

**UNITED CEREBRAL PALSY OF THE
NORTH BAY, INC.**

**Independent Auditor's Report,
And
Financial Statements,
Years Ended June 30, 2012 and 2011**

**UNITED CEREBRAL PALSY
OF THE NORTH BAY, INC.
(A California Nonprofit Corporation)
Financial Statements
For The Years Ended June 30, 2012 and 2011**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Cerebral Palsy of the North Bay, Inc.
Petaluma, California

We have audited the accompanying statement of financial position of United Cerebral Palsy of the North Bay, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy of the North Bay, Inc., as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Clay, Millias & Co., LLP
November 29, 2012

United Cerebral Palsy Of The North Bay, Inc.
Statement of Financial Position
June 30, 2012 and 2011

	2012	2011
<u>ASSETS</u>		
Current Assets:		
Cash & cash equivalents	\$ 49,294	\$ 9,307
Accounts receivable	694,288	548,274
Prepaid expenses	33,305	18,598
Other current assets	90,423	37,859
Note receivable	51,402	98,458
Investments	17,935,151	18,815,290
Property and equipment	8,481,435	8,590,050
Intangible assets-net	5,483	11,465
Deposits	232,425	13,425
TOTAL ASSETS	\$ 27,573,206	\$ 28,142,726
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued liabilities	\$ 22,718	\$ 69,950
Accrued compensation	241,846	207,315
Refundable deposits	14,500	14,500
Line of credit	7,641,438	7,376,438
Note payable	95,092	122,615
Total Liabilities	8,015,594	7,790,818
Net Assets:		
Unrestricted	9,153,300	9,335,901
Temporarily restricted	10,404,312	11,016,007
Total Net Assets	19,557,612	20,351,908
TOTAL LIABILITIES AND NET ASSETS	\$ 27,573,206	\$ 28,142,726

See accompanying notes.

United Cerebral Palsy Of The North Bay, Inc.
Statement of Activities
June 30, 2012 and 2011

	2012	2011
UNRESTRICTED NET ASSETS:		
Support:		
Contributions	\$ 205,204	\$ 168,825
Grants	44,000	17,500
Tuition and fees	6,401,446	5,188,703
Rental Income	172,609	164,329
Investment return	<u>(252,303)</u>	<u>1,510,973</u>
Total Unrestricted Support	6,570,956	7,050,330
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>45,166</u>	<u>37,901</u>
Total Unrestricted Support and Reclassifications	6,616,122	7,088,231
 Expenses:		
Program services	6,943,062	5,576,301
Management expenses	398,651	367,307
Fund-raising expenses	<u>9,764</u>	<u>7,291</u>
Total Expenses	<u>7,351,477</u>	<u>5,950,899</u>
Change in Net Assets	(735,355)	1,137,332
 TEMPORARILY RESTRICTED ASSETS:		
Investment return	(23,318)	1,094,645
Property and equipment acquisition	9,543	45,302
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(45,166)</u>	<u>(37,901)</u>
Change in Temporarily Restricted Net Assets	<u>(58,941)</u>	<u>1,102,046</u>
 INCREASE (DECREASE) IN NET ASSETS	(794,296)	2,239,378
 NET ASSETS AT BEGINNING OF YEAR	<u>20,351,908</u>	<u>18,112,530</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 19,557,612</u></u>	<u><u>\$ 20,351,908</u></u>

See accompanying notes.

United Cerebral Palsy Of The North Bay, Inc.
Statement of Cash Flows
June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Net Income	<u>\$ (794,296)</u>	<u>\$ 2,239,378</u>
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation and amortization	315,119	267,428
Net unrealized (gains) losses on investments	517,009	(2,336,380)
(Increase) decrease in accounts receivable	(146,014)	(146,420)
(Increase) decrease in prepaid expenses	-	(131)
(Increase) decrease in other assets	(286,271)	10,284
Increase (decrease) in accrued liabilities	(47,232)	48,227
(Increase) decrease in note receivable	47,056	(78,545)
Increase (decrease) in refundable deposits	-	(7,741)
Increase (decrease) accrued compensation	34,531	58,091
Total adjustments	<u>434,198</u>	<u>(2,185,187)</u>
Net cash provided (used) by operating activities	<u>(360,098)</u>	<u>54,191</u>
Cash flow from investing activities:		
Cash payments for the purchase of property Investments	(180,122)	(402,511)
	342,730	(31,291)
Net cash provided (used) by investing activities	<u>162,608</u>	<u>(433,802)</u>
Cash flow from financing activities:		
Net borrowings on line of credit	265,000	160,000
Principal payments on long-term debt	(27,523)	(27,385)
Proceeds from issuance of long-term debt	-	150,000
Net cash provided (used) by financing activities	<u>237,477</u>	<u>282,615</u>
Net increase (decrease) in cash and equivalents	<u>39,987</u>	<u>(96,996)</u>
Cash and equivalents, beginning of year	9,307	106,303
Cash and equivalents, end of year	<u><u>\$ 49,294</u></u>	<u><u>\$ 9,307</u></u>
Supplemental disclosures:		
Cash paid for interest expense	<u><u>\$ 135,043</u></u>	<u><u>\$ 130,162</u></u>

See accompanying notes.

United Cerebral Palsy Of The North Bay, Inc.
Statement of Functional Expenses
Years Ended June 30, 2012

2012

	PROGRAM SERVICES							MANAGEMENT		
	Cypress School	WineBev Services	Boost Camp	Adaptive Behavior	Gone For Good	Integrated Behavior	Recreation Services	Total Program	Management Expenses	Total Expenses
Salaries	\$ 1,289,060	\$ 1,422,132	\$ -	\$ 137,906	\$ 694,283	\$ -	\$ 77,335	\$ 3,620,716	\$ 213,623	\$ 3,834,339
Payroll taxes	102,476	113,659	-	11,694	57,260	-	5,406	290,495	17,134	307,629
Employee benefits	213,341	197,880	-	8,693	74,928	-	6,112	500,954	27,115	528,069
Workman's comp. insurance	19,191	27,433	-	2,043	11,222	-	17	59,906	4,764	64,670
Total Salaries and Related Payroll Expense	1,624,068	1,761,104	-	160,336	837,693	-	88,870	4,472,071	262,636	4,734,707
Advertising	245	4,072	-	-	-	-	-	4,317	850	5,167
Auto and travel expense	107,680	89,537	-	1,222	35,655	-	7,269	241,363	4,099	245,462
Consulting	314,189	-	2,450	-	12,263	1,800	19,636	350,338	29,219	379,557
Donations	-	-	-	-	-	-	-	-	5,207	5,207
Dues and memberships	7,687	12,679	-	-	8,211	-	-	28,577	35,301	63,878
Insurance	32,118	34,146	-	-	14,803	-	-	81,067	2,306	83,373
Interest	35,220	85,820	-	-	9,709	-	-	130,749	4,294	135,043
Lease expense	347	7,369	-	-	-	-	-	7,716	301	8,017
Miscellaneous	9,353	13,591	-	819	3,490	-	-	27,253	12,036	39,289
Occupancy										
Dues- HOA	21,551	-	-	-	-	-	-	21,551	2,395	23,946
Maintenance	17,753	26,448	-	-	14,764	-	-	58,965	-	58,965
Real estate taxes	358	6,126	-	-	-	-	-	6,484	-	6,484
Rents	100	-	-	-	124,985	-	15,335	140,420	-	140,420
Utilities	8,421	20,648	-	-	13,697	-	-	42,766	-	42,766
Office expense	10,471	12,315	68	-	7,369	-	2,142	32,365	8,597	40,962
Printing	2,707	1,475	-	-	2,094	-	171	6,447	968	7,415
Professional fees	-	-	-	-	-	-	-	-	9,730	9,730
Program expenses-other	50,339	722,472	1,796	1,461	11,266	115	7,895	795,344	-	795,344
Seminars/meetings	10,096	12,731	6,423	-	5,873	-	137	35,260	8,483	43,743
Telephone	10,610	14,547	3	2	10,936	-	595	36,693	5,248	41,941
Vehicle/Equip. repair & mntc.	45,358	65,403	-	170	8,630	-	65	119,626	1,534	121,160
	684,603	1,129,379	10,740	3,674	283,745	1,915	53,245	2,167,301	130,568	2,297,869
Total Expenses Before Depreciation	2,308,671	2,890,483	10,740	164,010	1,121,438	1,915	142,115	6,639,372	393,204	7,032,576
Depreciation expense	65,223	176,727	-	-	61,481	-	259	303,690	5,447	309,137
Total Expenses	\$ 2,373,894	\$ 3,067,210	\$ 10,740	\$ 164,010	\$ 1,182,919	\$ 1,915	\$ 142,374	\$ 6,943,062	\$ 398,651	\$ 7,341,713

See accompanying notes.

United Cerebral Palsy Of The North Bay, Inc.
Statement of Functional Expenses
Years Ended June 30, 2011

2011

	PROGRAM SERVICES							MANAGEMENT	Total Expenses	
	Cypress School	WineBev Services	Behavioral Services	Adaptive Behavior	Gone For Good	Integrated Behavior	Recreation Services	Total Program		Management Expenses
Salaries	\$ 1,050,564	\$ 1,334,583	\$ 2,910	\$ 133,365	\$ 361,671	\$ -	\$ 66,431	\$ 2,949,524	\$ 188,296	\$ 3,137,820
Payroll taxes	95,516	130,542	237	12,835	36,724	-	5,282	281,136	14,509	295,645
Employee benefits	187,016	165,246	-	10,095	23,976	-	5,126	391,459	25,741	417,200
Workman's comp. insurance	13,435	26,939	53	2,556	5,366	-	779	49,128	3,500	52,628
Total Salaries and Related Payroll Expense	1,346,531	1,657,310	3,200	158,851	427,737	-	77,618	3,671,247	232,046	3,903,293
Advertising	7,551	8,872	-	-	2,124	352	-	18,899	8,177	27,076
Auto and travel expense	90,398	79,908	-	1,118	21,111	647	11,733	204,915	3,891	208,806
Consulting	263,123	10,060	2,320	1,088	-	19,674	25,941	322,206	21,376	343,582
Donations	200	-	-	-	-	-	-	200	10,171	10,371
Dues and memberships	5,670	12,862	-	-	6,196	-	-	24,728	21,893	46,621
Insurance	22,670	35,208	-	-	3,258	-	-	61,136	2,073	63,209
Interest	34,684	87,726	-	-	8,308	-	2,986	133,704	4,308	138,012
Lease expense	134	5,172	-	-	-	-	-	5,306	1,023	6,329
Miscellaneous	5,995	10,488	-	77	4,700	-	26	21,286	10,302	31,588
Occupancy										
Dues- HOA	23,347	-	-	-	-	-	-	23,347	2,574	25,921
Maintenance	23,256	23,430	-	-	5,506	-	-	52,192	-	52,192
Real estate taxes	352	11,247	-	-	-	-	-	11,599	-	11,599
Rents	-	1,330	-	-	39,200	-	10,452	50,982	-	50,982
Utilities	8,905	16,367	-	-	6,422	-	-	31,694	-	31,694
Office expense	13,316	15,585	-	-	18,775	-	976	48,652	20,599	69,251
Printing	-	-	273	-	-	-	-	273	-	273
Professional fees	-	-	-	-	-	-	-	-	7,000	7,000
Program expenses-other	46,459	418,134	-	1,509	12,642	165	17,928	496,837	-	496,837
Seminars/meetings	4,676	2,934	-	-	4,174	-	362	12,146	10,840	22,986
Telephone	7,626	11,914	-	-	9,491	-	370	29,401	5,416	34,817
Vehicle/Equip. repair & mntc.	31,382	62,731	-	-	4,848	-	-	98,961	761	99,722
	<u>589,744</u>	<u>813,968</u>	<u>2,593</u>	<u>3,792</u>	<u>146,755</u>	<u>20,838</u>	<u>70,774</u>	<u>1,648,464</u>	<u>130,404</u>	<u>1,778,868</u>
Total Expenses Before Depreciation	1,936,275	2,471,278	5,793	162,643	574,492	20,838	148,392	5,319,711	362,450	5,682,161
Depreciation expense	56,213	159,955	-	-	40,422	-	-	256,590	4,857	261,447
Total Expenses	\$ 1,992,488	\$ 2,631,233	\$ 5,793	\$ 162,643	\$ 614,914	\$ 20,838	\$ 148,392	\$ 5,576,301	\$ 367,307	\$ 5,943,608

See accompanying notes.

UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements For The Year Ended June 30, 2012

A. Nature of Activities and Summary of Significant Accounting Policies

Organization

United Cerebral Palsy of the North Bay, Inc. (Organization) was formed when United Cerebral Palsy of Marin (established in 1954) and United Cerebral Palsy of Sonoma (established in 1969) merged in 1981. At that time, United Cerebral Palsy of the North Bay defined its service area as the counties of Napa, Solano and Sonoma in the state of California.

The Organization's mission is to promote and support a full quality of life for people with cerebral palsy and other disabilities. The organization is part of a nationwide network of affiliates of United Cerebral Palsy, which is a national nonprofit organization committed to promoting change and progress for persons with disabilities and working with its affiliates to ensure the inclusion of persons with disabilities in every facet of society. Current programs include:

- Cypress School- provides non-public school services with children with autism and other developmental disabilities. The school also provides after school, vacation, and summer programs.
- WineBev Services- a licensed Adult Day program which offers adults with disabilities employment in an integrated work environment with non-disabled peers. The program provides a variety of wine and beverage industry related services including packaging for wineries in the Napa and Sonoma Counties. The program is located in a 42,560 sq. ft. warehouse that is owned by the Organization.
- Recreation Services- providing a variety of camp and adapted physical education activities in different locations for children and adults.
- Behavioral Services- providing consultation and services for a continuum of age and development needs for individuals with autism, developmental disabilities, and their families.
- Adaptive Behavior-providing curriculum-based adaptive and social skills training within after school, home and community programs and services.
- Integrated Behavior-program that builds social, communication and symbolic play skills in children with autism through play with peers.
- Gone for Good-is a licensed Adult Day program that offers adults with developmental disabilities employment in an integrated work environment with non-disabled peers. The program provides secure document destruction (shredding services), imaging, eWaste deconstruction and, printing and mailing projects to the public. The program is located in a 10,000 sq. ft. warehouse leased by the Organization located in Fairfield, CA.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial presentation follows the Statement of Financial Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements
For The Year Ended June 30, 2012

A. Nature of Activities and Summary of Significant Accounting Policies-continued

Revenue Recognition

The Organization adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed preferences. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Investments

The Organization's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Investment Committee of the Board. Investments are stated at market value in the case of marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Gains, losses and investment income restricted by a donor are reported as increases to unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the gains and losses are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributed Services

During the year ended June 30, 2012 and 2011 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements
For The Year Ended June 30, 2012

A. Nature of Activities and Summary of Significant Accounting Policies-continued

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

<u>Classification</u>	<u>Useful Lives</u>
Furniture, fixtures, vehicle & other equipment	5 years
Building and building improvements	50 years

Functional Allocation of Expenses

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

B. Property and Equipment

<u>Description</u>	<u>2012</u>	<u>2011</u>
Land	\$ 1,394,205	\$ 1,394,205
Building & Improvements	7,015,412	7,015,412
Transportation equipment	323,951	289,249
Furniture and Equipment	575,121	459,154
Construction in Progress	29,453	-
	<u>9,338,142</u>	<u>9,158,020</u>
Less Accumulated Depreciation	(856,707)	(567,970)
Net Assets	<u>\$ 8,481,435</u>	<u>\$ 8,590,050</u>

Depreciation expense for the year ended June 30, 2012 and 2011 was \$309,137 and \$261,447, respectively.

C. Allocation of Expenses

Joint expenses such as insurance, depreciation, and professional services are allocated between the program and supporting services to which they relate. The expenses are allocated based upon estimated use.

UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements
For The Year Ended June 30, 2012

D. Marketable Securities

The following summarizes carrying values and market values of Marketable Securities:

Wells Fargo:

Money market	\$ 7,935	\$ 7,850
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WF Nelson Capital:

Money market	197,217	102,966
Fixed income	1,276,119	1,148,408
Equities	3,815,734	4,314,551

Linsco/Private Ledger:

Money market	84,651	113,836
Fixed income	1,424,235	1,327,216
Equities	1,777,115	1,881,790
Total Unrestricted	<u>8,583,006</u>	<u>8,896,617</u>

Temporarily Restricted:

Designated Funds:

Community of the Napa Valley Foundation	1,006,486	1,029,803
Total Designated Funds	<u>1,006,486</u>	<u>1,029,803</u>

Pledged Funds:

RBC Dain Rauscher:

Money market	1,214,619	1,930,187
Fixed income	5,669,024	4,100,868
Equities	1,462,016	2,857,815
Total Pledge Investments-Note I	<u>8,345,659</u>	<u>8,888,870</u>

Total Temporarily Restricted	<u>9,352,145</u>	<u>9,918,673</u>
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Total Investments	<u>\$ 17,935,151</u>	<u>\$ 18,815,290</u>
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UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements
For The Year Ended June 30, 2012

D. Marketable Securities-continued

Net investment return consists of the following:

	June 30, 2012			June 30, 2011
	Unrestricted	Temporarily Restricted	Total	Total
Interest and dividend income	\$ 496,191	\$ 31,256	\$ 527,447	\$ 431,007
Realized gains (losses)	(111,802)	(2,279)	(114,081)	10,651
Unrealized gains (losses)	(487,485)	(29,524)	(517,009)	2,336,380
Investment fees	(149,207)	(22,771)	\$ (171,978)	(172,420)
Total Investment Return	\$ (252,303)	\$ (23,318)	\$ (275,621)	\$ 2,605,618

E. Designated Funds

The Organization adopted SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. SFAS No. 136 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, return of investment of those assets, or both to an entity that is specified by the donor. SFAS No. 136 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the Organization (donor) must account for the transfer of such assets as an asset and the recipient organization as a liability.

Community of the Napa Valley Foundation

The Organization transferred \$3,000,000 to the Community Foundation of the Napa Valley (NAPA) in March 2007. As per the Designated Fund Agreement between the Organization and NAPA, the Organization granted variance power, as defined by SFAS No. 136, and the Organization specified itself as the beneficiary. Distributions from the fund shall be distributed at least once per year, but not more than monthly, as the parties may agree. The initial \$3,000,000 was reported on the statement of financial position as designated funds. The Organization received \$-0- and \$-0-, respectively from NAPA for the years ended June 30, 2012 and 2011. The balance at June 30, 2012 and 2011 was \$1,006,486 and \$1,029,803, respectively.

UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements
For The Year Ended June 30, 2012

F. FAIR VALUE MEASUREMENT OF INVESTMENTS

FASB ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820-10 are described as follows:

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

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly including inputs in markets that are considered to be active.

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

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

The following tables set forth by level, within the fair value hierarchy, the Organization's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2012 and 2011. As required by GAAPUSA, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the hierarchy levels.

Description	Fair Values as of 6/30/2012	Recurring Fair Value Measurements as of Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money Market Funds	\$ 1,504,422	\$ 1,504,422	\$ -	\$ -
Fixed Income Securities	8,369,378	8,369,378	-	-
Equity Securities	8,061,351	8,061,351	-	-
	<u>\$ 17,935,151</u>	<u>\$ 17,935,151</u>	<u>\$ -</u>	<u>\$ -</u>
Assets				
	6/30/2011			
Money Market Funds	\$ 2,154,839	\$ 2,154,839	\$ -	\$ -
Fixed Income Securities	6,576,492	6,576,492	-	-
Equity Securities	10,083,959	10,083,959	-	-
	<u>\$ 18,815,290</u>	<u>\$ 18,815,290</u>	<u>\$ -</u>	<u>\$ -</u>

UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements
For The Year Ended June 30, 2012

G. Line of Credit

Wells Fargo Bank

The Organization renewed the line of credit with Wells Fargo Bank in the amount of \$2,750,000, with an annual interest rate per annum of 2.0% above the LIBOR rate, maturing on February 3, 2013. The line of credit is secured by the Organization's investment accounts with Wells Fargo Bank. The amount outstanding at June 30, 2012 and 2011 was \$2,141,438 and \$1,876,438, respectively.

Royal Bank of Canada

On November 13, 2009 the Organization purchased an industrial building for the net purchase price of \$5,384,000 located in Napa, California, totaling approximately 42,560 rentable square feet on approximately 2.65 acres. The purchase agreement provided for a reduction in the selling price in the amount of \$1,000,000 through a charitable donation by the seller. The Organization obtained a line of credit from the Royal Bank of Canada in the amount of \$5,500,000 for the purchase of the property, with an annual interest rate per annum of 1.25% above the LIBOR rate, payable each month. The note is secured by the Organization's investment accounts (see Note C) and is reported as temporarily restricted assets on the statement of financial position. The note is payable upon demand. The amount outstanding at June 30, 2012 and 2011 was \$5,500,000.

H. LONG-TERM LIABILITY

Equipment Loan

The Organization entered into a capital lease for equipment (shredder) on August 6, 2010 for the Gone for Good Program. The lease provides for a monthly obligation of \$2,936 beginning on August 2010 and ending on July 2016. The Organization entered into a security agreement with NISH (a national nonprofit agency whose mission is to create employment opportunities for people with significant disabilities by securing contracts) which provides a partial security interest in the leased equipment to NISH and also provides a guarantee by NISH for the equipment loan. In addition, NISH may, at its option, provide a subsidy to the Organization towards the monthly obligation as long as the Organization maintains the program for no less than five years. If the program is terminated within the five year period the Organization would be required to repay any subsidies received from NISH. The subsidy amount received for the year ended June 30, 2012 and 2011 was \$9,542 and \$45,302, respectively of which \$7,711 and \$7,849, respectively was interest. The balance outstanding at June 30, 2012 and 2011 was \$95,092 and \$122,615, respectively.

I. Temporarily Restricted Assets

As indicated in Note G above the Organization received a donation during the year ended June 30, 2010 of \$1,000,000 which represented a decrease in the purchase price of the Napa facility. The facility was capitalized as a fixed asset and therefore the temporary restriction of the donation will be lifted as the facility depreciates over its useful life. For the year ended June 30, 2012 the restriction released amounted to \$16,106. In addition, as indicated in Note H, the Organization received a guarantee by NISH for the equipment loan which provides a subsidy, at its option, to the Organization as the Organization remains in the program for no less than five years. For the year ended June 30, 2012 the restriction released amounted to \$29,060. Total restrictions released for June 30, 2012 was \$45,166.

UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements
For The Year Ended June 30, 2012

I. Temporarily Restricted Assets-continued

Temporarily restricted net assets consisted of the following for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
RBC Dain Rauscher pledged assets	\$ 8,345,658	\$ 8,888,870
Designated Funds	1,006,486	1,029,803
Donations-facility acquisition	957,722	973,828
Equipment-Shredder	94,446	123,506
Total	<u>\$ 10,404,312</u>	<u>\$ 11,016,007</u>

J. Retirement Plan

The Organization has established a retirement plan in which all employees are eligible for salary deferrals, with no minimum age requirement. The Organization provides a matching contribution of 100% (not to exceed 5% of total compensation) for employees who are at least 21 years of age, have worked for the Organization for more than one year, and who worked a minimum of 1,000 hours per year. Matching contributions begin to vest after two years and are 100% vested at six years.

K. Leases

The Organization entered into an operating lease on June 1, 2010 for general office and warehouse space (approximately 98,700 sq. ft.) with an initial monthly lease obligation of \$4,100. The term of the lease begins on August 1, 2010 and ends on November 30, 2013.

The Organization entered into an operating lease on April 2011 for additional general office and warehouse space (approximately 17,500 sq. ft.) with an initial monthly lease obligation of \$3,460. The term of the lease begins on August 1, 2011 and ends on November 30, 2014.

Rent expense for the years ended June 30, 2012 and 2011 totaled \$140,419 and \$140,596 respectively.

Minimum future obligations at June 30, 2012 are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2013	\$ 99,726
2014	64,212
2015	21,630
2016	-
	<u>\$ 185,568</u>

UNITED CEREBRAL PALSY OF THE NORTH BAY, INC.

Notes to Financial Statements
For The Year Ended June 30, 2012

L. Concentration of Risk

The Organization has significant amount of cash deposits and marketable securities invested in several investment companies which exceed FDIC and SIPC limits. However, management believes that the concentration of credit risk associated with the investments is low due to the quality of the financial institutions holding these investments.

M. Note Receivable

Bayberry, Inc.

During January 2011 the Organization provided a short-term loan to Bayberry in the amount of \$110,000, secured by a promissory note dated January 15, 2011. The note provides for a 5% per annum interest rate with the monthly installments of principal and interest of \$10,000 beginning April 21, 2011 until fully paid, no later than January 15, 2012. During May 2012 the Organization extended the due date of the note to September 2012. The balance at June 30, 2012 and 2011 was \$51,402 and \$98,458, respectively.

N. Affiliated Organizations

The Organization is a member of the United Cerebral Palsy Associations, Inc. (formerly The National Foundation for Cerebral Palsy) which provides a worldwide network of nonprofit corporations providing programs and services for persons with disabilities and their families under the name of United Cerebral Palsy.

O. Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

P. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through December 4, 2012, the date to which the financial statements were available to be issued.