



**UNITED CEREBRAL PALSY SEGUIN OF
GREATER CHICAGO**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended June 30, 2020
(With Summarized Financial Information for June 30, 2019)**



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UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Cerebral Palsy Seguin of
Greater Chicago
Cicero, Illinois

We have audited the accompanying consolidated financial statements of United Cerebral Palsy Seguin of Greater Chicago (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United Cerebral Palsy Seguin of Greater Chicago as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The consolidated financial statements of United Cerebral Palsy Seguin of Greater Chicago as of June 30, 2019, were audited by other auditors whose report dated December 6, 2019, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 34 through 39 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 January 27, 2021, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
January 27, 2021

CONSOLIDATED FINANCIAL STATEMENTS

**UNITED CEREBRAL PALSY SEGUIN OF
GREATER CHICAGO**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020

(With Summarized Comparative Financial Information for June 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,996,307	\$ 169,332
Receivables		
State of Illinois		
Department of Human Services	923,561	1,487,106
Department of Children and Family Services	397,022	454,904
Government grants	19,706	3,966
Department of Education	416,186	440,975
Community Development Block Grants	88,611	69,551
IHDA	60,715	-
Community Mental Health Act	13,093	49,477
Contributions	96,935	648,480
Client fees	98,721	99,183
Other	298,910	173,098
Less allowance for doubtful accounts	(109,844)	(117,652)
Receivables, net	2,303,616	3,309,088
Inventory	1,116,395	1,056,289
Prepaid expenses	223,224	182,688
Security deposits	28,338	30,113
Investments	3,183,317	3,150,793
Property and equipment, net	22,621,168	22,464,833
TOTAL ASSETS	\$ 31,472,365	\$ 30,363,136

(This statement is continued on the following page.)

**UNITED CEREBRAL PALSY SEGUIN OF
GREATER CHICAGO**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

June 30, 2020

(With Summarized Comparative Financial Information for June 30, 2019)

	2020	2019
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 1,061,411	\$ 578,297
Accrued salaries	3,530,057	3,253,672
Accrued expenses	665,507	348,501
Deferred revenue	706,886	260,843
Short-term borrowing	-	360,000
Long-term debt	7,288,072	7,655,406
	13,251,933	12,456,719
NET ASSETS		
Without donor restrictions	16,952,864	16,398,667
With donor restrictions	1,267,568	1,507,750
	18,220,432	17,906,417
TOTAL LIABILITIES AND NET ASSETS	\$ 31,472,365	\$ 30,363,136

See accompanying notes to consolidated financial statements.

**UNITED CEREBRAL PALSY SEGUIN OF
GREATER CHICAGO**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

(With Summarized Comparative Financial Information for the Year Ended June 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND SUPPORT				
Public support:				
State of Illinois, purchase of service				
Department of Human Services	\$ 25,206,264	\$ -	\$ 25,206,264	\$ 22,687,248
Department of Children and Family Services	8,488,461	-	8,488,461	7,613,873
Government grants	118,205	-	118,205	247,263
Department of Education	1,408,641	-	1,408,641	1,352,133
Community Development Block Grants	332,416	607,106	939,522	872,209
IHDA Funding	60,715	-	60,715	160,166
Community Mental Health Act (708)	316,224	-	316,224	335,385
Contributions	3,508,413	360,166	3,868,579	3,671,604
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Total public support	39,439,339	967,272	40,406,611	36,939,881
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Revenue:				
Work contracts/training	89,108	-	89,108	144,261
Client fees	4,087,423	-	4,087,423	4,044,955
Rental income	157,563	-	157,563	122,401
Investment income, net	33,342	-	33,342	114,287
Gain (loss) on sale of assets	(43,945)	-	(43,945)	6,923
Sales of goods and services	446,374	-	446,374	476,466
Other	53,639	-	53,639	96,049
Net assets released from restrictions	1,207,454	(1,207,454)	-	-
	<hr/>			
Total revenue	6,030,958	(1,207,454)	4,823,504	5,005,342
	<hr/>			
Total public support and revenue	45,470,297	(240,182)	45,230,115	41,945,223
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EXPENSES				
Program services	40,925,127	-	40,925,127	38,100,843
Supporting services	3,990,973	-	3,990,973	3,542,304
	<hr/>			
Total expenses	44,916,100	-	44,916,100	41,643,147
	<hr/>			
CHANGE IN NET ASSETS	554,197	(240,182)	314,015	302,076
	<hr/>			
NET ASSETS, BEGINNING OF YEAR	16,398,667	1,507,750	17,906,417	17,604,341
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NET ASSETS, END OF YEAR	\$ 16,952,864	\$ 1,267,568	\$ 18,220,432	\$ 17,906,417

See accompanying notes to consolidated financial statements.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

(With Summarized Comparative Financial Information for the Year Ended June 30, 2019)

	Program Services						
	Developmental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	HBS	Respite	SeniorCares
Salaries and related expenses	\$ 6,005,952	\$ 7,111,672	\$ 431,556	\$ 13,136,804	\$ 316,059	\$ 87,320	\$ 2,352,426
Consumable supplies	101,821	205,377	7,803	464,586	-	5,356	38,022
Occupancy	328,563	120,870	472	662,057	-	8,073	102,056
Local transportation	173,974	96,049	22,390	266,688	7,381	4,388	40,681
Equipment purchase	62,586	869	-	47,520	143	-	5,420
Leasing and rental	31,962	22,052	-	178,928	-	-	-
Interest	60,289	976	-	258,009	-	1,348	25,699
Cost of goods sold	-	-	-	-	-	-	-
Miscellaneous	255,727	118,616	13,988	108,005	4,652	3,701	18,634
Total expenses before depreciation	7,020,874	7,676,481	476,209	15,122,597	328,235	110,186	2,582,938
Depreciation	294,973	46,282	354	794,728	1,092	7,765	114,157
TOTAL FUNCTIONAL EXPENSES	\$ 7,315,847	\$ 7,722,763	\$ 476,563	\$ 15,917,325	\$ 329,327	\$ 117,951	\$ 2,697,095

(See accompanying notes to consolidated financial statements.)

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2020

(With Summarized Comparative Financial Information for the Year Ended June 30, 2019)

	Program Services			Supporting Services			Total	
	UCP Seguin Enterprises	Infinitec	Ramp Up	Total Program	Fundraising and Development	Administrative	2020	2019
Salaries and related expenses	\$ 690,073	\$ 2,499,212	\$ 377,683	\$ 33,008,757	\$ 613,121	\$ 2,599,878	\$ 36,221,756	\$ 32,956,960
Consumable supplies	48,196	1,787,546	1,975	2,660,682	7,697	50,219	2,718,598	2,565,519
Occupancy	36,674	59,467	-	1,318,232	468	127,011	1,445,711	1,447,158
Local transportation	36,314	31,688	480	680,033	898	26,208	707,139	855,452
Equipment purchase	11,196	710	-	128,444	-	18,474	146,918	78,213
Leasing and rental	446	31,233	16	264,637	-	89,746	354,383	375,626
Interest	-	-	-	346,321	-	8,855	355,176	355,830
Cost of goods sold	130,703	-	-	130,703	-	-	130,703	120,935
Miscellaneous	37,288	368,301	25,241	954,153	47,902	131,036	1,133,091	1,236,263
Total expenses before depreciation	990,890	4,778,157	405,395	39,491,962	670,086	3,051,427	43,213,475	39,991,956
Depreciation	60,818	112,996	-	1,433,165	457	269,003	1,702,625	1,651,191
TOTAL FUNCTIONAL EXPENSES	\$ 1,051,708	\$ 4,891,153	\$ 405,395	\$ 40,925,127	\$ 670,543	\$ 3,320,430	\$ 44,916,100	\$ 41,643,147

(See accompanying notes to consolidated financial statements.)

**UNITED CEREBRAL PALSY SEGUIN OF
GREATER CHICAGO**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

(With Summarized Comparative Financial Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 314,015	\$ 302,076
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,702,625	1,651,191
Amortization	31,605	13,531
Gain on investments	22,595	(64,041)
Loss (gain) on sale of property and equipment	43,945	(6,923)
Contributions restricted for purchasing property and equipment	(685,977)	-
Changes in assets and liabilities:		
Receivables	1,005,472	(184,007)
Inventory	(60,106)	(63,027)
Prepaid expenses	(40,536)	90,858
Security deposits	1,775	14,957
Accounts payable	483,114	(20,705)
Accrued salaries	276,385	-
Accrued expenses	317,006	(100,375)
Deferred revenue	446,043	176,026
Net cash from operating activities	<u>3,857,961</u>	<u>1,809,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	-	52,566
Purchase of property and equipment	(1,902,905)	(1,929,755)
Purchase of investments	(546,147)	(2,762,696)
Proceeds from sale of investments	491,028	2,691,989
Net cash from investing activities	<u>(1,958,024)</u>	<u>(1,947,896)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term debt	-	1,335,000
Repayment of short-term debt	(360,000)	(1,175,000)
Contributions restricted for purchasing property and equipment	685,977	387,243
Proceeds from long-term debt	2,481,146	-
Repayment of long-term debt	(2,880,085)	(420,822)
Net cash from financing activities	<u>(72,962)</u>	<u>126,421</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,826,975	(11,914)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>169,332</u>	<u>181,246</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,996,307</u>	<u>\$ 169,332</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 355,176	\$ 345,851

See accompanying notes to consolidated financial statements.

**UNITED CEREBRAL PALSY SEGUIN OF
GREATER CHICAGO**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Summarized Comparative Financial
Information for the Year Ended June 30, 2019)

1. NATURE OF ACTIVITIES

United Cerebral Palsy Seguin of Greater Chicago (UCP Seguin) is a not-for-profit community-based agency incorporated in the state of Illinois. UCP Seguin serves children and adults with disabilities, providing innovative family support, employment, life skills, residential, and children's foster care programs, and technology leveraged training and education programs.

UCP Seguin is guided by the following mission: UCP Seguin believes that all people, regardless of ability, deserve to achieve their potential, advance their independence and act as full members of the community. So, we stop at nothing to provide life skills training, assistive technology, meaningful employment, and a place to call home for people with disabilities, as well as specialized foster care for children. Our goal: life without limits for people with disabilities.

The following is a description of the principles which form the foundation of this mission:

- A. Persons served will continue to receive high quality services. Supports will be expanded to address the unmet needs of: adults with developmental disabilities who are aging, have mental health needs, have traumatic brain injury, are in transition, and who seek community employment; children who have specialized medical needs, have social-emotional treatment needs, have accessibility needs, and who have needs for assistive technology and augmented communication.
- B. Persons served will live, work, and recreate in healthy and safe environments through promotion of a progressive health program, and provisions of a comprehensive agency safety program where safety is the responsibility of every employee.
- C. Persons served will have social inclusion by: establishing relationships with peers with and without disabilities within their communities; participating in the life of their communities through employment, including social enterprises and other activities; connecting to networks of natural supports; establishing intimate friendships; living in integrated environments; achieving permanency with biological or adoptive families; and, through engaging in inclusive educational environments.
- D. Persons served and their families will be able to provide input to the organization for improvement in the quality of services.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF ACTIVITIES (Continued)

- E. UCP Seguin's management practices will be enhanced to improve organizational oversight and to accomplish the agency's mission through: improved communication with persons served, their families, UCP Seguin staff, and other stakeholders; periodic assessment and analysis of organizational strengths and opportunities for improvement; staff and Board member composition, which is representative of the community and program participants served by UCP Seguin; effective legislative advocacy; and, efficient use of technology.
- F. UCP Seguin is dedicated to the expansion and diversification of financial and human resources to ensure organizational stability and well-managed growth by: substantially increasing resources of UCP Seguin through the establishment and implementation of a comprehensive resource development plan; and developing social enterprises with the goals of increasing earned income and providing for expanded employment opportunities for program participants.
- G. UCP Seguin will be supported by qualified, well-trained, tenured staff members who are supported by their supervisors and UCP Seguin's management staff, and recognized regularly for their efforts and accomplishments.
- H. UCP Seguin will provide leadership and direction in the formation of networks of strategic partners in order to strengthen the services to and supports of persons served.

UCP Seguin's Board members and President/CEO comprise the separate board of directors of an affiliated non-profit organization: Ramp Up, LLC (Ramp Up). Ramp Up was incorporated in 2009 as a single member limited liability company. The primary purpose of Ramp Up is to fund the construction and installation of modular home ramps for individuals with disabilities in the Chicagoland area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of United Cerebral Palsy Seguin of Greater Chicago and Ramp Up, collectively known as the Organization.

Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting. Consolidated financial statement presentation follows accounting principles generally accepted in the United States of America (USGAAP).

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of consolidated financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

Prior Year Summarized Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with USGAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains its cash and cash equivalents on deposit with various financial institutions, which at times may exceed federally insured limits. At June 30, 2020 and 2019, the Organization's cash accounts exceeded federally insured limits by approximately \$1,760,000 and \$142,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Receivables

Accounts receivable are stated at the amount billed to the public, governmental agencies, or clients, and other amounts due from third parties, reduced by an allowance for doubtful accounts. UCP Seguin does not charge interest or late fees on amounts past due. Unconditional promises to give are recorded as contributions receivable when received. At June 30, 2020 and 2019, all contributions receivable were due within one year.

Receivables are written off to the allowance when management believes collectability is unlikely. Management's periodic evaluation of the adequacy of the allowance is based on UCP Seguin's past experience, known and inherent risks in the accounts, adverse situations that may affect the agencies' or clients' ability to pay, and current economic conditions.

Inventory

Inventory which consist of used vehicles, gardens and gift items, assistive technology equipment, and computer and durable medical equipment held for donation to clients, are stated at the lower of cost, on a first-in, first-out basis, or net realizable value.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Investment Income

Investments are carried at fair value. Net investment income is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal expenses. Investment return is reflected in the consolidated statement of activities as income without donor restrictions, or income with donor restrictions based on the existence and nature of any donor restrictions. Investment return whose restrictions is met in the same reporting period is treated as income without donor restrictions.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation computed on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	10-28
Buildings	28-40
Building improvements	5-40
Equipment	3-10
Leasehold improvements	3-28

Property and equipment purchases in excess of \$500 are capitalized. Donated property and equipment are valued at estimated fair value at the date of the donation.

Net Assets

The accompanying consolidated financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions include net assets available for use in general operations and are not subject to donor (or certain grantor) restrictions. The Organization's Board of Directors has designated from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions include net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received without donor stipulations are reported as increases in net assets without donor restrictions. Contributions received with a donor stipulation that limits their use are reported as increases in net assets with donor restrictions. When a donor 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 statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction is met in the same reporting period in which the contribution is recognized.

Contributions, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. Unconditional promises are recorded at fair value on the date the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as net assets with donor restrictions, until such time as the assets are placed in service.

In-Kind Contributions

The Organization recognizes contribution revenue for donated services and in-kind property received at fair value at date of receipt. The Organization receives a significant amount of donated services from unpaid volunteers who act as mentors and provide other assistance to various programs. No amounts for these volunteer services have been recognized in the consolidated statement of activities or the consolidated statement of functional expenses because the criteria for recognition under USGAAP has not been satisfied.

For the years ended June 30, 2020 and 2019, the Organization received donated event space and food of approximately \$224,800 and \$55,189, respectively. Also, amounts have been included in the consolidated financial statements for contributions of in-kind computer and durable medical equipment received from various contributors to be used in the Infinitec Program. The Organization estimates the value of computer and durable medical equipment received in 2020 and 2019 to be approximately \$1,695,400 and \$1,819,577, respectively.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants

The Organization receives a substantial portion of its operating funds from providing a variety of services to children and adults with disabilities from grants. The funds, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services or incurring eligible expenses is met. Revenue is therefore recognized as earned as services are performed or as eligible expenses are incurred. The Organization has received conditional promises to give totaling \$587,415 and \$1,128,101 as of June 30, 2020 and 2019, respectively, that are not recognized as assets in the consolidated statement of financial position. Such amounts are conditional upon the expenditure of funds and/or the performance of services.

Revenue Recognition

The Organization records the following exchange transaction revenue in its consolidated statements of activities for the years ended June 30, 2020 and 2019:

State of Illinois, purchase of service: The Organization's primary source of revenue includes fee-for-service contracts from Department of Human Services and Department of Children and Family Services related to several programs. Revenue is recognized over time as the services are performed for both government agencies.

The services provided by the Department of Human Services include 24-hour supervision in the CILA program that includes assisting in budgeting, grocery shopping, and home management in the Organization's staffed homes. In addition, the Organization provides residential rehabilitation services, staff training for developmental disabilities, day services, behavioral counseling, individual support, and other rehabilitation services. Average length of service varies by individual serviced. The performance obligation is fulfilled as service is provided to the adults with disabilities under the various DHS programs.

The services provided by Department of Children and Family Services includes providing foster care homes for children who are medically fragile or have developmental disabilities. Children are provided specialized medical and mental health care services. The Organization trains foster parents in child development, behavioral management, alternative communication, and crisis prevention. The performance obligation is fulfilled as the foster care specialized service is provided for the individuals under the DCFS Foster Care program.

Progress for each service is measured based on the time elapsed method as the services are being provided on an hourly basis and billed at an hourly rate.

Liabilities for funds received in advance amounted to \$509,283 and \$116,899 at June 30, 2020 and 2019, respectively. Such amounts are recognized as revenue in the subsequent fiscal year and are shown on the statement of financial positions as deferred revenue.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Department of Education: Certain of the Organization's agreements with the Kansas State Department of Education (KSDE) are considered to be exchange transactions, whereby the Organization provides support for school districts in the areas of assistive and educational technology. The performance obligation is the access to learning equipment, information and technical assistance to the KSDE over the term of the agreement, and the services are simultaneously received and consumed by them. Progress is measured by the time elapsed method ratably over the agreement period as the school districts are using the services offered by the Organization. A portion of the department of education revenue represents a contribution to the Organization from the Illinois State Board of Education. They are considered to be unconditional contributions to the Organization and are recognized at the time they are awarded.

Client fees: Client fees include both membership fees as well as social security fees received by the Organization.

Membership fees: Membership fees are related to the Infinitec annual membership. The annual membership fees range per child. The performance obligation for membership dues consists of a stand-ready obligation to provide members with continuous access to assistive technology as well as training, equipment, and access to specialists and resources. Membership dues revenue is billed at the start of the fiscal year and is recognized equally over the membership period as services are simultaneously received and consumed by the members. Progress is measured by the time elapsed method ratably over the membership period through enrollment completion. Dues revenue in the amount of \$1,288,669 and \$1,163,185 for the years ended June 30, 2020 and 2019, respectively, is included in client fees on the consolidated statement of activities. Liabilities for dues received in advance amounted to \$42,922 and \$139,597 at June 30, 2020 and 2019, respectively. Such amounts are recognized as revenue in the subsequent fiscal year and are shown on the statement of financial positions as deferred revenue.

Social Security are fees received on behalf of participants in the 24-hour and intermittent CILA program who live on their own or in a home owned by the Organization. Parents or guardian sign a form that gives rights to the Organization as the representative payee. The performance obligation is providing the participants with a living arrangement under the supervision of the Organization. Progress is measured based on the time lapsed method for every 24-hour period. Fees received vary per the individual's disability. Payments are received monthly. Revenue is recognized over time as the participants simultaneously receive and consume the services provided by the Organization.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Sales of goods and services: The Organization sells various items within the merchandise retail store, car wash, and garage sales. The transaction price is known at the time of sale and varies depending on the goods provided. The Organization enters into contracts that generally include only one product or service and as such, are distinct and accounted for as separate performance obligations. Revenue is recognized at the point in time when control transfers to customer, which is at the point of sale, and the Organization satisfies its performance obligation.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) in the statement of financial position. Generally, billing occurs in advance of revenue recognition, and prepayments received result in contract liabilities referred to as deferred revenue. The deferred revenue is recognized when the related performance obligations are met.

Beginning contract balances as of July 1, were as follows:

	2020	2019
State of Illinois - Department of Human Services	\$ 1,487,106	\$ 1,937,483
State of Illinois - Department of Children and Family Services	454,904	299,718
Department of Education	440,975	203,254
Client fees	99,183	37,540
TOTAL CONTRACT ASSETS	\$ 2,482,168	\$ 2,477,995
Deferred revenue	\$ 260,843	\$ 74,817
TOTAL CONTRACT LIABILITIES	\$ 260,843	\$ 74,817

None of the revenue streams described include variable consideration estimated by the Organization.

Significant Judgements

Significant judgements include allocating the membership fees between a distinct goods or services and between exchange transactions and contributions. There are no significant judgements involved in the recognition of revenue over time due to the passage of time and hourly rates.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis. Salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other are allocated on the basis of estimates of time and effort.

Income Taxes

UCP Seguin is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Ramp Up, LLC is a limited liability company that is a tax-exempt subsidiary of UCP Seguin. UCP Seguin is not classified as a private foundation.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts and requires additional disclosures about leasing arrangements. ASU No. 2016-02, as amended by ASU No. 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 1,996,307	\$ 169,332
Receivables, net	2,303,616	3,309,088
Total current financial assets	4,299,923	3,478,420
Less amounts subject to		
Time restrictions	-	(18,700)
Donor restrictions	(51,641)	(340,525)
TOTAL	\$ 4,248,282	\$ 3,119,195

The Organization monitors its operating needs to ensure that adequate account balances are maintained at all times. In addition to financial assets available to meet general expenditures over the next 12 months, UCP Seguin operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization is fortunate to be funded by the State of Illinois on an expedited payment system, which means funding for certain programs occurs prior to actual billing being submitted for the services provided. The Organization also has a line of credit facility available to meet short-term needs. See Note 6 for information on this arrangement.

The Board of Directors of the Organization has designated a portion of its unrestricted resources as quasi-endowments. These funds are invested for long-term appreciation and current income but remain available on a temporary basis for emergency situations at the discretion of the Board of Directors. Such amounts are discussed in Note 9.

4. FAIR VALUE MEASUREMENTS

USGAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. USGAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels for the years ended June 30, 2020 and 2019.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2020 and 2019.

- Mutual funds: Valued at NAV of shares on the last trading day of the fiscal year.
- Common stocks: Valued at the closing quoted price in an active market.

Fair value measurements recorded on a recurring basis at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,083,777	\$ -	\$ -	\$ 2,083,777
Common stocks	1,087,642	-	-	1,087,642
TOTAL	\$ 3,171,419	\$ -	\$ -	3,171,419
Cash and cash equivalent*				11,898
TOTAL INVESTMENTS				\$ 3,183,317

* Carried at cost

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques (Continued)

Fair value measurements recorded on a recurring basis at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,082,251	\$ -	\$ -	\$ 2,082,251
Common stocks	1,065,489	-	-	1,065,489
TOTAL	\$ 3,147,740	\$ -	\$ -	3,147,740
Cash and cash equivalent*				3,053
TOTAL INVESTMENTS				\$ 3,150,793

* Carried at cost

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2020	2019
Land	\$ 3,367,322	\$ 3,367,322
Land improvements	252,958	206,473
Buildings	16,372,661	15,857,661
Building improvements	22,062,298	20,868,045
Equipment	12,875,252	12,661,129
Leasehold improvements	72,400	120,742
Construction in progress	74,590	168,875
Subtotal	55,077,481	53,250,247
Accumulated depreciation	(32,456,313)	(30,785,414)
NET PROPERTY AND EQUIPMENT	\$ 22,621,168	\$ 22,464,833

6. LINE OF CREDIT

The Organization had a line of credit facility that provided for borrowings up to \$4,000,000. Interest was payable monthly at 2.25% above the lender's index rate with a minimum rate of 2.00%, with all outstanding principal and interest due on March 15, 2020. The line of credit was not renewed upon expiration. At June 30, 2019, there was \$360,000 due under this agreement.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. LINE OF CREDIT (Continued)

The Organization has an available line of credit facility that provides for borrowings up to \$6,500,000. Interest is payable monthly commencing April 12, 2020, at a variable interest rate of 2.10% over the three-month LIBOR rate, with a floor of 2.60% per year. The interest rate is 2.60% at June 30, 2020. All outstanding principal plus accrued and unpaid interest is due on March 11, 2021. The note is secured by all business assets and first mortgages and an assignment of rents on certain real property of the Organization. There was no amount due on the line of credit as of June 30, 2020. UCP Seguin had an additional credit facility that provided for borrowings up to \$2,572,500 as of June 30, 2019. The credit facility had not been utilized since it was obtained. Interest was payable monthly commencing November 13, 2016, at a variable interest rate based on the Wall Street Journal Prime Rate (Index). The interest rate was 5.50% at June 30, 2019. All outstanding principal plus accrued and unpaid interest is due, as last extended, on December 12, 2019. The note was secured by an assignment of rents and certain real property of UCP Seguin. This credit facility was replaced by the \$6,500,000 credit facility above.

7. NOTES PAYABLE

The Organization has the following notes payable at June 30:

	2020	2019
<p>Promissory note dated August 19, 2010, in the original amount of \$1,500,000, from a not-for-profit corporation, secured by a mortgage on certain real property. The note bears interest as recalculated, at a rate of 5.50% and requires monthly principal and interest payments of \$12,344 commencing September 1, 2015 through August 31, 2020. On the tenth anniversary of the first principal and interest date, the rate of interest will be recalculated based on the greater of the yield to maturity of certain United States Treasury obligation plus 1.75% and 5.00%. The Final payment is due September 1, 2025. The note was refinanced with Busey Bank in June 2020.</p>	\$	- \$ 781,968
<p>Barrie Park Investment Program promissory note dated November 21, 2005, in the original amount of \$15,000, was used in connection with a grant of an equal amount for the purpose of rehabilitating a UCP Seguin residence. The note is payable in full upon conveyance or transfer of any interest in the property. The note bears no interest unless the principal is not paid when due, then the interest rate is at the highest rate permitted by law or 9% whichever is greater. The note is secured by a mortgage on the property.</p>	15,000	15,000

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. NOTES PAYABLE (Continued)

	2020	2019
<p>Illinois Housing Development Authority mortgage note dated November 28, 1997, in the original amount of \$500,000, was issued in connection with the acquisition and improvement of certain residential living facilities. The note is payable monthly at \$1,389, commencing April 1, 1999. The note is at 0% interest, as it imposes certain regulatory and land use restrictions on the facilities acquired. Such as, the facilities will be used to provide housing for the developmentally disabled. The final payment is due March 1, 2029. The note is secured by second mortgages on each of the facilities acquired. The note was refinanced with Busey Bank in June 2020.</p>	\$ -	\$ 140,316
<p>Installment loan dated September 2012, in the original amount of \$5,450,000, was issued in connection with the refinancing of certain residential living facilities. The note is due in monthly installments of \$29,311, which includes interest at 4.19% per annum. The loan is due in August 2022. The note is secured by certain real properties.</p>	4,329,021	4,492,599
<p>Promissory note dated December 1, 2016, in the original amount of \$124,084, was used in connection with the acquisition of three vehicles, which secures the note. The note is due in monthly installments of \$2,379, which includes interest at 5.65% per annum. The final payment is due on December 8, 2021.</p>	40,963	66,407
<p>Promissory note dated October 3, 2017, in the aggregate amount of \$300,000 was issued in connection with the purchase of a residential living facility. The note is due in monthly installments of \$2,182, which includes interest at 3.75% per annum. The final payment is due on November 1, 2032. This note is secured by a mortgage on the real property.</p>	259,567	275,684
<p>Two promissory notes dated December 2, 2016, in the aggregate amount of \$322,000, were issued in connection with the refinancing of certain residential living facilities. The notes are due in monthly installments ranging from \$1,541 to \$1,681, which includes interest at 3.75% per annum. Final payments are due on January 1, 2027. The notes are secured by certain real properties.</p>	225,247	254,860

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. NOTES PAYABLE (Continued)

	2020		2019
<p>Promissory note dated October 25, 2017, in the aggregate amount of \$205,000, was issued in connection with the purchase of a residential living facility. The note is due in monthly installments of \$1,390, which includes interest at 5.25% per annum. Final payment is due on October 25, 2022. The note is secured by a mortgage on the real property. The note was refinanced with Busey Bank in June 2020.</p>	\$	-	\$ 194,958
<p>Promissory note dated June 30, 2009, in the original amount of \$224,000, was used in connection with the acquisition of certain real property, which secures the note. The note as revised July 1, 2016, is due in monthly installments of \$1,377, which includes interest at 5.25% per annum. A final balloon payment of \$155,537 is due in June 2021. The note was refinanced with Busey Bank in June 2020.</p>		-	170,518
<p>Two promissory notes dated March 17, 2015, in the aggregate amount of \$870,000, were issued in connection with the refinancing of certain residential living facilities. The notes are due in monthly installments ranging from \$1,163 to \$3,896, which includes interest at 3.48% per annum. Final balloon payments are due in March 2020 in the aggregate amount of \$711,205. The notes are secured by certain real properties. The notes were refinanced with Busey Bank in June 2020.</p>		-	732,391
<p>Four promissory notes dated February 28, 2018, in the aggregate amount of \$631,000, were issued in connection with the refinancing of certain residential living facilities. The notes are due in monthly installments ranging from \$743 to \$1,752, which includes interest at 4.375% per annum. The final payments are due on March 1, 2033. The notes are secured by certain real properties. The notes were refinanced with Busey Bank in June 2020.</p>		-	592,732

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. NOTES PAYABLE (Continued)

	2020	2019
<p>\$2,481,146 promissory note payable to Busey Bank dated June 3, 2020. The note is due in two payment streams. The first payment stream is payable in 60 monthly installments of \$13,973 inclusive of principal and interest at 3.125%. The second payment stream is payable in 59 monthly principal and interest payments in an initial amount of \$13,685, with interest rate variable at an index rate plus 2.5%. The index rate is the weekly average yield on the U.S. Treasury securities adjusted to a constant maturity of five years. A final installment of the remaining outstanding principal and interest is due on June 3, 2030. The note is subject to a prepayment fee. The note is secured by an interest in the deposit accounts held at Busey Bank and a mortgage and assignment of rents on certain real property.</p>	\$ 2,481,146	\$ -
Subtotal	7,350,944	7,717,433
Less unamortized issuance costs	(62,872)	(62,027)
TOTAL NOTES PAYABLE	\$ 7,288,072	\$ 7,655,406

Future maturities of notes payable are as follows:

Year Ending June 30,	Amount
2021	\$ 342,824
2022	336,796
2023	4,118,662
2024	152,308
2025	157,711
Thereafter	2,242,643
TOTAL	\$ 7,350,944

8. EMPLOYEE RETIREMENT PLAN

The Organization has a 403(b) defined contribution plan (the Plan) which covers substantially all employees who meet eligibility requirements of the Plan. The Plan provides for participant salary deferrals. No employer contributions are required to be made to the Plan.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions were designated for specific purposes at June 30, as follows:

	2020	2019
Quasi-endowment funds	\$ 3,183,317	\$ 3,150,793
Undesignated	13,769,547	13,247,874
TOTAL	\$ 16,952,864	\$ 16,398,667

The Organization's quasi-endowment funds consist of funds designated by the Board of Directors to function as endowments. The funds are intended to be a permanent reserve through acquisition and retention of capital equal to one month's average annual operating expenses of the Organization. Financial objectives include providing security for indebtedness, temporary provision of funds for emergency situations, and disbursement of excess funds for general use in accordance with the existing policy. Since the funds resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. The Organization has adopted a policy for quasi-endowment assets to provide for the administration, disbursement, and funding of the funds. Under the policy approved by the Board of Directors, the assets are invested by external fund managers using a balance among equities, bonds, insured investments and so on, to seek the best possible market return with the prudent person principle as a guide. The external manager investment strategy is to be reviewed annually by the Finance Committee.

Change in quasi-endowment net assets for the years ended June 30 is as follows:

	2020	2019
Quasi-endowment net assets, beginning of the period	\$ 3,150,793	\$ 3,016,045
Investment income, net of investment expense	33,342	114,287
Other changes - transfers to/from include Board-designated funds in quasi-endowment	(818)	20,461
QUASI-ENDOWMENT NET ASSETS, END OF THE PERIOD	\$ 3,183,317	\$ 3,150,793

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	2020	2019
Subject to expenditures for specified purpose:		
Day program facility	\$ -	\$ 478,876
Infinitec technology and access to training improvement project	6,641	202,121
Project Fun	45,000	-
Total	51,641	680,997
Subject to the passage of time:		
Continuing compliance requirements for residential facilities:		
Federal home loan program	102,461	118,522
Addison home	329,235	-
Wheaton day program facility	361,667	269,943
Wheaton home	274,564	290,288
Total	1,067,927	678,753
Not subject to appropriation or expenditure:		
Land required to be used to support disabled persons	148,000	148,000
TOTAL	\$ 1,267,568	\$ 1,507,750

Donated land in Tinley Park was received by the Organization in 2001 with an appraised value of \$148,000. A building was constructed on the land for the purposes of providing services and support to disabled persons. The provisions of the donation specify that if the Organization discontinues its use of the parcel for the restricted charitable purpose or attempts to convey all or part of the land to another party, then the title reverts to the State of Illinois. The Organization considers this to be a perpetual donor restriction and has included the value of the land in net assets with donor restrictions.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides disaggregation of revenue from contracts with customers based on the timing of revenue recognition for the years ended June 30, 2020 and 2019:

	2020	2019
Revenue from contracts with customers recognized over time		
State of Illinois, purchased services		
Department of Human Services	\$ 25,206,264	\$ 22,687,248
State of Illinois, purchased services		
Department of Children and Family Services	8,488,461	7,613,873
Department of Education	708,641	654,778
Work contracts/training	89,108	144,261
Client fees	4,087,423	4,044,955
	38,579,897	35,145,115
Sales of goods and services recognized at a point in time	446,374	476,466
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	\$ 39,026,271	\$ 35,621,581

Various economic factors affect the recognition of revenue and cash flows. Sales of goods and services are invoiced at time of purchase and the fees are collected at time of purchase. Work contracts and training are invoiced after receiving days attended from companies and the Department of Human Services and payment is collected within a month after invoice is sent out. Client fees related to social security are received on behalf of participants monthly and payment is recorded on the day received. There are no payments in advance. The Organization bills in the beginning of the month. Client fees related to membership fees are billed in the first month of the fiscal year for the entire fiscal year and payments are received throughout the year. Purchased services include services from both the Department of Human Services and the Department of Children and Family Services (agency). Regarding purchased service from the Department of Human Services, there are multiple rates depending on the service performed. The Organization negotiates the rates each year and the rates are set by the agency. Once service is performed, the Organization bills the government agency and is typically reimbursed within two weeks. Purchased services from the Department of Children and Family Services is billed on the fifth business day of each month for the previous month services. Each child is billed according to how many days they are in the Organization's care. Rates are set by the agency. The Kansas State Department of Education reimburses the Organization for costs related to assistive and educational technology. The Organization invoices monthly and payment is received within two months.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

The key economic factor that affects the recognition is the availability of funding from state and federal granting agencies. If for any reason funding was curtailed or cut it would have a significant impact on the Organization. See Note 12 for further disclosure of concentrations existing as of June 30, 2020 and 2019.

No significant events occurred that had a material impact on the Organization's revenue recognition or cash flows for the years ended June 30, 2020 and 2019.

12. CONCENTRATION

During the years ended June 30, 2020 and 2019, the Organization received 56% and 54%, respectively, of its revenue from the Illinois Department of Human Services, and 19% and 18%, respectively, of its revenue from the Department of Children and Family Services. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities. As of June 30, 2020 and 2019, 57% and 59%, respectively, of total receivables was from the above sources.

13. RELATED PARTIES

For the years ended June 30, 2020 and 2019, the Organization received related party contributions totaling \$67,488 and \$44,648, respectively, from Board members or entities related to Board members.

14. LEASE COMMITMENTS

The Organization has operating leases on copy equipment and office and residential space, which expire through 2024. Certain of the office space leases provide for additional rents related to operating costs and property taxes. The Organization is committed to making the following minimum annual payments at June 30, 2020:

2021	\$ 242,775
2022	167,365
2023	134,110
2024	22,800
2025	<u>3,800</u>
TOTAL	<u>\$ 570,850</u>

Total rent expense inclusive of operating costs and property taxes was \$354,383 and \$375,625 in 2020 and 2019, respectively.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. ADVERTISING COSTS

The Organization uses advertising to promote its various programs. The production costs of advertising are expensed the first time advertising takes place. Advertising expenses for the years ended June 30, 2020 and 2019 were \$18,445 and \$22,535, respectively.

16. COMMITMENTS

Construction

The Organization has open contracts in process totaling approximately \$639,800 for renovations to program facilities. Of the contract amounts, the remaining commitment is for approximately \$572,000 as of June 30, 2019. The Organization has no remaining commitment as of June 30, 2020.

Employment Commitments

In connection with the merger that initially formed UCP Seguin, management believed that it was in the best interest of the organization to continue employment of certain key employees. Accordingly, employment agreements exist and are currently extended to June 30, 2021, for three individuals. Payments under the agreements are made as services are provided.

17. CONTINGENCIES

Fees and Grants Received

The Organization has received significant financial assistance from numerous federal, state, and local government agencies. The disbursement of funds received under the programs generally requires compliance with terms and conditions specified in the agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Organization. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the financial position of the Organization at June 30, 2020 and 2019.

Dental Insurance

The Organization is self-insured for dental insurance at June 30, 2020 and 2019. Amounts accrued in the consolidated financial statements for claims incurred during the fiscal 2020 and 2019 reporting period are included in accrued expenses on the consolidated statement of financial position. Claims unfiled as of June 30, 2020 and 2019 were immaterial.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. CONTINGENCIES (Continued)

Unemployment Taxes

The Organization has elected the reimbursement method for payment of Illinois unemployment taxes. Payment is based on actual reimbursements of claims filed, as determined by the state of Illinois. Claims unfiled as of June 30, 2020 and 2019 were immaterial.

Forgivable Payment Notes

The Organization has been awarded certain community development block grants from the County of DuPage (County) through the DuPage Community Development Commission (CDC) to fund 50% to 60% of the cost of certain projects, as summarized below. The projects consist of the acquisition and renovation and/or construction of centers and group homes to become Americans with Disabilities Act-compliant Community Integrated Living Arrangement facilities for low-income adults with severe intellectual and developmental disabilities.

UCP Seguin recognizes these community development block grants as revenue with donor restrictions at the time funds are expended for the projects in the grants. The revenue is released to net assets without donor restrictions over the compliance period of the grant, in accordance with explicit donor stipulations regarding use of the underlying asset. Of the amounts awarded, \$475,107 and \$560,231 has been recognized as revenue with donor restrictions during the years ended June 30, 2020 and 2019, respectively. UCP Seguin is not required to make regular monthly payments of principal or interest on the loans. If the property securing each note, or any interest in the property, is sold or transferred before the 20-year anniversary date of the project completion, the full amount of the principal applicable to such property is payable. If the specific property is no longer used for the purposes stated in the agreement, the principal is due within 30 days of such change in use. The notes will be forgiven in a lump sum on the 20-year anniversary date of the specific project's project completion. It is the County's stated intent that the grant be recognized in the period the related property is purchased, and as such, the Organization has not reflected any mortgage liability on the statement of financial position for these notes.

18. IHDA FUNDING AGREEMENT

The Organization, as Sponsor, accepted a conditional commitment letter issued by the Illinois Housing Development Authority (IHDA), to administer a forgivable loan program (Home Accessibility) for certain qualifying homeowners. Funds provided to the to the Sponsor as amounted to \$60,715 and \$160,166 as of June 30, 2020 and 2019, respectively.

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. SUBSEQUENT EVENTS

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these consolidated financial statements as a result of this uncertainty.

Subsequent events have been evaluated January 21, 2021, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Program Services						
	Developmental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	HBS	Respite	SeniorCares
Salaries and related expenses:							
Salaries	\$ 4,964,160	\$ 3,717,329	\$ 337,011	\$ 9,334,987	\$ 255,919	\$ 69,450	\$ 1,969,595
Foster care stipends	-	2,666,291	-	1,907,561	-	-	26,500
FICA tax	377,146	264,647	27,913	688,756	18,473	4,895	145,330
Unemployment tax	42,927	14,714	-	68,977	4,892	-	13,118
Worker's compensation	115,501	75,637	7,298	221,161	5,584	1,769	37,653
Employee health insurance	387,031	312,818	17,050	810,134	29,520	10,708	147,488
Other benefits	14,867	16,650	435	12,153	179	70	1,016
Program consultants	28,943	23,744	589	35,735	-	-	-
Other consultant	-	-	-	-	-	-	-
Client wages	43,722	-	39,276	-	-	-	-
Life and AD&D/LT disability insurance	31,655	19,842	1,984	57,340	1,492	428	11,726
Total salaries and related expenses	6,005,952	7,111,672	431,556	13,136,804	316,059	87,320	2,352,426
Consumable supplies:							
Office	5,779	3,244	(40)	3,883	-	56	480
Medicine and drugs	1,320	726	626	31,186	-	12	8,974
Educational	175	-	-	856	-	-	-
Food	20,082	2,301	23	235,394	-	3,891	3,328
Kitchen	5,384	231	42	100,253	-	631	24,942
Janitorial	22,431	9,799	-	1,807	-	-	-
Client activities	35,622	7,166	623	25,136	-	766	161
OSHA	7,779	-	6,529	58,499	-	-	137
Clothing	769	105,171	-	1,116	-	-	-
Program supplies	1,167	-	-	-	-	-	-
Other	1,313	76,739	-	6,456	-	-	-
Total consumable supplies	101,821	205,377	7,803	464,586	-	5,356	38,022
Occupancy:							
Property and building insurance	8,340	2,995	-	22,998	-	353	2,603
Real estate taxes	7,695	-	-	5,283	-	-	-
Utilities	94,422	46,379	-	171,941	-	2,669	40,457
Janitorial and maintenance contracts	131,389	45,998	472	240,470	-	4,634	36,425
Building and grounds maintenance supplies	26,188	2,972	-	196,600	-	91	20,345
Equipment and repairs	60,529	22,526	-	24,765	-	326	2,226
Total occupancy	328,563	120,870	472	662,057	-	8,073	102,056
Local transportation:							
Client	52,801	37,047	14,136	51,247	360	285	1,346
Staff	21,801	58,106	8,254	29,326	7,021	343	4,183
Vehicle insurance	56,021	-	-	121,059	-	3,295	22,361
Repairs and maintenance	10,737	-	-	28,097	-	171	5,009
Gas and oil	32,614	896	-	36,959	-	294	7,782
Total local transportation	173,974	96,049	22,390	266,688	7,381	4,388	40,681

	Program Services			Supporting Services			
	UCP	Infinitec	Ramp Up	Total	Fundraising and		Total
	Seguin				Development	Administrative	
Enterprises			Program				
Salaries and related expenses:							
Salaries	\$ 480,235	\$ 1,262,294	\$ 50,865	\$ 22,441,845	\$ 293,514	\$ 1,933,271	\$ 24,668,630
Foster care stipends	-	-	-	4,600,352	-	-	4,600,352
FICA tax	42,713	89,654	4,421	1,663,948	20,114	128,758	1,812,820
Unemployment tax	488	1,512	-	146,628	-	-	146,628
Worker's compensation	11,445	26,816	1,382	504,246	6,524	42,131	552,901
Employee health insurance	50,537	111,319	6,178	1,882,783	14,609	171,769	2,069,161
Other benefits	2,867	5,943	39	54,219	4,303	44,474	102,996
Program consultants	-	994,312	12,100	1,095,423	272,465	160,206	1,528,094
Other consultant	-	-	302,409	302,409	-	107,799	410,208
Client wages	98,958	-	-	181,956	-	-	181,956
Life and AD&D/LT disability insurance	2,830	7,362	289	134,948	1,592	11,470	148,010
Total salaries and related expenses	690,073	2,499,212	377,683	33,008,757	613,121	2,599,878	36,221,756
Consumable supplies:							
Office	1,473	3,416	-	18,291	834	33,129	52,254
Medicine and drugs	-	-	-	42,844	-	-	42,844
Educational	-	18,190	-	19,221	-	-	19,221
Food	2,150	1,474	-	268,643	1,710	5,693	276,046
Kitchen	232	-	-	131,715	158	107	131,980
Janitorial	4,507	2,121	-	40,665	-	2,795	43,460
Client activities	34	17,859	-	87,367	4,995	-	92,362
OSHA	-	-	-	72,944	-	741	73,685
Clothing	-	-	-	107,056	-	-	107,056
Program supplies	39,800	4,796	-	45,763	-	-	45,763
Other	-	1,739,690	1,975	1,826,173	-	7,754	1,833,927
Total consumable supplies	48,196	1,787,546	1,975	2,660,682	7,697	50,219	2,718,598
Occupancy:							
Property and building insurance	2,926	-	-	40,215	-	8,505	48,720
Real estate taxes	-	-	-	12,978	-	-	12,978
Utilities	20,575	18,850	-	395,293	-	17,931	413,224
Janitorial and maintenance contracts	5,209	26,978	-	491,575	468	37,290	529,333
Building and grounds maintenance supplies	3,457	7,226	-	256,879	-	28,137	285,016
Equipment and repairs	4,507	6,413	-	121,292	-	35,148	156,440
Total occupancy	36,674	59,467	-	1,318,232	468	127,011	1,445,711
Local transportation:							
Client	870	-	-	158,092	294	-	158,386
Staff	876	6,458	480	136,848	604	10,383	147,835
Vehicle insurance	23,067	9,886	-	235,689	-	3,295	238,984
Repairs and maintenance	5,663	6,971	-	56,648	-	9,956	66,604
Gas and oil	5,838	8,373	-	92,756	-	2,574	95,330
Total local transportation	36,314	31,688	480	680,033	898	26,208	707,139

(This schedule is continued on the following page.)

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2020

	Program Services						
	Developmental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	HBS	Respite	SeniorCares
Equipment purchase:							
Educational	\$ 13,368	\$ -	\$ -	\$ 9,342	\$ 143	\$ -	\$ 230
Office	49,218	869	-	38,178	-	-	5,190
Total equipment purchase	62,586	869	-	47,520	143	-	5,420
Leasing and rental	31,962	22,052	-	178,928	-	-	-
Interest:							
Facilities	51,876	-	-	234,940	-	1,280	24,424
Line of credit	1,220	976	-	-	-	-	-
Other	7,193	-	-	23,069	-	68	1,275
Total interest	60,289	976	-	258,009	-	1,348	25,699
Cost of goods sold	-	-	-	-	-	-	-
Miscellaneous:							
Telephone	41,899	15,925	602	74,435	2,160	3,701	14,303
Liability insurance	147,711	85,851	4,867	-	2,306	-	-
Outstanding printing and artwork	2,401	1,235	88	21	86	-	-
Moving and recruiting	16,814	6,693	474	9,968	-	-	2,519
Marketing	-	-	-	-	-	-	-
Membership dues	6,719	247	6,346	6,327	100	-	-
Postage and shipping	1,786	3,696	31	1,275	-	-	-
Conference and convention	21,412	495	1,563	-	-	-	-
Subscription and reference	1,898	270	-	247	-	-	-
Other	15,087	4,204	17	15,732	-	-	1,812
Total miscellaneous	255,727	118,616	13,988	108,005	4,652	3,701	18,634
Depreciation	294,973	46,282	354	794,728	1,092	7,765	114,157
TOTAL FUNCTIONAL EXPENSES BEFORE ALLOCATION OF ADMINISTRATIVE EXPENSES	7,315,847	7,722,763	476,563	15,917,325	329,327	117,951	2,697,095
Allocation of administrative expenses	731,910	942,072	49,735	1,661,828	37,768	10,249	290,666
TOTAL FUNCTIONAL EXPENSES	\$ 8,047,757	\$ 8,664,835	\$ 526,298	\$ 17,579,153	\$ 367,095	\$ 128,200	\$ 2,987,761

	Program Services			Supporting Services			Total Agency
	UCP Seguin Enterprises	Infinitec	Ramp Up	Total Program	Fundraising and Development	Administrative	
	Equipment purchase:						
Educational	\$ -	\$ 593	\$ -	\$ 23,676	\$ -	\$ -	\$ 23,676
Office	11,196	117	-	104,768	-	18,474	123,242
Total equipment purchase	11,196	710	-	128,444	-	18,474	146,918
Leasing and rental	446	31,233	16	264,637	-	89,746	354,383
Interest:							
Facilities	-	-	-	312,520	-	8,301	320,821
Line of credit	-	-	-	2,196	-	244	2,440
Other	-	-	-	31,605	-	310	31,915
Total interest	-	-	-	346,321	-	8,855	355,176
Cost of goods sold	130,703	-	-	130,703	-	-	130,703
Miscellaneous:							
Telephone	3,044	10,890	-	166,959	20	7,412	174,391
Liability insurance	-	86,532	25,232	352,499	-	21,463	373,962
Outstanding printing and artwork	886	5,748	-	10,465	19,683	12,543	42,691
Moving and recruiting	311	176	-	36,955	-	950	37,905
Marketing	14,073	-	-	14,073	4,372	-	18,445
Membership dues	235	9,650	-	29,624	-	32,826	62,450
Postage and shipping	2,319	6,140	9	15,256	2,093	9,419	26,768
Conference and convention	-	89,193	-	112,663	6,450	1,106	120,219
Subscription and reference	4,036	114,720	-	121,171	6,523	1,643	129,337
Other	12,384	45,252	-	94,488	8,761	43,674	146,923
Total miscellaneous	37,288	368,301	25,241	954,153	47,902	131,036	1,133,091
Depreciation	60,818	112,996	-	1,433,165	457	269,003	1,702,625
TOTAL FUNCTIONAL EXPENSES BEFORE ALLOCATION OF ADMINISTRATIVE EXPENSES	1,051,708	4,891,153	405,395	40,925,127	670,543	3,320,430	44,916,100
Allocation of administrative expenses	70,895	186,285	7,506	3,988,914	(668,484)	(3,320,430)	-
TOTAL FUNCTIONAL EXPENSES	\$ 1,122,603	\$ 5,077,438	\$ 412,901	\$ 44,914,041	\$ 2,059	\$ -	\$ 44,916,100

UNITED CEREBRAL PALSY SEGUIN OF GREATER CHICAGO

CONSOLIDATED SCHEDULE OF PUBLIC SUPPORT AND REVENUES

For the Year Ended June 30, 2020

	Program Services						
	Developmental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	HBS	Respite	SeniorCares
Purchase of service	\$ 6,612,372	\$ -	\$ 163,610	\$ 15,265,078	\$ 388,737	\$ -	\$ 2,532,838
Rehabilitation services	-	-	243,629	-	-	-	-
Department of Children and Family Services	-	8,488,461	-	-	-	-	-
DHS Grants	80,014	-	-	13,691	-	-	-
Dupage County Human Services	24,500	-	-	-	-	-	-
Department of Education	-	-	-	-	-	-	-
Community Development Block Grants	475,107	-	-	121,500	-	-	10,500
Illinois Housing Development Authority	-	-	-	-	-	-	-
Community Mental Health (708):							
Oak Park	42,821	-	29,630	1,976	-	8,108	-
Berwyn	48,500	-	-	-	-	-	-
Cicero	17,500	-	17,500	-	-	-	-
River Forest	12,495	-	-	-	-	3,035	-
Riverside	10,000	-	20,000	19,219	-	-	-
Proviso	-	-	-	-	-	58,940	-
Contributions:							
United Way	-	-	20,500	-	-	-	-
Other	300,940	40,000	142,500	384,833	-	32,500	87,763
Work contracts/training	2,380	-	23,110	-	-	-	-
Client fees:							
SSA and SSI	-	-	-	2,194,919	-	-	421,002
Rental income	-	-	-	72,547	-	-	-
Membership Program	123,545	-	-	57,968	-	-	1,320
Interest income	2,401	-	-	-	-	-	-
Gain (loss) on sale of assets	468	-	-	(50,009)	-	-	-
Vending machines	-	-	2,319	-	-	-	-
Other	16,347	-	-	1,067	-	-	-
TOTAL	\$ 7,769,390	\$ 8,528,461	\$ 662,798	\$ 18,082,789	\$ 388,737	\$ 102,583	\$ 3,053,423

	Program Services			Supporting Services			Total Agency
	UCP Seguin Enterprises	Infinitec	Ramp Up	Total Program	Fundraising and Development	Administrative	
Purchase of service	\$ -	\$ -	\$ -	24,962,635	\$ -	\$ -	\$ 24,962,635
Rehabilitation services	-	-	-	243,629	-	-	243,629
Department of Children and Family Services	-	-	-	8,488,461	-	-	8,488,461
DHS Grants	-	-	-	93,705	-	-	93,705
Dupage County Human Services	-	-	-	24,500	-	-	24,500
Department of Education	-	1,408,641	-	1,408,641	-	-	1,408,641
Community Development Block Grants	-	-	332,415	939,522	-	-	939,522
Illinois Housing Development Authority	-	-	60,715	60,715	-	-	60,715
Community Mental Health (708):							
Oak Park	-	-	-	82,535	-	-	82,535
Berwyn	26,500	-	-	75,000	-	-	75,000
Cicero	-	-	-	35,000	-	-	35,000
River Forest	-	-	-	15,530	-	-	15,530
Riverside	-	-	-	49,219	-	-	49,219
Proviso	-	-	-	58,940	-	-	58,940
Contributions:							
United Way	50,020	-	-	70,520	-	-	70,520
Other	644,617	2,161,263	-	3,794,416	3,643	-	3,798,059
Work contracts/training	-	63,618	-	89,108	-	-	89,108
Client fees:							
SSA and SSI	-	-	-	2,615,921	-	-	2,615,921
Rental income	-	85,016	-	157,563	-	-	157,563
Membership Program	-	1,288,669	-	1,288,669	-	-	1,288,669
Other	-	-	-	182,833	-	-	182,833
Interest income	-	-	-	2,401	53,536	-	55,937
Gain (loss) on sale of assets	-	5,596	-	(43,945)	-	-	(43,945)
Vending machines	-	-	-	2,319	-	-	2,319
Other	423,514	56,766	-	497,694	(22,595)	-	475,099
TOTAL	\$ 1,144,651	\$ 5,069,569	\$ 393,130	\$ 45,195,531	\$ 34,584	\$ -	\$ 45,230,115