

**United Cerebral Palsy Seguin of Greater Chicago
Audit Report
For the Year Ended June 30, 2017**

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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 financial statements of **United Cerebral Palsy Seguin of Greater Chicago** (UCP Seguin), an Illinois corporation and not-for-profit, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements 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 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. 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 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 consolidated financial position of United Cerebral Palsy Seguin of Greater Chicago as of June 30, 2017, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited UCP Seguin's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Selden Fox, Ltd.

November 14, 2017

United Cerebral Palsy Seguin of Greater Chicago
Consolidated Statement of Financial Position
June 30, 2017
(With Comparative Totals for 2016)

Assets	<u>2017</u>	<u>2016</u>
Cash	\$ 2,309,804	\$ 2,278,711
Receivables:		
State of Illinois	1,754,329	1,336,558
Work contracts	7,199	7,130
Due from NHRMA	200,821	200,821
Other	1,479,997	1,376,302
Less allowance for doubtful accounts	<u>(51,452)</u>	<u>(51,458)</u>
Receivables, net	3,390,894	2,869,353
Inventory	946,049	876,573
Prepaid expenses	203,366	174,084
Security deposits	39,395	38,162
Investments	2,821,959	2,519,375
Property and equipment, net	<u>25,289,273</u>	<u>24,445,008</u>
	\$ 35,000,740	\$ 33,201,266
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 689,106	\$ 985,860
Accrued salaries	3,246,936	2,984,304
Accrued expenses	353,525	550,846
Deferred revenue	169,686	229,506
Short-term borrowings	2,965,000	300,000
Long-term debt	<u>7,317,497</u>	<u>7,667,440</u>
Total liabilities	14,741,750	12,717,956
Net assets:		
Permanently restricted	148,000	148,000
Temporarily restricted	13,428,628	12,783,288
Unrestricted	<u>6,682,362</u>	<u>7,552,022</u>
Total net assets	20,258,990	20,483,310
	\$ 35,000,740	\$ 33,201,266

See accompanying notes.

United Cerebral Palsy Seguin of Greater Chicago
Consolidated Statement of Activities
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Public support and revenue:					
Public support:					
State of Illinois, purchase of service:					
Department of Human Services	\$ 20,552,151	\$ -	\$ -	\$ 20,552,151	\$ 20,415,947
Department of Children and Family Services	9,296,076	-	-	9,296,076	10,313,729
DHS Grants	243,159	-	-	243,159	70,083
Department of Education Community Development Block Grants	1,081,337	-	-	1,081,337	1,090,367
Community Mental Health Act (708)	116,654	546,759	-	663,413	698,316
Contributions	298,066	-	-	298,066	279,579
	2,770,354	733,849	-	3,504,203	3,859,137
Total public support	34,357,797	1,280,608	-	35,638,405	36,727,158
Revenue:					
Work contracts/training	135,304	-	-	135,304	152,440
Client fees	3,857,569	-	-	3,857,569	3,777,390
Rental income	289,358	-	-	289,358	315,608
Investment income (loss)	305,726	-	-	305,726	(105,689)
Loss on sale of assets	(5,349)	-	-	(5,349)	(14,728)
Forgiveness of debt	48,723	-	-	48,723	-
Other	560,097	-	-	560,097	658,869
Net assets released from restrictions	635,268	(635,268)	-	-	-
Total revenue	5,826,696	(635,268)	-	5,191,428	4,783,890
Total public support and revenue	40,184,493	645,340	-	40,829,833	41,511,048
Expenses:					
Program services	37,282,213	-	-	37,282,213	41,928,694
Supporting services	3,771,940	-	-	3,771,940	3,405,148
Total expenses	41,054,153	-	-	41,054,153	45,333,842
Change in net assets	(869,660)	645,340	-	(224,320)	(3,822,794)
Net assets:					
Beginning of the period	7,552,022	12,783,288	148,000	20,483,310	24,306,104
End of the period	\$ 6,682,362	\$ 13,428,628	\$ 148,000	\$ 20,258,990	\$ 20,483,310

See accompanying notes.

**United Cerebral Palsy Seguin of Greater Chicago
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

	Program Services											Supporting Services		Total		
	Develop- mental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	Community Supported Living Arrangement	HBS	Respite	SeniorCares	UCP Seguin Enterprises	Infinitec	Ramp Up	Total by Program	Fund-raising and Development	Admin- istrative	2017	2016
Salaries and related expenses	\$ 5,038,800	\$ 7,528,625	\$ 533,222	\$ 10,751,166	\$ 415,070	\$ 303,310	\$ 82,020	\$ 1,633,621	\$ 771,509	\$ 1,886,425	\$ 109,702	\$ 29,053,470	\$ 542,613	\$ 2,388,817	\$ 31,984,900	\$ 32,003,252
Consumable supplies	270,357	230,604	34,794	258,333	6,584	-	13,060	44,990	192,547	1,586,726	320	2,638,315	2,381	71,057	2,711,753	3,163,076
Occupancy	294,781	117,675	3,209	690,039	740	520	13,222	85,046	57,971	77,449	-	1,340,652	319	124,368	1,465,339	1,395,415
Local transportation	331,077	243,554	54,754	354,887	16,672	13,038	6,075	32,270	28,434	35,661	3,424	1,119,846	2,424	18,817	1,141,087	1,124,865
Equipment purchase	58,542	1,258	1,407	117,538	16	837	872	10,954	17,156	(921)	-	207,659	614	5,802	214,075	162,454
Leasing and rental	31,018	16,487	12,782	160,701	7	-	-	-	474	35,195	12,534	269,198	1,550	170,190	440,938	421,973
Interest	66,581	7,254	-	241,226	-	-	1,677	31,180	-	-	-	347,918	-	15,022	362,940	355,986
Miscellaneous	173,437	80,271	16,695	253,500	5,081	3,561	1,490	32,060	59,354	296,889	9,787	932,125	82,381	169,509	1,184,015	5,208,679
Total expenses before depreciation	6,264,593	8,225,728	656,863	12,827,390	444,170	321,266	118,416	1,870,121	1,127,445	3,917,424	135,767	35,909,183	632,282	2,963,582	39,505,047	43,835,700
Depreciation	221,821	83,487	13,350	716,836	2,225	639	7,167	75,563	66,907	185,035	-	1,373,030	2,058	174,018	1,549,106	1,498,142
Total expenses	\$ 6,486,414	\$ 8,309,215	\$ 670,213	\$ 13,544,226	\$ 446,395	\$ 321,905	\$ 125,583	\$ 1,945,684	\$ 1,194,352	\$ 4,102,459	\$ 135,767	\$ 37,282,213	\$ 634,340	\$ 3,137,600	\$ 41,054,153	\$ 45,333,842

See accompanying notes.

United Cerebral Palsy Seguin of Greater Chicago
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (224,320)	\$ (3,822,794)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,549,106	1,498,142
Amortization	18,061	11,393
(Gain) on forgiveness of debt	(48,723)	-
Investments donation	-	4,222,838
Property and equipment contributions	(79,738)	(498,863)
(Gain) loss on investments	(245,930)	164,144
Loss on sale of property and equipment	5,349	14,728
Changes in other working capital items:		
Receivables	(920,541)	(213,570)
Inventory	(130,369)	119,784
Prepaid expenses	(29,282)	(93,960)
Security deposits	(1,233)	(1,887)
Accounts payable	(296,754)	137,201
Accrued expenses	65,311	(983,879)
Deferred revenue	(59,820)	(74,898)
Net cash from operating activities	(398,883)	478,379
Cash flows from investing activities:		
Proceeds from sale of equipment	73,552	2,064,117
Purchase of property and equipment	(2,331,641)	(2,315,621)
Purchase of investments	(1,115,885)	(1,716,433)
Proceeds from sale of investments	1,059,231	1,649,678
Net cash from investing activities	(2,314,743)	(318,259)
Cash flows from financing activities:		
Proceeds from issuance of short-term debt	2,665,000	300,000
Proceeds from issuance of long-term debt	446,084	-
Contributions restricted for purchasing property and equipment	399,000	679,758
Payment of debt issuance costs	(7,832)	-
Repayment of long-term debt	(757,533)	(353,509)
Net cash from financing activities	2,744,719	626,249
Net change in cash	31,093	786,369
Cash, beginning of the period	2,278,711	1,492,342
Cash, end of the period	\$ 2,309,804	\$ 2,278,711
Supplemental cash flow information (noncash activities):		
Equipment transferred to inventory	\$ 37,225	\$ -
Inventory transferred to equipment	\$ 98,118	\$ -

See accompanying notes.

United Cerebral Palsy Seguin of Greater Chicago Notes to the Consolidated Financial Statements

1. Organizational Purpose

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 of Greater Chicago 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 principles which form the foundation of this mission are as follows:

- 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.
- 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.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

1. Organizational Purpose (cont'd)

- 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

A. General

UCP Seguin's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These financial statements consolidate the activities of Ramp Up, its affiliate and have been prepared to focus on UCP Seguin as a whole. UCP Seguin meets the criteria for consolidating Ramp Up due to its level of control over and economic interest in the organization. All significant inter-organizational balances and transactions have been eliminated in consolidation. Net assets and revenue, expenses, and gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets – Net assets subject to donor imposed stipulations that they be maintained permanently by UCP Seguin.

Temporarily Restricted Net Assets – Net assets subject to donor imposed stipulations that may be met by the actions of UCP Seguin or by the passage of time.

Unrestricted Net Assets – Net assets not subject to donor imposed stipulations.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

2. **Summary of Significant Accounting Policies (cont'd)**

A. **General (cont'd)**

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Temporarily Restricted Net Assets – UCP Seguin has adopted the following accounting policies with respect to temporarily restricted net assets:

Contributions With Restrictions Met in the Same Year – Contributions received with donor imposed restrictions that are fulfilled in the same time period in which the contribution is received are reported as unrestricted support.

Release of Restrictions on Net Assets for Acquisition of Property and Equipment – Contributions of exhaustible long-lived assets, or of cash or other assets used to acquire them, without donor stipulations concerning how long the donated assets must be used, are reported as revenues of the temporarily restricted net asset class. The restrictions are considered to be released over the estimated useful lives of the long-lived assets using UCP Seguin's depreciation policies, or upon sale of such assets. See Note 10 for additional disclosures.

B. **Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

C. Significant Concentrations

Revenue approximating 74%, or \$30.1 million (74% or \$30.8 million in 2016), is provided by departments of the State of Illinois. Future levels of program activities are dependent on these governmental agencies. Revenues have been allocated to programs as follows:

	2017	2016
Community living	45.52 %	42.09 %
Foster care	23.03	24.88
Developmental training	16.47	17.44
Infinitec	10.97	11.17
Ramp Up	.29	.96
Supported employment	1.31	1.21
UCP Seguin Enterprises	2.41	2.25
	100.00 %	100.00 %

D. Fair Value and Investments

All of UCP Seguin's investments are carried at fair value, with changes in fair value recognized in net assets each period. UCP Seguin makes estimates regarding valuation of assets at fair value in preparing the financial statements.

UCP Seguin defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A valuation hierarchy has been established for fair value measurements. This hierarchy is broken down into three levels based on the reliability of observable and unobservable inputs as follows:

Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that UCP Seguin has the ability to access at the measurement date.

Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose significant inputs are observable.

Level 3 – Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

D. Fair Value and Investments (cont'd)

The valuations for investments in common stock, mutual funds, exchange traded funds and real estate investment trust are based on quoted prices in active markets for identical assets. Accordingly, these investments are categorized in Level 1 of the fair value hierarchy. Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. As such, corporate bonds and government backed securities are categorized in Level 2 of the fair value hierarchy. The master fund investment valuation utilizes information provided by investment managers and other financial reports of the underlying investment entities which may include securities for which prices are not readily available. Due to the significance of the unobservable inputs, the investment in the master fund is categorized in Level 3 of the fair value hierarchy.

E. Inventory

Inventory is reported at the lower of cost or market (or fair value at the date of donation). Inventory on the consolidated statement of financial position includes; used vehicles, gardens and gifts items, assistive technology equipment and computer and durable medical equipment held for donation to clients.

F. Property and Equipment

Land, buildings, and equipment are valued at cost. Additions and improvements to property and equipment that have a cost of more than \$500 are capitalized at cost, while maintenance and repair expenditures are charged to expense as incurred. Donated property and equipment are valued at estimated fair value at the date of donation. Depreciation is provided on the straight-line method. Estimated useful lives are as follows:

Buildings	28 - 40 years
Building improvements	5 - 40 years
Equipment	3 - 10 years
Land improvements	10 - 28 years
Leasehold improvements	3 - 28 years

G. Income Taxes

UCP Seguin is a not-for-profit entity, as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from income taxes, except to the extent of any unrelated business income. UCP Seguin had no unrelated business income in 2016 and 2017, and did not pay any income taxes in 2016 or 2017. Ramp Up is a disregarded entity for taxation purposes, as any tax attributable to its operations would be the tax responsibility of UCP Seguin.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

G. Income Taxes (cont'd)

Tax returns filed for UCP Seguin are open for purposes of examination by the IRS or Illinois Department of Revenue for the years ended June 30, 2014, 2015 and 2016.

H. Pervasiveness of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America 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 reported amounts of revenue and expenses during the reporting period.

Significant estimates used in the preparation of these consolidated financial statements include the fair value of investments, allowance for doubtful accounts, workers' compensation insurance accruals for claims incurred during the reporting period but not reported until after the balance sheet date, allocations of general and administrative expenses to individual program activities and fair value for non-cash items such as computer and durable medical equipment. Actual results could differ from those estimates. It is reasonably possible that the recorded amounts or related disclosures could significantly change in the near future as new information is available.

I. New Accounting Standards

In 2017, UCP Seguin adopted the new FASB guidance regarding the presentation on the statement of financial position of the costs of issuance of debt and related amortization expense in the statement of activities. The new guidance requires presenting such amortized costs as a direct reduction from the face amount of the debt.

Previously, UCP Seguin reflected unamortized debt issuance costs as deferred charges in the statement of financial position, and has retroactively reclassified 2016 amounts in accord with the new debt deduction presentation. The reclassification reduced total assets and debt at June 30, 2016, by \$71,367 with no effect on total net assets.

J. Subsequent Events

Subsequent events have been evaluated through November 14, 2017, which is the date the consolidated financial statements were available to be issued.

3. Cash

UCP Seguin's cash deposits are present at four financial institutions and may from time to time exceed available insurance coverage limits. At June 30, 2017, the bank balances at such institutions were \$2,642,007, of which \$2,023,024 was not covered by federal depository insurance.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

4. Investments

Investments at June 30, are as follows:

	2017	2016
Common stock	\$ 1,292,724	\$ 1,178,159
Mutual funds	197,478	209,792
Exchange traded funds	755,708	489,746
Corporate bonds	418,282	283,226
Real estate investment trust	-	34,240
Master fund	61,310	229,777
Investments, at fair value	2,725,502	2,424,940
Cash	96,457	94,435
Total investments	\$ 2,821,959	\$ 2,519,375

Fair values of assets measured on a recurring basis consistent with the hierarchy described in Note 2 are as follows as of June 30:

	2017			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 1,292,724	\$ -	\$ -	\$ 1,292,724
Mutual funds, short-term bonds	197,478	-	-	197,478
Exchange traded funds	755,708	-	-	755,708
Corporate bonds	-	418,282	-	418,282
Master fund	-	-	61,310	61,310
	\$ 2,245,910	\$ 418,282	\$ 61,310	\$ 2,725,502
	2016			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 1,178,159	\$ -	\$ -	\$ 1,178,159
Mutual funds, short-term bonds	209,792	-	-	209,792
Exchange traded funds	489,746	-	-	489,746
Corporate bonds	-	283,226	-	283,226
Real estate investment trust	34,240	-	-	34,240
Master fund	-	-	229,777	229,777
	\$ 1,911,937	\$ 283,226	\$ 229,777	\$ 2,424,940

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

4. Investments (cont'd)

The following table summarizes the activity for the Level 3 investment as of June 30:

	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	\$ 229,777	\$ 246,586
Amounts received from fund	(176,044)	-
Net realized gains (losses) and unrealized appreciation (depreciation) in investment	<u>7,577</u>	<u>(16,809)</u>
Balance, end of the year	<u>\$ 61,310</u>	<u>\$ 229,777</u>

Investment return during the year ended June 30, 2017, is as follows:

	<u>Net Interest and Dividend Income</u>	<u>Net Realized and Unrealized Gains (Losses)</u>	<u>Total Investment Income (Loss)</u>
Other interest income	\$ 8,703	\$ -	\$ 8,703
Quasi-endowment investments, at fair value	<u>51,093</u>	<u>245,930</u>	<u>297,023</u>
	<u>\$ 59,796</u>	<u>\$ 245,930</u>	<u>\$ 305,726</u>

Net interest and dividend income includes investment expenses of \$7,620.

Investment return during the year ended June 30, 2016 is as follows:

	<u>Net Interest and Dividend Income</u>	<u>Net Realized and Unrealized Gains (Losses)</u>	<u>Total Investment Income (Loss)</u>
Other interest income	\$ 3,402	\$ -	\$ 3,402
Quasi-endowment investments, at fair value	54,430	(164,151)	(109,721)
Funds for foundation transfer	<u>623</u>	<u>7</u>	<u>630</u>
	<u>\$ 58,455</u>	<u>\$ (164,144)</u>	<u>\$ (105,689)</u>

Net interest and dividend income includes investment expenses of \$20,393.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

5. Accounts Receivable

Accounts receivable are stated at the amount billed to the public or governmental agencies and clients, contributions 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. Accounts are written off to the allowance when management believes collectibility 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. Past due accounts over 90 days amounted to approximately \$334,000 at June 30, 2017 (\$216,000 at June 30, 2016).

6. Property and Equipment

Property and equipment accounts are summarized by major classification at June 30, as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 3,730,022	\$ 3,620,022
Buildings	17,371,504	15,886,966
Building improvements	20,291,316	19,537,818
Equipment	11,685,448	11,145,749
Leasehold improvements	467,835	428,593
Land improvements	204,973	180,603
Not in service	497,053	497,053
Construction in progress	<u>4,005</u>	<u>577,820</u>
	54,252,156	51,874,624
Less accumulated depreciation and amortization	<u>(28,962,883)</u>	<u>(27,429,616)</u>
	\$ 25,289,273	\$ 24,445,008

Depreciation expense on property and equipment for the year ended June 30, 2017, totaled \$1,549,106 (\$1,498,142 at June 30, 2016). No interest costs were capitalized in connection with construction projects for the years ended June 30, 2016 and 2017.

7. Other Borrowings

Short-term Line of Credit – A promissory note and agreement provides for maximum short-term borrowings of \$4,000,000. The note was last renewed March 15, 2017. Interest is payable monthly at 2.25% above the lender's index rate with a minimum rate of 2.00% (effective rate of 3.4084% at June 30, 2017, and 2.8784% at June 30, 2016), with all outstanding principal and interest due on March 15, 2018. At June 30, 2017, there was \$2,965,000 due under this agreement (\$300,000 at June 30, 2016).

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

7. Other Borrowings (cont'd)

Short-term Line of Credit – The note is secured by eligible receivables of UCP Seguin. The agreement requires UCP Seguin, among other covenants, to furnish certain financial information to the lender within specified time frames.

Other Credit Facility – UCP Seguin has an additional credit facility that provides for borrowings up to \$2,572,500. This credit facility has not been utilized since it was obtained. Interest is payable monthly commencing November 13, 2016, at a variable interest rate based on the Wall Street Journal Prime Rate (Index). The interest rate is 4.25% at June 30, 2017. All outstanding principal plus accrued and unpaid interest is due on October 13, 2018. The note is secured by an assignment of rents and certain real property of UCP Seguin.

8. Long-term Debt – Installment Contracts

	June 30,	
	2017	2016
<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 (prior to the recalculation the interest rate was 5.875% with a monthly payment of \$12,577). 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 obligations plus 1.75% and 5.00%. Final payment is due September 1, 2025.</p>	\$ 980,634	\$ 1,072,084
<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 nine percent whichever is greater. The note is secured by a mortgage on the property.</p>	15,000	15,000

(cont'd)

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

8. Long-term Debt – Installment Contracts (cont'd)

	June 30,	
	2017	2016
<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.</p>	\$ 173,649	\$ 190,315
<p>Two installment loans dated 2010 through 2012, in the aggregate amount of \$5,670,000, were issued in connection with the refinancing of certain residential living facilities. The notes are due in monthly installments ranging from \$1,842 to \$29,311, which includes interest ranging from 4.19% to 5.50% per annum. The loan dated 2010 was paid off in December 2016 and the other loan is due in August 2022. The notes are secured by certain real properties.</p>	4,798,996	5,096,357
<p>Three installment loans dated 1996 through 1999, in the aggregate amount of \$192,234, were issued in connection with the renovation of certain residential living facilities. The loans were initially provided by the Cook County, Illinois HOME Program, which was established to assist in the financing and provision of decent, safe, sanitary, and affordable housing through public/private partnerships. The notes were due in monthly installments ranging from \$171 to \$388, which included interest at 1% per annum. Final payment was made on one loan in October 2015, with the other two loans being forgiven by Cook County in September 2016. The notes were secured by a junior mortgage on certain real properties.</p>	-	49,144

(cont'd)

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

8. Long-term Debt – Installment Contracts (cont'd)

	June 30,	
	2017	2016
<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 (prior to revision monthly payments were \$1,455 with interest at 6.00%). A final balloon payment of \$155,537 is due in June 2021.</p>	\$ 184,630	\$ 191,143
<p>Promissory note dated April 23, 2013, in the original amount of \$30,694, was used in connection with the acquisition of a certain vehicle, which secures the note. The note is due in monthly installments of \$639, which includes interest at 5.40% per annum. The final payment is due on September 10, 2017.</p>	2,063	9,408
<p>Promissory note dated February 1, 2015, in the original amount of \$304,000, was used in connection with the acquisition of certain real property, which secured the note. The note was due in monthly installments of \$2,388, which included interest at 4.90% per annum. The outstanding balance was paid off on December 2, 2016.</p>	-	283,853
<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.</p>	799,623	831,503

(cont'd)

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

8. Long-term Debt – Installment Contracts (cont'd)

	June 30,	
	2017	2016
<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>	\$ 310,852	\$ -
<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>	113,188	-
<p>Total long-term debt</p>	7,378,635	7,738,807
<p>Less debt issuance costs</p>	(61,138)	(71,367)
	\$ 7,317,497	\$ 7,667,440

Maturities of long-term debt are as follows:

For the Year Ending June 30,	Total Maturities
2018	\$ 382,711
2019	398,370
2020	1,044,613
2021	527,976
2022	367,361
2023 and subsequent	4,657,604
	\$ 7,378,635

Total interest paid for 2017 excluding loan fee amortization was \$341,877 (\$344,477 in 2016). The carrying value at June 30, 2017, of property and equipment collateralizing the above long-term debt is approximately \$25.3 million (\$24.4 million at June 30, 2016).

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

8. Long-term Debt – Installment Contracts (cont'd)

In 2017, UCP Seguin adopted the new authoritative GAAP guidance for the presentation of debt issuance costs and related amortization. Debt costs are now reported on the statement of financial position as a direct reduction from the face amount of the debt. Previously, such costs were shown as a deferred charge, and the 2016 amounts have been reclassified as deductions from debt, as indicated on the previous page. Accordingly, total assets and liabilities have been reduced by the same amount. UCP Seguin continues to reflect amortization of debt issuance costs as interest expense, in accordance with the new guidance. This change had no effect on previously reported net assets.

9. Retirement Plan

UCP Seguin 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.

10. Net Assets

Unrestricted Net Assets – Unrestricted net assets were designated for specific purposes as follows:

	2017	2016
Quasi-endowment funds	\$ 2,821,959	\$ 2,519,375
Undesignated	3,860,403	5,032,647
	\$ 6,682,362	\$ 7,552,022

Quasi-endowment Funds – UCP Seguin's quasi-endowment funds consist of funds designated by the Board of Directors to function as endowments. Since the funds resulted from an internal designation and are not donor-restricted, they are classified and reported as unrestricted net assets. UCP Seguin 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.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

10. Net Assets (cont'd)

Changes in unrestricted quasi-endowment net assets for the years ended June 30, are as follows:

	<u>2017</u>	<u>2016</u>
Quasi-endowment net assets, beginning of the period	\$ 2,519,375	2,622,134
Investment return:		
Investment income	51,093	54,430
Net appreciation (depreciation) - realized and unrealized	245,930	(164,151)
Total investment return (loss)	297,023	(109,721)
Other changes – transfers to include Board-designated funds in quasi-endowment	5,561	6,962
Quasi-endowment net assets, end of the period	<u>\$ 2,821,959</u>	<u>2,519,375</u>

Funds for Foundation Transfer – In connection with the merger of the entities in 2013, UCP Seguin was required, subject to certain conditions, to transfer \$4 million of the cash and investment balances associated with UCP, together with any income earned thereon, but less any such funds spent as provided for in the agreement, to the UCP Seguin of Greater Chicago Foundation (Foundation). Such conditions were satisfied in July of 2015 and the amount of \$4,222,838 was transferred to the Foundation as a donation.

The Foundation is not consolidated with UCP Seguin because UCP Seguin does not have a majority voting interest in the board of the Foundation and does not have an economic interest in the Foundation.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

10. Net Assets (cont'd)

Temporarily Restricted Net Assets – Temporarily restricted net asset balances consist of the following at June 30:

	2017	2016
Capital Campaign	\$ 2,196,729	\$ 2,344,814
CILA Lapsed Funding	12,478	13,666
Fire Detection/Monitoring Systems	155	3,099
IDOT Vehicles	371,242	324,613
Residential Living Facilities:		
Federal Home Loan Program	150,643	166,704
Berwyn CDBG Program	629,971	644,605
Cook County CDBG Program	600,286	558,469
Oak Park CDBG Program	381,614	365,641
Barrie Park	8,884	9,420
Home Renovations	395,226	406,674
Ihome Program Facility	350,000	-
Other In-kind Donations	272,219	253,928
Lombard House	9,012	9,969
UCP Seguin Enterprises Program	62,943	67,168
Solar Program	-	1,054
Alzheimer Program	109,599	116,026
Garden Center	3,237	4,037
Senior Services Program	1,313,178	1,357,148
Day Program Facility	1,214,558	601,472
Day Program, In-kind Donations	4,930	9,267
Program Facilities:		
Julius and Betty Levinson	172,957	182,736
Arthur and Mary Rubloff	4,335,839	4,499,989
Highland Park, Land	650,000	650,000
Choice program	182,928	192,789
	\$ 13,428,628	\$ 12,783,288

The land being utilized for the Highland Park facility of UCP Seguin had an appraised value of \$650,000 when received by UCP in 2003. If UCP Seguin discontinues its use of the parcel as a child care center and assistive technology center at any time before November 2022, unless the child care center is operating at a loss, the title of the land reverts to the Northern Suburban Special Education District. UCP Seguin considers the provision to be a temporary restriction; therefore, an amount representing the value of the land is included in temporarily restricted net assets.

At June 30, 2017, unexpended temporarily restricted net assets amounted to \$1,252,504 (\$448,282 at June 30, 2016), with the balance of temporarily restricted net assets representing undepreciated long-lived assets to be released from restrictions in the future.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

10. Net Assets (cont'd)

Temporarily Restricted Net Assets (cont'd)

The source of net assets released from temporary donor restrictions by incurring expense satisfying the restriction, or by the occurrence of events specified by the donor, was as follows at June 30:

	<u>2017</u>	<u>2016</u>
Capital Campaign	\$ 148,085	\$ 149,064
CILA Lapsed Funding	1,188	1,188
Fire Detection/Monitoring Systems	2,944	6,877
IDOT Vehicles	29,439	34,978
Residential Living Facilities:		
Federal Home Loan Program	16,061	16,061
Berwyn CDBG Program	39,134	39,134
Cook County CDBG Program	40,683	34,842
Oak Park CDBG Program	24,027	22,976
Barrie Park	536	535
Home Renovations	14,705	5,913
Other In-kind Donations	59,347	19,640
Lombard House	957	957
UCP Seguin Enterprises Program	4,225	4,226
Solar Program	1,054	13,602
Alzheimer Program	6,427	6,427
Garden Center	800	800
Senior Services Program	43,970	44,452
Computer Software	-	2,180
Day Program Facility	13,559	3,528
Day Program, In-kind Donations	4,337	3,257
Program Facilities:		
Julius and Betty Levinson	9,779	9,780
Arthur and Mary Rubloff	164,150	1,868,516
Choice program	9,861	5,261
Applied Behavior Analysis Practicum	-	48
	<u>\$ 635,268</u>	<u>\$ 2,294,242</u>

The unreleased balance of previously donated property in Villa Park that was sold during 2016 was reclassified to unrestricted net assets from temporarily restricted and amounted to \$1,692,772. Property and equipment was also reclassified to unrestricted net assets from temporarily restricted for long-lived assets released from restrictions, in accordance with UCP Seguin's depreciation policy during 2017, in the amount of \$597,548 (\$601,470 in 2016).

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

10. Net Assets (cont'd)

Permanently Restricted Net Assets – Donated land in Tinley Park was received by UCP Seguin 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 UCP Seguin 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. UCP Seguin considers this to be a permanent donor restriction and has included the value of the land in permanently restricted net assets.

11. Contributed Services and In-kind Revenue

UCP Seguin recognizes contribution revenue for certain professional services and in-kind property received at fair value at date of receipt. For the period ended June 30, 2017, those services and property included real property, construction materials and labor, furniture and equipment, and professional services of \$235,845 (\$532,088 in 2016). The aforementioned amounts also include related party legal services provided by a firm that two UCP Seguin board members are associated with. In addition, a substantial number of volunteers have donated significant amounts of their time to various program services for which no value has been assigned.

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 Assistive Technology Exchange Network Program. UCP Seguin estimates the value of computer and durable medical equipment received in 2017 totaled \$1,646,576 (\$1,793,471 in 2016). Equipment given to qualified recipients and charged to program expense, including scrap, during the year ended June 30, 2017, totaled \$1,503,604 (\$1,777,970 in 2016). At June 30, 2017, \$852,196 of equipment held for donation to clients was still on hand and included in inventory (\$709,224 as of June 30, 2016).

12. Operating Leases

UCP Seguin has operating leases on copy equipment and office and residential space, which expire in 2019 through 2022. Certain of the office space leases provide for additional rents related to operating costs and property taxes. UCP Seguin is committed to making the following minimum annual payments at June 30, 2017:

2018	\$ 169,795
2019	140,910
2020	52,290
2021	33,800
2022	<u>8,800</u>
	<u>\$ 405,595</u>

Total rent expense inclusive of operating costs and property taxes was \$440,938 in 2017, and \$421,973 in 2016. Subsequent to year end, a termination fee of approximately \$88,000 was paid to end a lease for certain office space, which is excluded from the above schedule.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

12. Operating Leases (cont'd)

UCP Seguin leases a portion of its Highland Park facility to an unrelated organization under a lease agreement which provides for monthly base rental payments. The lease is effective as amended, through July 2018. Approximate future rental payments on lease to be received are as follows at June 30, 2017:

2018	\$ 147,183
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Rental income on leased properties for the year ended June 30, 2017, was \$183,600 (\$207,693 in 2016).

13. Commitments

Construction – UCP Seguin has open contracts in process totaling approximately \$29,200 for renovations to residential homes. Of the contract amounts, the remaining commitment is for approximately \$28,600 as of June 30, 2017.

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 expected to be extended to continue through June 30, 2019, for three individuals. Payments under the agreements are made as services are provided.

14. Contingencies

Litigation – UCP Seguin is subject to certain claims that arise in the ordinary course of business. Management is of the opinion that, after application of all available insurance coverage, the effect of the outcomes of these proceedings on UCP Seguin's financial position will not be material.

Fees and Grants Received – UCP Seguin has received significant financial assistance from numerous federal, state, and local government agencies. The disbursement of funds received under these 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 UCP Seguin. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the financial position of UCP Seguin at June 30, 2017.

Forgivable Payment Notes – UCP Seguin has been awarded certain community development block grants from the County of DuPage (County) through the DuPage Community Development Commission to fund 50% of the cost for an employment and life skills center up to a maximum of \$400,000 in fiscal 2017, 50% of the cost for an employment and life skills center up to a maximum of \$400,000 in fiscal 2016, and 60% of the cost for a group home project, up to a maximum of \$300,000. The projects consist of the acquisition and renovation and/or construction of the center and the construction of a new house to become an Americans with Disabilities Act-compliant Community Integrated Living

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

14. Contingencies (cont'd)

Forgivable Payment Notes (cont'd)

Arrangement group home for low-income adults with severe intellectual and developmental disabilities.

Of the amounts awarded, \$400,000 has been recognized as temporarily restricted revenue during the year ended June 30, 2017 (\$200,000 during June 30, 2016). As a condition of these and prior grants, UCP Seguin has executed forgivable payment notes in the amounts of \$400,000, \$400,000 and \$300,000, respectively for the projects, payable to the County. 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 UCP Seguin's expectation that such properties will be used for the purposes stated in the agreements throughout the period required and as such has not reflected any mortgage liability on the statement of financial position for these notes.

Dental, Workers' Compensation and Health Insurance – UCP Seguin is self-insured for dental and workers' compensation coverage at June 30, 2017. Such self-insured dental coverage commenced on November 1, 2015. Through October 31, 2015, UCP Seguin was also partially self-insured for health coverage. Amounts accrued in the consolidated financial statements for claims incurred during the fiscal 2017 reporting period are included in accrued expenses on the statement of financial position, and do not include claims that were unfiled as of September 30, 2017, as they are not determinable.

Unemployment Taxes – UCP Seguin 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. No accrual for unfiled claims has been included in the consolidated financial statements, as it is not determinable.

15. Comparative Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UCP Seguin's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

United Cerebral Palsy Seguin of Greater Chicago
Notes to the Consolidated Financial Statements (cont'd)

16. Future Accounting Standards

Not-For-Profit Reporting – During 2016, the Financial Accounting Standards Board issued new standards relating to not-for-profit financial reporting. Significant changes to the current standards include adding two new classes of net assets (net assets with donor restrictions and net assets without donor restrictions), changing treatment for contributions of or for property and equipment (restrictions will be satisfied upon the items being put into use rather than depreciating items over the life of the asset, unless explicitly stated by the donor), requiring expenses to be disclosed by their natural classification and function, as well as quantitative and qualitative information on the availability of financial assets and liquidity. The standard will be effective for 2018. UCP Seguin has not determined the effect of adopting the new standard.

Leases – During 2016, the Financial Accounting Standards Board issued new standards relating to lease accounting. The new standard will require UCP Seguin to recognize on its balance sheet, the asset and liability of their leasing agreements relating to the rights and obligations created by the leases. The standard will be effective for 2020. UCP Seguin has not determined the effect of adopting the new standard.

Selden Fox

Accounting for your future

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of **United Cerebral Palsy Seguin of Greater Chicago** as of and for the year ended June 30, 2017, and have issued our report dated November 14, 2017, which contained an unmodified opinion on those financial statements on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules as of and for the year ended June 30, 2017, on pages 29 through 32 are presented for purposes of additional analysis, and are 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 additional 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, this information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Selden Fox, Ltd.

November 14, 2017

**United Cerebral Palsy Seguin of Greater Chicago
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2017**

	Programs														
	Total Agency	Total Programs	Develop-mental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	Community Supported Living Arrangement	HBS	Respite	SeniorCares	UCP Seguin Enterprises	Infinitec	Ramp Up	Fund-raising and Development	Admin-istrative
Salaries and related expenses:															
Salaries	\$ 22,095,498	\$ 19,948,045	\$ 3,512,052	\$ 3,822,764	\$ 410,058	\$ 8,436,592	\$ 353,669	\$ 256,866	\$ 68,470	\$ 1,407,408	\$ 512,375	\$ 1,126,992	\$ 40,799	\$ 322,524	\$ 1,824,929
Foster care stipends	3,959,591	3,959,591	-	2,962,914	-	996,677	-	-	-	-	-	-	-	-	-
FICA tax	1,638,856	1,496,522	265,261	276,512	33,956	631,010	25,942	19,193	5,074	104,698	50,169	81,771	2,936	21,261	121,073
Unemployment tax	36,335	36,335	(687)	10,643	-	25,297	-	-	-	-	-	1,082	-	-	-
Workers' compensation	569,114	520,868	89,447	113,834	10,878	218,549	8,620	5,691	1,746	29,107	12,358	29,651	987	6,857	41,389
Employee health insurance	1,198,086	1,075,505	220,957	235,121	22,092	363,756	23,859	16,295	6,268	80,017	31,250	71,141	4,749	13,805	108,776
Other benefits	91,709	43,485	10,998	8,758	292	11,649	841	3,799	63	4,031	2,375	650	29	168	48,056
Program consultants	1,755,957	1,526,532	862,595	74,619	-	14,375	-	-	-	-	-	568,268	6,675	176,345	53,080
Other consultants	233,906	53,523	-	-	-	(4)	-	-	-	-	-	247	53,280	-	180,383
Client wages	268,969	268,969	55,676	-	53,396	-	-	-	-	-	159,897	-	-	-	-
Life & AD&D/LT disability insurance	136,879	124,095	22,501	23,460	2,550	53,265	2,139	1,466	399	8,360	3,085	6,623	247	1,653	11,131
Total salaries and related expenses	31,984,900	29,053,470	5,038,800	7,528,625	533,222	10,751,166	415,070	303,310	82,020	1,633,621	771,509	1,886,425	109,702	542,613	2,388,817
Consumable supplies:															
Office	74,757	28,154	10,658	5,696	156	4,419	82	-	194	672	864	5,402	11	594	46,009
Medicine and drugs	57,348	57,348	4,118	908	3,472	40,508	-	-	-	8,342	-	-	-	-	-
Educational	44,442	44,442	2,867	-	-	95	-	-	-	-	-	41,480	-	-	-
Food	151,477	147,063	39,077	6,191	-	74,795	4,953	-	4,532	12,201	1,550	3,764	-	1,048	3,366
Kitchen	140,357	140,169	17,101	264	-	102,467	-	-	427	19,910	-	-	-	-	188
Janitorial	42,173	37,321	21,273	8,067	42	1,449	30	-	-	-	4,234	2,226	-	-	4,852
Client activities	253,160	253,160	159,914	15,700	26,499	22,293	1,496	-	7,907	3,865	-	15,486	-	-	-
OSHA	16,702	16,702	6,397	879	4,534	4,892	-	-	-	-	-	-	-	-	-
Clothing	133,134	133,134	2,070	127,848	-	2,730	23	-	-	-	463	-	-	-	-
Program supplies	49,725	49,725	(127)	-	-	-	-	-	-	-	46,101	3,751	-	-	-
Other	1,748,478	1,731,097	7,009	65,051	91	4,685	-	-	-	-	139,335	1,514,617	309	739	16,642
Total consumable supplies	2,711,753	2,638,315	270,357	230,604	34,794	258,333	6,584	-	13,060	44,990	192,547	1,586,726	320	2,381	71,057
Occupancy:															
Property and building insurance	48,453	43,538	4,173	1,734	-	24,077	-	-	210	1,049	9,577	2,718	-	-	4,915
Real estate taxes	12,258	12,258	-	-	-	3,046	-	-	-	1,758	-	7,454	-	-	-
Utilities	437,447	414,051	97,727	53,521	2,699	173,715	318	-	5,785	31,575	25,066	23,645	-	-	23,396
Janitorial and maintenance contracts	549,301	510,744	122,789	43,941	98	271,706	408	-	3,495	23,816	11,236	33,255	-	306	38,251
Building and grounds maintenance supplies	278,571	259,155	29,715	320	-	191,007	10	-	3,431	25,156	7,996	1,520	-	-	19,416
Equipment and repairs	139,309	100,906	40,377	18,159	412	26,488	4	520	301	1,692	4,096	8,857	-	13	38,390
Total occupancy	1,465,339	1,340,652	294,781	117,675	3,209	690,039	740	520	13,222	85,046	57,971	77,449	-	319	124,368

(cont'd)

United Cerebral Palsy Seguin of Greater Chicago
Consolidated Schedule of Functional Expenses (cont'd)
For the Year Ended June 30, 2017

	Programs															
	Total Agency	Total Programs	Develop-mental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	Community Supported Living Arrangement	HBS	Respite	SeniorCares	UCP Seguin Enterprises			Ramp Up	Fund-raising and Development	Admin-istrative
Local transportation:																
Client	\$ 419,173	\$ 418,932	\$ 197,461	\$ 65,425	\$ 34,543	\$ 104,185	\$ 12,236	\$ 19	\$ 429	\$ 3,584	\$ 1,050	\$ -	\$ -	\$ 241	\$ -	
Staff	448,625	435,973	78,821	177,515	20,211	112,688	4,436	13,019	2,469	9,508	2,733	11,149	3,424	2,183	10,469	
Vehicle insurance	87,900	86,475	21,380	-	-	42,288	-	-	1,425	7,127	9,979	4,276	-	-	1,425	
Repairs and maintenance	79,966	76,191	12,481	-	-	37,608	-	-	1,231	3,498	11,245	10,128	-	-	3,775	
Gas and oil	105,423	102,275	20,934	614	-	58,118	-	-	521	8,553	3,427	10,108	-	-	3,148	
Total local transportation	1,141,087	1,119,846	331,077	243,554	54,754	354,887	16,672	13,038	6,075	32,270	28,434	35,661	3,424	2,424	18,817	
Equipment purchase:																
Educational	26,528	26,528	22,095	-	896	3,054	-	837	-	95	620	(1,069)	-	-	-	
Office	187,547	181,131	36,447	1,258	511	114,484	16	-	872	10,859	16,536	148	-	614	5,802	
Total equipment purchase	214,075	207,659	58,542	1,258	1,407	117,538	16	837	872	10,954	17,156	(921)	-	614	5,802	
Leasing and rental - other	440,938	269,198	31,018	16,487	12,782	160,701	7	-	-	-	474	35,195	12,534	1,550	170,190	
Interest:																
Facilities	323,533	313,518	56,682	-	-	227,768	-	-	1,586	27,482	-	-	-	-	10,015	
Line of credit	21,254	16,321	9,067	7,254	-	-	-	-	-	-	-	-	-	-	4,933	
Other	18,153	18,079	832	-	-	13,458	-	-	91	3,698	-	-	-	-	74	
Total interest	362,940	347,918	66,581	7,254	-	241,226	-	-	1,677	31,180	-	-	-	-	15,022	
Miscellaneous:																
Telephone	171,505	161,673	36,726	19,914	11,114	66,070	100	1,506	1,345	8,881	2,207	13,810	-	-	9,832	
Liability insurance	148,135	139,814	57,250	33,440	1,887	-	-	894	-	-	134	36,427	9,782	-	8,321	
Outside printing and artwork	62,586	21,678	6,167	3,929	125	527	-	85	-	-	3,895	6,950	-	37,195	3,713	
Moving and recruiting	55,819	51,318	20,619	5,477	570	18,057	545	700	135	2,900	2,140	175	-	-	4,501	
Marketing	59,619	28,923	-	-	-	-	-	-	-	-	28,923	-	-	25,866	4,830	
Membership dues	78,748	11,796	2,885	387	2,734	1,679	-	-	-	-	490	3,621	-	75	66,877	
Postage and shipping	50,824	33,394	2,153	7,431	40	2,315	416	-	4	-	9,238	11,792	5	3,542	13,888	
Conference and convention	168,320	157,010	40,173	3,891	225	2,269	-	376	-	-	1,411	108,665	-	665	10,645	
Subscription and reference	70,471	64,728	747	248	-	-	-	-	-	-	2,276	61,457	-	3,027	2,716	
Foundation contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	317,988	261,791	6,717	5,554	-	162,583	4,020	-	6	20,279	8,640	53,992	-	12,011	44,186	
Total miscellaneous	1,184,015	932,125	173,437	80,271	16,695	253,500	5,081	3,561	1,490	32,060	59,354	296,889	9,787	82,381	169,509	

(cont'd)

United Cerebral Palsy Seguin of Greater Chicago
Consolidated Schedule of Functional Expenses (cont'd)
For the Year Ended June 30, 2017

	Programs													Fund-raising and Development	Admin- istrative
	Total Agency	Total Programs	Develop- mental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	Community Supported Living Arrangement	HBS	Respite	SeniorCares	UCP Seguin Enterprises	Infinitec	Ramp Up		
Depreciation	\$ 1,549,106	\$ 1,373,030	\$ 221,821	\$ 83,487	\$ 13,350	\$ 716,836	\$ 2,225	\$ 639	\$ 7,167	\$ 75,563	\$ 66,907	\$ 185,035	\$ -	\$ 2,058	\$ 174,018
Total functional expenses before allocation of administrative expenses	41,054,153	37,282,213	6,486,414	8,309,215	670,213	13,544,226	446,395	321,905	125,583	1,945,684	1,194,352	4,102,459	135,767	634,340	3,137,600
Allocation of administrative expenses	-	3,766,670	553,878	1,067,987	64,605	1,486,772	55,721	40,469	10,788	221,738	80,725	177,559	6,428	(629,070)	(3,137,600)
Total functional expenses	\$ 41,054,153	\$ 41,048,883	\$ 7,040,292	\$ 9,377,202	\$ 734,818	\$ 15,030,998	\$ 502,116	\$ 362,374	\$ 136,371	\$ 2,167,422	\$ 1,275,077	\$ 4,280,018	\$ 142,195	\$ 5,270	\$ -

See independent auditor's report on supplementary information.

United Cerebral Palsy Seguin of Greater Chicago
Consolidated Schedule of Public Support and Revenues
For the Year Ended June 30, 2017

	Total Agency	Programs											Fund-raising and Endowment	Admin-istrative	
		Total Programs	Develop-mental Training	Foster Care	Supported Employment	Community Integrated Living Arrangement	Community Supported Living Arrangement	HBS	Respite	SeniorCares	UCP Seguin Enterprises	Infinitec			Ramp Up
Purchase of service	\$20,450,529	\$ 20,450,529	\$5,523,966	\$ -	\$ 164,791	\$12,499,875	\$ 442,752	\$312,075	\$ -	\$ 1,507,070	\$ -	\$ -	\$ -	\$ -	\$ -
Rehabilitation services	101,622	101,622	-	-	101,622	-	-	-	-	-	-	-	-	-	-
Department of Children and Family Services	9,296,076	9,296,076	-	9,296,076	-	-	-	-	-	-	-	-	-	-	-
DHS Grants	243,159	243,159	73,615	-	-	169,544	-	-	-	-	-	-	-	-	-
Department of Education	1,081,337	1,081,337	-	-	-	-	-	-	-	-	-	1,081,337	-	-	-
Community Block Grants	663,413	663,413	400,000	-	-	146,759	-	-	-	-	-	-	116,654	-	-
Community Mental Health Act (708):															
Oak Park	88,745	88,745	50,168	-	30,122	-	-	-	8,455	-	-	-	-	-	-
Berwyn	64,240	64,240	41,740	-	-	-	1,500	-	-	-	21,000	-	-	-	-
Cicero	30,000	30,000	15,000	-	15,000	-	-	-	-	-	-	-	-	-	-
River Forest	10,700	10,700	8,900	-	-	-	-	-	1,800	-	-	-	-	-	-
Riverside	15,000	15,000	3,750	-	11,250	-	-	-	-	-	-	-	-	-	-
Proviso	89,381	89,381	-	-	-	-	-	-	89,381	-	-	-	-	-	-
Contributions:															
United Way	50,500	50,500	-	-	-	-	-	-	-	-	50,500	-	-	-	-
Other	3,453,703	3,447,215	378,293	36,274	170,020	526,545	23	-	30,000	500	478,807	1,826,753	-	6,488	-
Work contracts/training	135,304	135,304	3,068	-	33,806	-	-	-	-	-	-	98,430	-	-	-
Client fees:															
SSA and SSI	2,570,896	2,570,896	-	-	-	2,198,095	-	-	-	372,801	-	-	-	-	-
Rental income	289,358	289,358	-	-	-	19,947	-	-	-	-	-	269,411	-	-	-
Membership Program	1,070,444	1,070,444	-	-	-	-	-	-	-	-	-	1,070,444	-	-	-
Program	216,229	216,229	155,797	-	-	56,634	-	-	-	3,798	-	-	-	-	-
Interest income	59,796	4,360	4,357	-	-	3	-	-	-	-	-	-	-	55,436	-
Gain (loss) on sale of assets	(5,349)	(5,349)	-	-	-	(7,784)	-	-	-	-	-	2,435	-	-	-
Vending machines	4,893	4,893	-	-	4,893	-	-	-	-	-	-	-	-	-	-
Other	849,857	603,927	15,018	-	-	49,484	-	-	-	15,750	425,265	98,410	-	245,930	-
	\$40,829,833	\$ 40,521,979	\$6,673,672	\$ 9,332,350	\$ 531,504	\$ 15,659,102	\$ 444,275	\$312,075	\$129,636	\$ 1,899,919	\$ 975,572	\$4,447,220	\$116,654	\$ 307,854	\$ -

See independent auditor's report on supplementary information.