 6, 2024.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

United Cerebral Palsy of Greater New Orleans, Inc. Kenner, Louisiana

For the year ended June 30, 2024

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of financial statements for the fiscal year ended June 30, 2023.

No significant deficiencies were reported during the audit of the financial statements for the fiscal year ended June 30, 2023.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2023.

Section II - Internal Control and Compliance Material to Federal Awards

United Cerebral Palsy of Greater New Orleans, Inc. did not expend more than \$750,000 in Federal awards during the year ended June 30, 2023, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal regulations Part 200, Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2023.

MANAGEMENT'S CORRECTIVE ACTION PLAN

United Cerebral Palsy of Greater New Orleans, Inc. Kenner, Louisiana

For the year ended June 30, 2024

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of financial statements for the fiscal year ended June 30, 2024.

No significant deficiencies were reported during the audit of the financial statements for the fiscal year ended June 30, 2024.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2024.

Section II - Internal Control and Compliance Material to Federal Awards

United Cerebral Palsy of Greater New Orleans, Inc. did not expend more than \$750,000 in Federal awards during the year ended June 30, 2024, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal regulations Part 200, Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2024.