United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Financial Report
September 30, 2016

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
United Cerebral Palsy of Greater Birmingham, Inc. and Related Entities
Birmingham, Alabama

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of United Cerebral Palsy of Greater Birmingham, Inc., which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy of Greater Birmingham, Inc. and its related entities as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
Consolidating Information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating 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, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2017, on our consideration of United Cerebral Palsy of Greater Birmingham, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Cerebral Palsy of Greater Birmingham, Inc.'s internal control over financial reporting and compliance.

RSM US LLP

Birmingham, Alabama
February 2, 2017

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statement of Financial Position
September 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Current assets:				
Cash	$ 10,179	$ 144,196	$ -	$ 154,375
Cash – board designated	1,163,134	-	-	1,163,134
Cash – board designated endowment fund	129,638	-	-	129,638
Accounts receivable:				
Client fees (net of allowance of $145,000)	234,709	-	-	234,709
Document destruction (net of allowance of $50,000)	77,360	-	-	77,360
Grants (net of allowance of $60,000)	1,117,740	-	-	1,117,740
Other	21,073	-	-	21,073
Current portion of pledges receivable (net of allowance of $5,000)	108,960	-	-	108,960
Prepaid expenses and other assets	67,911	-	-	67,911
Tenant and escrow deposits	16,318	-	-	16,318
Total current assets	2,947,022	144,196	-	3,091,218
Property and equipment, net	13,513,829	-	-	13,513,829
Pledges receivable, less current portion	231,261	-	-	231,261
Other assets	19,911	-	-	19,911
Investments:				
Board designated	1,108,605	-	-	1,108,605
Board designated endowment fund	926,388	-	-	926,388
Beneficial interest in perpetual trusts	-	-	24,213,129	24,213,129
Total assets	$ 18,747,016	$ 144,196	$ 24,213,129	$ 43,104,341

(Continued)

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statement of Financial Position (Continued)
September 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$ 135,565	$ -	$ -	$ 135,565
Accrued payroll and benefits	463,681	-	-	463,681
Deferred revenue	59,000	-	-	59,000
Current portion of capital lease obligation	10,810	-	-	10,810
Current portion of long-term debt	150,000	-	-	150,000
Total current liabilities	819,056	-	-	819,056
Long-term portion of accrued benefits	334,168	-	-	334,168
Capital lease obligation, less current portion	66,938	-	-	66,938
Long-term debt, less current portion	2,297,400	-	-	2,297,400
Total liabilities	3,517,562	-	-	3,517,562
Net assets:				
Unrestricted:				
Undesignated	11,626,689	-	-	11,626,689
Designated by the Board for endowment purposes	1,056,026	-	-	1,056,026
Designated by the Board for other purposes, including Lucille Stewart Beeson Fund	2,546,739	-	-	2,546,739
	15,229,454	-	-	15,229,454
Temporarily restricted	-	144,196	-	144,196
Permanently restricted	-	-	24,213,129	24,213,129
Total net assets	15,229,454	144,196	24,213,129	39,586,779
Total liabilities and net assets	$ 18,747,016	$ 144,196	$ 24,213,129	$ 43,104,341

See notes to consolidated financial statements.

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statement of Financial Position
September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Current assets:				
Cash	$ 36,430	110,588	$ -	$ 147,018
Cash – board designated	1,239,737	-	-	1,239,737
Cash – board designated endowment fund	533	-	-	533
Accounts receivable:				
Client fees (net of allowance of $128,936)	224,044	-	-	224,044
Document destruction (net of allowance of $61,731)	110,514	-	-	110,514
Grants (net of allowance of $32,381)	847,315	-	-	847,315
Other (net of allowance of $5,000)	42,267	-	-	42,267
Current portion of pledges receivable	7,000	50,000	-	57,000
Prepaid expenses and other assets	60,204	-	-	60,204
Tenant and escrow deposits	13,338	-	-	13,338
Total current assets	2,581,382	160,588	-	2,741,970
Property and equipment, net	13,198,507	-	-	13,198,507
Pledges receivable, less current portion (net of allowance of $5,000)	145,582	-	-	145,582
Other assets	28,761	-	-	28,761
Investments:				
Board designated	1,007,465	-	-	1,007,465
Board designated endowment fund	1,036,422	-	-	1,036,422
Beneficial interest in perpetual trusts	-	-	22,907,918	22,907,918
Total assets	$ 17,998,119	$ 160,588	$ 22,907,918	$ 41,066,625

(Continued)

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statement of Financial Position (Continued)
September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$ 208,211	$ -	$ -	$ 208,211
Accrued payroll and benefits	413,943	-	-	413,943
Deferred revenue	165,804	-	-	165,804
Current portion of capital lease obligation	10,018	-	-	10,018
Current portion of long-term debt	125,000	-	-	125,000
Total current liabilities	922,976	-	-	922,976
Long-term portion of accrued benefits	362,809	-	-	362,809
Capital lease obligation, less current portion	77,748	-	-	77,748
Long-term debt, less current portion	2,447,400	-	-	2,447,400
Total liabilities	3,810,933	-	-	3,810,933
Net assets:				
Unrestricted:				
Undesignated	10,910,616	-	-	10,910,616
Designated by the Board for endowment purposes	1,029,368	-	-	1,029,368
Designated by the Board for other purposes, including Lucille Stewart Beeson Fund	2,247,202	-	-	2,247,202
	14,187,186	-	-	14,187,186
Temporarily restricted	-	160,588	-	160,588
Permanently restricted	-	-	22,907,918	22,907,918
Total net assets	14,187,186	160,588	22,907,918	37,255,692
Total liabilities and net assets	$ 17,998,119	$ 160,588	$ 22,907,918	$ 41,066,625

See notes to consolidated financial statements.

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statements of Activities
Year Ended September 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in unrestricted net assets:				
Support and revenue:				
Government contracts and grants	$ 5,906,142	$ -	$ -	$ 5,906,142
Client fees	2,249,475	-	-	2,249,475
United Way funds	772,554	-	-	772,554
Sales – document destruction	791,629	-	-	791,629
Distributions from beneficial interest in perpetual trusts	1,039,674	126,989	-	1,166,663
Contributions	892,687	-	-	892,687
Special events	138,707	-	-	138,707
Recycling income	159,082	-	-	159,082
Client and HUD rent	41,247	-	-	41,247
Contract income	12,266	-	-	12,266
Net gain on investments	155,183	-	-	155,183
Interest income	34,943	-	-	34,943
Miscellaneous	60,757	-	-	60,757
Change in fair value of beneficial interest in perpetual trusts	-	-	1,305,211	1,305,211
	12,254,346	126,989	1,305,211	13,686,546
Net assets released from restrictions	143,381	(143,381)	-	-
	12,397,727	(16,392)	1,305,211	13,686,546
Expenses:				
Program services:				
Children's services	6,206,404	-	-	6,206,404
Adult services	4,355,252	-	-	4,355,252
Residential services	55,139	-	-	55,139
Supporting services:				
Management and general	223,859	-	-	223,859
Fund-raising	514,805	-	-	514,805
	11,355,459	-	-	11,355,459
Increase (decrease) in net assets	1,042,268	(16,392)	1,305,211	2,331,087
Net assets:				
Beginning of year	14,187,186	160,588	22,907,918	37,255,692
End of year	$ 15,229,454	$ 144,196	$ 24,213,129	$ 39,586,779

See notes to consolidated financial statements.

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statements of Activities
Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in unrestricted net assets:				
Support and revenue:				
Government contracts and grants	$ 5,084,660	$ -	$ -	$ 5,084,660
Client fees	2,496,279	-	-	2,496,279
United Way funds	770,488	-	-	770,488
Sales – document destruction	866,350	-	-	866,350
Distributions from beneficial interest in perpetual trusts	1,053,680	110,588	-	1,164,268
Contributions	434,558	50,000	-	484,558
Special events	152,556	-	-	152,556
Recycling income	185,511	-	-	185,511
Client and HUD rent	40,950	-	-	40,950
Contract income	6,699	-	-	6,699
Net loss on investments	(128,546)	-	-	(128,546)
Interest income	39,320	-	-	39,320
Miscellaneous	79,393	-	-	79,393
Change in fair value of beneficial interest in perpetual trusts	-	-	(1,340,323)	(1,340,323)
	11,081,898	160,588	(1,340,323)	9,902,163
Net assets released from restrictions	16,710	(16,710)	-	-
	11,098,608	143,878	(1,340,323)	9,902,163
Expenses:				
Program services:				
Children's services	5,955,485	-	-	5,955,485
Adult services	4,122,935	-	-	4,122,935
Residential services	52,531	-	-	52,531
Supporting services:				
Management and general	306,015	-	-	306,015
Fund-raising	477,924	-	-	477,924
	10,914,890	-	-	10,914,890
Increase (decrease) in net assets	183,718	143,878	(1,340,323)	(1,012,727)
Net assets:				
Beginning of year	14,003,468	16,710	24,248,241	38,268,419
End of year	$ 14,187,186	$ 160,588	$ 22,907,918	$ 37,255,692

See notes to consolidated financial statements.

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statement of Functional Expenses
Year Ended September 30, 2016

	Program Services			Supporting Services		
	Children's Services	Adult Services	Residential Services	Management and General	Fund-raising	Total
Salaries	$3,802,941	$2,447,336	$ 2,212	$ 101,773	$ 241,533	$ 6,595,795
Bad debt expense	36,022	67,114	-	-	7,500	110,636
Contract services	445,949	288,666	27,993	16,696	4,975	784,279
Contract therapy	39,250	15,400	-	-	-	54,650
Depreciation and amortization	180,465	393,736	6,970	61,618	-	642,789
Dues and subscriptions	25,455	16,162	-	151	1,459	43,227
Food, net of reimbursement	57,602	-	-	-	-	57,602
Insurance – employees	275,458	306,579	-	13,780	53,210	649,027
Insurance – general	66,497	64,344	2,100	1,721	6,455	141,117
Interest	27,631	25,060	-	759	2,357	55,807
Janitorial supplies	17,971	15,694	-	592	-	34,257
Legal and accounting	37,360	35,020	11,517	965	3,620	88,482
Maintenance	52,008	56,007	-	6,118	891	115,024
Medical supplies	275,486	24,619	-	495	-	300,600
Miscellaneous	72,688	59,512	828	6,874	13,117	153,019
Office supplies	50,789	45,210	-	431	308	96,738
Payroll taxes	266,961	176,995	170	4,766	16,309	465,201
Postage	9,400	6,221	-	181	1,198	17,000
Program supplies	42,620	33,117	-	130	3,136	79,003
Public awareness	4,667	7,491	-	-	74,593	86,751
Retirement annuity	111,709	41,574	-	2,548	1,482	157,313
Special events costs	-	-	-	-	60,587	60,587
Staff development	40,140	34,808	-	534	4,600	80,082
Staff travel	126,030	32,056	-	256	2,176	160,518
Telephone	33,781	30,756	-	620	4,896	70,053
Transportation	-	36,765	-	-	-	36,765
U.C.P.A., Inc. dues	3,212	3,027	-	152	277	6,668
Utilities	104,312	91,983	3,349	2,699	10,126	212,469
Total expenses	$6,206,404	$4,355,252	$ 55,139	$ 223,859	$ 514,805	$ 11,355,459

See notes to consolidated financial statements.

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statement of Functional Expenses
Year Ended September 30, 2015

	Program Services			Supporting Services		
	Children's Services	Adult Services	Residential Services	Management and General	Fund-raising	Total
Salaries	$ 3,618,385	$ 2,380,855	$ 2,212	$ 113,692	$ 246,641	$ 6,361,785
Bad debt expense	77,611	72,560	-	-	11,280	161,451
Contract services	388,107	189,220	29,425	17,050	624	624,426
Contract therapy	40,463	11,302	-	-	-	51,765
Depreciation and amortization	211,658	329,168	6,970	58,036	-	605,832
Dues and subscriptions	5,766	8,428	-	100	1,235	15,529
Food, net of reimbursement	60,622	-	-	-	-	60,622
Insurance – employees	276,426	259,416	-	4,929	14,743	555,514
Insurance – general	65,280	67,198	2,100	3,572	5,622	143,772
Interest	29,054	20,372	-	608	2,478	52,512
Janitorial supplies	25,311	16,237	-	3,751	-	45,299
Legal and accounting	34,955	32,585	11,160	4,686	2,861	86,247
Maintenance	56,084	86,219	-	13,670	3,782	159,755
Medical supplies	299,875	23,401	-	59	-	323,335
Miscellaneous	77,538	84,784	494	71,349	12,290	246,455
Office supplies	33,910	45,427	-	472	1,750	81,559
Payroll taxes	258,138	173,637	170	5,929	16,077	453,951
Postage	8,550	6,016	-	299	982	15,847
Program supplies	26,525	34,347	-	150	1,368	62,390
Public awareness	2,096	20,601	-	-	34,814	57,511
Retirement annuity	64,092	21,572	-	-	2,307	87,971
Special events costs	-	-	-	-	91,295	91,295
Staff development	40,584	32,420	-	837	7,559	81,400
Staff travel	99,515	29,558	-	547	5,477	135,097
Telephone	39,580	29,903	-	936	4,918	75,337
Transportation	-	40,643	-	-	-	40,643
U.C.P.A., Inc. dues	19,306	18,115	-	912	1,663	39,996
Utilities	96,054	88,951	-	4,431	8,158	197,594
Total expenses	$ 5,955,485	$ 4,122,935	$ 52,531	$ 306,015	$ 477,924	$ 10,914,890

See notes to consolidated financial statements.

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidated Statements of Cash Flows
Years Ended September 30, 2016 and 2015

		2016		2015
Cash flows from operating activities:				
Increase (decrease) in net assets	$	2,331,087	$	(1,012,727)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Bad debt expense		110,636		161,451
Depreciation and amortization		642,789		605,832
Loss (gain) on sale of property and equipment		3,675		(1,000)
Interest and dividends reinvested		(18,026)		(14,136)
Net (gain) loss on investments		(155,183)		128,546
Change in fair value of beneficial interest in perpetual trusts		(1,305,211)		1,340,323
Changes in assets and liabilities				
Accounts receivable		(329,878)		(260,384)
Pledges receivable		(145,139)		(140,229)
Prepaid expenses and other assets		(7,707)		(11,007)
Tenant and escrow deposits		(2,980)		6,377
Accounts payable		(72,646)		(44,963)
Compensation		(313,071)		(44,872)
Deferred revenue		(106,804)		165,804
Net cash provided by operating activities		631,542		879,015
Cash flows from investing activities:				
Payments for property and equipment		(956,136)		(221,882)
Proceeds from sale of property and equipment		3,200		1,000
Purchases of investments		(1,611,389)		(846,811)
Proceeds from redemption of investments		1,793,492		871,288
Net cash used in investing activities		(770,833)		(196,405)
Cash flows from financing activities:				
Payments on capital lease obligation		(10,018)		(2,165)
Payments on long-term debt		(125,000)		(100,000)
Net cash used in financing activities		(135,018)		(102,165)
Net increase in cash		(274,309)		580,445
Cash:				
Beginning of year		1,387,288		806,843
End of year	$	1,112,979	$	1,387,288
Supplemental cash flow disclosures:				
Cash paid during year for interest	$	55,807	$	52,512
Noncash investing and financing activity:				
Equipment acquired under a capital lease	$	-	$	89,931

See notes to consolidated financial statements.

Note 1. Nature of Organization

Nature of organization: United Cerebral Palsy of Greater Birmingham, Inc. (the Organization) was founded in 1948 to provide services and programs for children and adults with cerebral palsy or related motor disorders that address their physical and health needs, that encourage their educational development and which offer opportunities for true integration into their social communities.

Consolidation of related entities: The Organization has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810, Not-for-Profit Entities: Consolidation. FASB ASC 958-810 states that a not-for-profit organization should consolidate another not-for-profit organization if the reporting not-for-profit organization has both control of the other not-for-profit organization, as evidenced by either majority ownership or a majority voting interest in the board of the other not-for-profit organization, and an economic interest in the other not-for-profit organization.

For the years ended September 30, 2016 and 2015, the two related entities were identified as:

- United Cerebral Palsy of Greater Birmingham Foundation, Inc.
- Community Concepts, Inc.

The Organization is also required to comply with FASB ASC 850-10, Related Party Disclosures. Under this standard, all material related party transactions have been eliminated in the consolidating process and substantive disclosure of these amounts is not required. Community Concepts, Inc. operates as group homes for the physically handicapped with the support of the Organization, and the U.S. Department of Housing and Urban Development (HUD) (See Note 17). United Cerebral Palsy of Greater Birmingham Foundation, Inc. operates primarily for the benefit of the Organization.

Note 2. Significant Accounting Policies

Basis of accounting: The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization follows the standards of accounting and financial reporting for voluntary health and welfare organizations developed by the National Health Council, National Voluntary Health, and Social Welfare Organizations.

Basis of presentation: For financial statement presentation, the Organization has adopted FASB ASC 958-205, Not-for-Profit Entities: Presentation of Financial Statements. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Revenue and recognition of donor restrictions: The Organization receives support from government contracts and grants, client fees, United Way funds, public support, program sales and investment earnings. Government contracts and grants are recognized when relevant regulatory or contractual requirements are met, which vary depending on the type of compliance requirements specified in the grant or contract. Amounts received for client fees are recognized during the period of service. Contributions, including United Way funds and public support, are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Amounts received for program sales are recognized when delivery has occurred or services have been rendered. Recycling income is recognized when the items, consisting of shredded paper, to be recycled are sold.

Note 2. Significant Accounting Policies (Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All other net assets, including Board designated, are legally unrestricted, and are reported as part of the unrestricted class.

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

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. The Organization had no cash equivalents at September 30, 2016 and 2015.

Accounts receivable and pledges receivable: Receivables are carried at original invoice or pledge amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Pledges receivable or unconditional promises to give are recognized as revenues in the period received. Management determines the allowance for doubtful accounts by identifying troubled accounts or pledges and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

As of September 30, 2016, pledges receivable totaled $340,221 with $108,960 due within one year and $231,261 due in one to five years. As of September 30, 2015, pledges receivable totaled $202,582 with $57,000 due within one year and $145,582 due in one to five years.

Property and equipment: Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost and are depreciated using straight-line and accelerated methods.

The average lives used in computing depreciation are as follows:

	Years
Land improvements	20
Buildings and improvements	20-39
Equipment and furniture	5-7
Vehicles	5-7

Note 2. Significant Accounting Policies (Continued)

Impairment of assets: In accordance with FASB ASC 360-10-35, Impairment or Disposal of Long-Lived Assets, the Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. If impairment exists, the amount of such impairment is calculated based on the estimated fair value of the asset. The Organization continually evaluates its investment in long-lived assets used in operations for impairment. Based on this evaluation, there was no impairment at September 30, 2016 or 2015.

Debt issuance costs: Costs related to the issuance of the Organization's debt were capitalized and are being amortized over the life of the debt and are included in other assets in the consolidated statements of financial position. Amortization expense for the years ended September 30, 2016 and 2015, was $8,850.

Investments: In accordance with FASB ASC 958-320, Not-for-Profit Entities: Investments – Debt and Equity Securities, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on published prices. Changes in fair values are included in net gain (loss) on investments in the statements of activities. Realized gains and losses are computed on the specific identification method. All investment income (including interest and dividends on investments) and realized gains and losses are included in net gain (loss) on investments in the statements of activities.

Functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs, such as depreciation and amortization, dues and subscriptions, interest, legal and accounting and U.C.P.A., Inc. dues, have been allocated among the program services and supporting services benefited based on a percentage method.

Accrued liabilities: As of September 30, 2016, the Organization was self-insured for employees' health insurance. The liability for unpaid claims is an estimate of the ultimate cost for claims reported and claims incurred but not paid. The Organization also carries a stop-loss insurance policy that limits the amount of the Organization's liability on larger claims. As of September 30, 2016 and 2015, the liability was $31,000 and $0, respectively, and is included in compensation in the statements of financial position.

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 and is not a private foundation.

The Organization files a tax return in the United States (U.S.) federal jurisdiction. The Board of Directors evaluated the Organization's tax position and concluded that the Organization has not entered into any events or transactions that would disqualify its tax-exempt status or has not taken any uncertain tax positions that would cause the Organization to incur income taxes or penalties at the entity level. With few exceptions, the Organization is no longer subject to U.S. federal tax examinations by tax authorities for years before 2013.

Subsequent events: Subsequent events have been evaluated through February 2, 2017, which is the date the consolidated financial statements were available for issuance.

Note 2. Significant Accounting Policies (Continued)

Recent accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers (Topic 606),* which specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this, the entity should apply certain steps outlined in the amendment. This ASU will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The Organization is currently evaluating the effect the guidance may have on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,* which addresses financial reporting for not-for-profit organizations. The key elements of the ASU are as follows:

- Net asset classifications are being reduced from three to two categories: with donor restrictions and without donor restrictions. Expanded disclosures about the nature and amount of any donor restrictions and on any board designations of net assets without donor restrictions will be required.
- Underwater donor-restricted endowments will be included in “with donor restrictions,” with enhanced required disclosures for underwater endowments.
- The placed-in-service approach will be required for determining when restrictions are met for all capital gifts, eliminating the over-time option for expirations of capital restrictions.
- Additional disclosures, both qualitative and quantitative, will be required to communicate information useful in assessing liquidity within one year of the balance sheet date.
- The indirect or direct method of presenting the statement of cash flows will be allowed. However, the reconciliation of operating items no longer will be required when using the direct method.
- When an organization derives net investment return from several different sources, such as donor endowments and unrestricted operating endowments, it may present the net investment return in multiple line items in the statement of activities.
- Several new reporting requirements related to expenses are included, as follows:
    - Disclosure of expenses by both nature and function (excluding investment expenses that have been netted with investment return)
    - Disclosure of expenses netted with investment return
    - Enhanced disclosures regarding cost allocations
- ASU No. 2016-14 eliminates the requirement to disclose the unrealized gains and losses for the period related to equity securities held at the report date.

While the guidance is effective for fiscal years beginning after December 15, 2017, early adoption is allowed. The Organization is currently evaluating the effect the guidance will have on the consolidated financial statements.

Note 3. Fair Value of Financial Instruments

ASC 820, Fair Value Measurement, provides the framework for measuring fair value. The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets in markets that are not active
- Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves)
- Inputs derived principally from, or corroborated by, observable market data by correlation

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

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.

Assets and liabilities measured at fair value are based on one or more of the three valuation techniques noted in the guidance. The three techniques are as follows:

***Market approach*:** Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

***Cost approach*:** Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

***Income approach*:** Techniques to convert future amounts to a single present amount based on market expectations utilizing present value techniques.

On a recurring basis, the Organization is required to measure its investments and beneficial interest in perpetual trusts at fair value.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used during the years ended September 30, 2016 and 2015.

***Money market fund*:** Valued at the carrying value as this amount approximates fair value due to the immediate or short-term maturity of the investment.

Note 3. Fair Value of Financial Instruments (Continued)

Common stocks, mutual funds, and corporate and U.S. government bonds**:** Valued at the closing price reported on the active market on which the individual securities are traded.

Limited partnership interest**:** Valued at the net asset value of shares held by the Organization at year-end. The net asset value is not a publically-quoted price in an active market.

Beneficial interest in perpetual trusts**:** The fair value of investments, in which the trusts held by third parties consist of, is the market value based on quoted market prices.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets that are measured at fair value on a recurring basis as of September 30:

	2016			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments:				
Money market fund	$ 149,365	$ -	$ -	$ 149,365
Common stocks	863,072			863,072
Mutual funds:				
Balanced income	49,574	-	-	49,574
Convertible securities	106,261	-	-	106,261
Developing markets	27,131	-	-	27,131
Focused international growth	81,992	-	-	81,992
Growth opportunity	33,060	-	-	33,060
Multi-asset income	27,204	-	-	27,204
Multi-asset ultrashort income	50,201	-	-	50,201
Preferred securities	103,232	-	-	103,232
Small cap	81,331	-	-	81,331
Bonds:				
Corporate bonds	401,954	-	-	401,954
U.S. government bonds	10,616	-	-	10,616
Limited partnership interest	-	-	50,000	50,000
Beneficial interest in perpetual trusts	-	-	24,213,129	24,213,129
Total financial assets	$ 1,984,993	$ -	$ 24,263,129	$ 26,248,122

Note 3. Fair Value of Financial Instruments (Continued)

	2015			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments:				
Money market fund	$ 587,719	$ -	$ -	$ 587,719
Common stocks	1,023,346	-	-	1,023,346
Mutual fund:				
Large cap	277,685	-	-	277,685
Bonds:				
Corporate bonds	105,137	-	-	105,137
Limited partnership interest	-	-	50,000	50,000
Beneficial interest in perpetual trusts	-	-	22,907,918	22,907,918
Total financial assets	$ 1,993,887	$ -	$ 22,957,918	$ 24,951,805

The tables below are a reconciliation of the beginning and ending balances for financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30:

	2016	
	Beneficial Interest Trusts Held by Third Parties	Limited Partnership Interest
Balance, beginning of year	$ 22,907,918	$ 50,000
Net gains realized and unrealized included in changes in net assets	2,471,874	3,500
Purchases, sales, issuances, settlements and distributions:		
Distributions	(1,166,663)	(3,500)
Balance, end of year	$ 24,213,129	$ 50,000

	2015	
	Beneficial Interest Trusts Held by Third Parties	Limited Partnership Interest
Balance, beginning of year	$ 24,248,241	$ 50,000
Net (losses) gains realized and unrealized included in changes in net assets	(176,055)	3,500
Purchases, sales, issuances, settlements and distributions:		
Distributions	(1,164,268)	(3,500)
Balance, end of year	$ 22,907,918	$ 50,000

Note 3. Fair Value of Financial Instruments (Continued)

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no transfers between levels during the years ended September 30, 2016 and 2015.

Note 4. Property and Equipment

Property and equipment consist of the following:

	2016	2015
Land and improvements	$ 2,085,563	$ 2,081,964
Buildings and improvements	14,509,559	14,509,559
Equipment and furniture	1,731,026	988,311
Vehicles	646,802	453,480
Less accumulated depreciation	(5,459,121)	(4,834,807)
	$ 13,513,829	$ 13,198,507

Depreciation expense amounted to $633,939 and $596,982 for the years ended September 30, 2016 and 2015, respectively, and is allocated among program and supporting services on the accompanying consolidated statements of activities.

Note 5. Debt Issuance Costs

Debt issuance costs consist of the following:

	2016	2015
Debt issuance costs	$ 140,101	$ 140,101
Less accumulated amortization	(120,190)	(111,340)
	$ 19,911	$ 28,761

Note 6. Investments

Investments – board designated consist of the following:

	2016	2015
Money market fund	$ 149,365	$ 587,719
Mutual funds	232,306	-
Common stocks	438,713	314,609
Bonds	288,221	105,137
	$ 1,108,605	$ 1,007,465

Note 6. Investments (Continued)

Investments – board designated endowment fund consist of the following:

	2016	2015
Mutual fund	$ 327,680	$ 277,685
Common stocks	424,359	708,737
Bonds	124,349	-
Aberdeen Capital Partners, LLC Class A preferred limited partnership interest	50,000	50,000
	$ 926,388	$ 1,036,422

As noted in Note 10, it is the Board's intention that these investments provide long-term stability and growth for the Organization and are therefore deemed unavailable, except as otherwise directed, until other funds have first been expended.

During the years ended September 30, 2016 and 2015, the Organization paid investment fees in the amount of $1,648 and $2,346, respectively.

Note 7. Beneficial Interest in Perpetual Trusts

The Organization's beneficial interest in perpetual trusts includes interest in trusts held by third parties through whom the Organization has an irrevocable right to receive at least 5% of the Organization's portion of the fair market value of the trusts annually from the trusts' assets in perpetuity. Although the Organization will never receive its interest in the trusts' principal assets, FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition, requires that the beneficial interest be recorded. As the donor's intent was for these assets to be held in perpetuity, these interests have been designated as permanently restricted as of September 30, 2016 and 2015. During the years ended September 30, 2016 and 2015, distributions from the trusts and changes in the valuation of the trust assets were recorded in the consolidated statements of activities.

Beneficial interest in perpetual trusts consists of the following as of September 30:

	2016		
	Market Value of Trust Assets	Income Beneficiary Percent	Organization's Beneficial Interest
Dwight Beeson Charitable Trust	$ 10,272,684	25.00%	$ 2,568,171
Lucille Beeson Charitable Trust	204,197,716	10.60%	21,644,958
			$ 24,213,129

Note 7. Beneficial Interest in Perpetual Trusts (Continued)

	2015		
	Market Value of Trust Assets	Income Beneficiary Percent	Organization's Beneficial Interest
Dwight Beeson Charitable Trust	$ 9,862,469	25.00%	$ 2,465,617
Lucille Beeson Charitable Trust	192,851,893	10.60%	20,442,301
			$ 22,907,918

Note 8. Capital Lease Obligation

The Organization acquired a truck under a capital lease with a cost of $89,931 and a net book value of $74,942 and $87,970 as of September 30, 2016 and 2015, respectively. The following is a schedule by years of the minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 2016:

Years ending September 30:	
2017	$ 16,371
2018	16,371
2019	16,371
2020	16,371
2021	16,371
Later years	15,007
Total minimum lease payments	96,862
Less amount representing interest	(19,114)
Present value of net minimum lease payments	77,748
Less current portion	(10,810)
Capital lease obligation, less current portion	$ 66,938

Note 9. Long-Term Debt

Long-term debt consists of the following as of September 30, 2016 and 2015:

	2016	2015
Note payable to Regions Bank collateralized by specified property, payable in variable semi-annual installments. Fixed interest rate of 2.44%.	$ 1,925,000	$ 2,050,000
Mortgage Payable to HUD: Community Concepts, Inc., see note below	522,400	522,400
	2,447,400	2,572,400
Less current portion	(150,000)	(125,000)
	$ 2,297,400	$ 2,447,400

Note 9. Long-Term Debt (Continued)

On November 1, 2013, the Organization refinanced the note payable to Regions Bank for $2,200,000, with a bank qualified, tax-exempt fixed rate of 2.44%. Repayment is due in monthly interest-only payments, with semi-annual payments based on a five-year repayment schedule with a balloon payment due in December 2018. The note payable to Regions Bank is secured by all gifts, grants, or donations of money or property made to or for the benefit of the Organization and all distributions paid by the Lucille Beeson Charitable Trust.

The long-term debt of Community Concepts, Inc. represents a mortgage payable to HUD. This note, with a final maturity date of June 6, 2036, bears no interest and repayment is not required so long as the housing remains available for very low-income or elderly persons with disabilities in accordance with Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act of 1990. The land and buildings are pledged as collateral for the mortgage.

Maturities of long-term debt for years ending September 30 are as follows:

Years ending September 30:	
2017	$ 150,000
2018	187,000
2019	1,588,000
	$ 1,925,000

Note 10. Unrestricted Net Assets Designated by the Board for Endowment Purposes

The Board of Directors (Board) designated the unrestricted net assets of The United Cerebral Palsy of Greater Birmingham Foundation, Inc. (Foundation) as a general endowment fund to conduct or support activities exclusively for the benefit of, to perform the functions of and to carry out the purposes of the Organization. To accomplish its mission, the Foundation provides long-term financial stability to the Organization, including, but not limited to, planned giving, endowment solicitation, gift acceptance and acknowledgement and asset management services for the Foundation’s investments.

The long-term goals of the Foundation’s investment and spending policy are: (1) to protect the assets of the Foundation and strive to maximize the total return to the extent possible without assuming excessive risk; (2) to provide a relatively predictable, stable and inflation adjusted payout stream for endowment spending and operations; and (3) to maintain a balance between spending and protecting the real (i.e., inflation adjusted) value of the Foundation’s assets. The Foundation’s investments, to the extent practicable, should support the objectives and mission and may include program related investments when appropriate and consistent with prudent investment risk.

The Foundation’s objective is to achieve an annualized total return that, at a minimum, will grow the assets by the rate of inflation, after having allowed for endowment spending and operating expenses. Investment objectives will be achieved using a total return strategy, where long-term return may come from both market value increases (realized and unrealized capital appreciation) and/or form current yield (interest and dividends). In light of the Foundation’s long-term horizon and limited liquidity needs over and above withdrawal policies, the fund can assume volatility consistent with a long-term investment return objective. The assets allocation and investment agent guidelines are designed to provide a balance that will avoid concentrations in any single asset class, risk level or manager style.

Note 10. Unrestricted Net Assets Designated by the Board for Endowment Purposes (Continued)

Composition of and changes in Foundation net assets for the years ended September 30, 2016 and 2015, are as follows:

	2016		
	Unrestricted Designated by the Board	Permanently Restricted Perpetual Trusts	Total
Endowment net assets, beginning of year	$ 1,029,368	$ 22,907,918	$ 23,937,286
Support and revenue:			
Net gain on investments	73,422	-	73,422
Interest income	13,614	-	13,614
Change in fair value of beneficial interest in perpetual trusts	-	1,305,211	1,305,211
	87,036	1,305,211	1,392,247
Expenses:			
Supporting services			
Management and general	40,378	-	40,378
Fund-raising	20,000	-	20,000
	60,378	-	60,378
Endowment net assets, end of year	$ 1,056,026	$ 24,213,129	$ 25,269,155

	2015		
	Unrestricted Designated by the Board	Permanently Restricted Perpetual Trusts	Total
Endowment net assets, beginning of year	$ 1,177,183	$ 24,248,241	$ 25,425,424
Support and revenue:			
Net (loss) on investments	(82,167)	-	(82,167)
Interest income	23,969	-	23,969
Change in fair value of beneficial interest in perpetual trusts	-	(1,340,323)	(1,340,323)
	(58,198)	(1,340,323)	(1,398,521)
Expenses:			
Supporting services			
Management and general	69,617	-	69,617
Fund-raising	20,000	-	20,000
	89,617	-	89,617
Endowment net assets, end of year	$ 1,029,368	$ 22,907,918	$ 23,937,286

Note 11. Unrestricted Net Assets Designated by the Board for Other Purposes, including Lucille Stewart Beeson Fund

The Board designated all distributions received from the Lucille Beeson Charitable Trust to be used, as approved by the Board, for certain capital expenditures and operating reserves as needed for future operating deficits. As of September 30, 2016 and 2015, the board designated $2,546,739 and $2,247,202, respectively, of funds for such purposes.

Note 12. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Dwight Moody Beeson Fund expenditures	$ 144,196	$ 110,588
Children’s services	-	25,000
Adult services	-	25,000
	$ 144,196	$ 160,588

Permanently restricted net assets are as follows:

	2016	2015
Beneficial interest in perpetual trusts	$ 24,213,129	$ 22,907,918

Note 13. Net Assets Released From Donor Restrictions

Net assets during the years ended September 30, 2016 and 2015, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2016	2015
Purpose restrictions accomplished:		
Dwight Moody Beeson Fund expenditures	$ 93,381	$ 16,710
Children’s services	25,000	-
Adult services	25,000	-
	$ 143,381	$ 16,710

Note 14. Retirement Plan

The Organization contributes to a 403(b) retirement contribution plan. All employees who work at least 20 hours per week are eligible to participate in the plan. Benefits vest over a six-year period. Effective January 1, 2006, the Organization changed the benefits to allow for a three-year gradual phase-in resulting in a strict matching plan. For calendar years 2016 and 2015, the Organization contributed a dollar for dollar match on the first 5% of participant’s contributions and 50 cents on the dollar for contributions from 5% to 7%. As of September 30, 2016 and 2015, 60 and 61 employees, respectively, participated in the plan. The Organization’s total contribution to the plan for the years ended September 30, 2016 and 2015, was $157,313 and $87,971, respectively.

Note 15. Leases

The Organization leases office space and equipment through various operating leases expiring through 2019. Future minimum lease payments as of September 30, 2016, for each of the next three years are as follows:

Years ending September 30:		
2017	$	38,344
2018		35,164
2019		23,443
	$	96,951

Rental expense associated with the operating leases was $52,697 and $56,614 for the years ended September 30, 2016 and 2015, respectively, and is included in miscellaneous expenses in the accompanying consolidated statements of functional expenses.

Note 16. Risks and Uncertainties

The Organization maintains cash in bank accounts at high credit quality financial institutions. During 2016 and 2015, the Organization had cash on deposit with financial institutions in excess of federal depository insurance limits. The Organization has not experienced and does not anticipate any credit losses on these deposits.

For the years ended September 30, 2016 and 2015, approximately 48% and 45%, respectively, of the Organization’s consolidated revenues were provided by the Federal and the Alabama state governments.

The Organization invests in a professionally managed portfolio that contains a money market fund, common stocks, mutual funds, corporate bond funds, and a limited partnership interest. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, is at least reasonably possible that changes in risks in the near term would materially affect investment balances and amounts reported in the consolidated financial statements.

Note 17. Subsequent events

Effective October 1, 2016, the Organization entered into an agreement with The Arc of Jefferson County to transfer ownership and management of Community Concepts, Inc., a related entity as described in Note 1. Total assets and liabilities transferred as of October 1, 2016, are $415,273 and $549,040, respectively. HUD approved the transfer of Community Concepts, Inc. and the entity will continue to be regulated by HUD.

Supplementary Information

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidating Statement of Financial Position
September 30, 2016

	UCPGB	Community Concepts	Foundation	Eliminations	Consolidated
Assets					
Current assets:					
Cash:					
Undesignated	$ 1,781	$ 8,398	$ -	$ -	$ 10,179
Board designated	1,163,134	-	-	-	1,163,134
Board designated endowment fund	-	-	129,638	-	129,638
Restricted	144,196	-	-	-	144,196
Accounts receivable:					
Client fees (net of allowance of $145,000)	234,709	-	-	-	234,709
Document destruction (net of allowance of $50,000)	77,360	-	-	-	77,360
Grants (net of allowance of $60,000)	1,117,740	-	-	-	1,117,740
Other	13,267	7,806	-	-	21,073
Current portion of pledges receivable (net of allowance of $5,000)	108,960	-	-	-	108,960
Prepaid expenses and other assets	67,911	-	-	-	67,911
Tenant and escrow deposits	-	16,318	-	-	16,318
Total current assets	2,929,058	32,522	129,638	-	3,091,218
Property and equipment, net	13,131,078	382,751	-	-	13,513,829
Pledges receivable, less current portion	231,261	-	-	-	231,261
Other assets	19,911	-	-	-	19,911
Investments:					
Board designated	1,108,605	-	-	-	1,108,605
Board designated endowment fund	-	-	926,388	-	926,388
Beneficial interest in perpetual trusts	24,213,129	-	-	-	24,213,129
Total assets	$ 41,633,042	$ 415,273	$ 1,056,026	$ -	$ 43,104,341

(Continued)

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidating Statement of Financial Position (Continued)
September 30, 2016

	UCPGB	Community Concepts	Foundation	Eliminations	Consolidated
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 135,244	$ 321	$ -	$ -	$ 135,565
Accrued payroll and benefits	463,681	-	-	-	463,681
Deferred revenue	59,000	-	-	-	59,000
Current portion of capital lease obligation	10,810	-	-	-	10,810
Current portion of long-term debt	150,000	-	-	-	150,000
Total current liabilities	818,735	321	-	-	819,056
Long-term portion of accrued benefits	334,168	-	-	-	334,168
Capital lease obligation, less current portion	66,938	-	-	-	66,938
Long-term debt, less current portion	1,775,000	522,400	-	-	2,297,400
Total liabilities	2,994,841	522,721	-	-	3,517,562
Net assets:					
Unrestricted:					
Undesignated	11,734,137	(107,448)	-	-	11,626,689
Designated by the Board for endowment purposes	-	-	1,056,026	-	1,056,026
Designated by the Board for other purposes, including Lucille Stewart Beeson Fund	2,546,739	-	-	-	2,546,739
	14,280,876	(107,448)	1,056,026	-	15,229,454
Temporarily restricted	144,196	-	-	-	144,196
Permanently restricted	24,213,129	-	-	-	24,213,129
Total net assets	38,638,201	(107,448)	1,056,026	-	39,586,779
Total liabilities and net assets	$ 41,633,042	$ 415,273	$ 1,056,026	$ -	$ 43,104,341

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidating Statement of Financial Position
September 30, 2015

	UCPGB	Community Concepts	Foundation	Eliminations	Consolidated
Assets					
Current Assets					
Cash:					
Undesignated	$ 28,122	$ 8,308	$ -	$ -	$ 36,430
Board designated	1,239,737	-	-	-	1,239,737
Board designated endowment fund	-	-	533	-	533
Restricted	110,588	-	-	-	110,588
Accounts receivable:					
Client fees (net of allowance of $128,936)	224,044	-	-	-	224,044
Document destruction (net of allowance of $61,731)	110,514	-	-	-	110,514
Grants (net of allowance of $32,381)	847,315	-	-	-	847,315
Other (net of allowance of $5,000)	56,696	3,665	-	(18,094)	42,267
Current portion of pledges receivable (net of allowance of $0)	57,000	-	-	-	57,000
Prepaid expenses and other assets	60,204	-	-	-	60,204
Tenant and escrow deposits	-	13,338	-	-	13,338
Total current assets	2,734,220	25,311	533	(18,094)	2,741,970
Property and equipment, net	12,808,786	389,721	-	-	13,198,507
Pledges receivable, less current portion (net of allowance of $5,000)	145,582	-	-	-	145,582
Other assets	28,761	-	-	-	28,761
Investments:					
Board designated	1,007,465	-	-	-	1,007,465
Board designated endowment fund	-	-	1,036,422	-	1,036,422
Beneficial interest in perpetual trusts	22,907,918	-	-	-	22,907,918
Total assets	$ 39,632,732	$ 415,032	$ 1,036,955	$ (18,094)	$ 41,066,625

(Continued)

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidating Statement of Financial Position (Continued)
September 30, 2015

	UCPGB	Community Concepts	Foundation	Eliminations	Consolidated
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 205,940	$ 12,778	$ 7,587	$ (18,094)	$ 208,211
Accrued payroll and benefits	413,943	-	-	-	413,943
Deferred revenue	165,804	-	-	-	165,804
Current portion of capital lease obligation	10,018	-	-	-	10,018
Current portion of long-term debt	125,000	-	-	-	125,000
Total current liabilities	920,705	12,778	7,587	(18,094)	922,976
Long-term portion of accrued benefits	362,809	-	-	-	362,809
Capital lease obligation, less current portion	77,748	-	-	-	77,748
Long-term debt, less current portion	1,925,000	522,400	-	-	2,447,400
Total liabilities	3,286,262	535,178	7,587	(18,094)	3,810,933
Net assets:					
Unrestricted:					
Undesignated	11,030,762	(120,146)	-	-	10,910,616
Designated by the Board for endowment purposes	-	-	1,029,368	-	1,029,368
Designated by the Board for other purposes, including Lucille Stewart Beeson Fund	2,247,202	-	-	-	2,247,202
	13,277,964	(120,146)	1,029,368	-	14,187,186
Temporarily restricted	160,588	-	-	-	160,588
Permanently restricted	22,907,918	-	-	-	22,907,918
Total net assets	36,346,470	(120,146)	1,029,368	-	37,255,692
Total liabilities and net assets	$ 39,632,732	$ 415,032	$ 1,036,955	$ (18,094)	$ 41,066,625

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidating Statement of Activities
Year Ended September 30, 2016

	UCPGB	Community Concepts	Foundation	Eliminations	Consolidated
Changes in unrestricted net assets:					
Support and revenue					
Government contracts and grants	$ 5,906,142	$ -	$ -	$ -	$ 5,906,142
Client fees	2,249,475	-	-	-	2,249,475
United Way funds	772,554	-	-	-	772,554
Sales – document destruction	791,629	-	-	-	791,629
Distributions from beneficial interest in perpetual trusts	1,039,674	-	-	-	1,039,674
Donations	930,069	-	-	(37,382)	892,687
Special events	138,707	-	-	-	138,707
Recycling income	159,082	-	-	-	159,082
Client and HUD rent	-	41,247	-	-	41,247
Contract income	12,266	-	-	-	12,266
Net gain on investments	81,761	-	73,422	-	155,183
Interest income	21,329	-	13,614	-	34,943
Miscellaneous	60,486	271	-	-	60,757
	12,163,174	41,518	87,036	(37,382)	12,254,346
Net assets released from restrictions	143,381	-	-	-	143,381
	12,306,555	41,518	87,036	(37,382)	12,397,727

(Continued)

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidating Statement of Activities (Continued)
Year Ended September 30, 2016

	UCPGB	Community Concepts	Foundation	Eliminations	Consolidated
Expenses:					
Program services:					
Children's services	6,206,404	-	-	-	6,206,404
Adult services	4,355,252	-	-	-	4,355,252
Residential services	-	55,139	-	-	55,139
Supporting services:					
Management and general	220,863	-	40,378	(37,382)	223,859
Fund-raising	494,805	-	20,000	-	514,805
	11,277,324	55,139	60,378	(37,382)	11,355,459
Increase (decrease) in unrestricted net assets	1,029,231	(13,621)	26,658	-	1,042,268
Changes in temporarily restricted net assets:					
Distributions from beneficial interest in perpetual trusts	126,989	-	-	-	126,989
Net assets released from restrictions	(143,381)	-	-	-	(143,381)
Decrease in temporarily restricted net assets	(16,392)	-	-	-	(16,392)
Changes in permanently restricted net assets:					
Change in fair value of beneficial interest in perpetual trusts	1,305,211	-	-	-	1,305,211
Increase (decrease) in net assets	2,318,050	(13,621)	26,658	-	2,331,087
Net assets:					
Beginning of year	36,346,470	(120,146)	1,029,368	-	37,255,692
Contribution from UCPGB	-	26,319	-	(26,319)	-
Distribution to Community Concepts	(26,319)	-	-	26,319	-
End of year	$ 38,638,201	$ (107,448)	$ 1,056,026	$ -	$ 39,586,779

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidating Statement of Activities
Year Ended September 30, 2015

	UCPGB	Community Concepts	Foundation	Eliminations	Consolidated
Changes in unrestricted net assets:					
Support and revenue					
Government contracts and grants	$ 5,084,660	$ -	$ -	$ -	$ 5,084,660
Client fees	2,496,279	-	-	-	2,496,279
United Way funds	770,488	-	-	-	770,488
Sales – document destruction	866,350	-	-	-	866,350
Distributions from beneficial interest in perpetual trusts	1,053,680	-	-	-	1,053,680
Donations	453,197	-	-	(18,639)	434,558
Special events	152,556	-	-	-	152,556
Recycling income	185,511	-	-	-	185,511
Client and HUD rent	-	40,950	-	-	40,950
Contract income	6,699	-	-	-	6,699
Net loss on investments	(46,379)	-	(82,167)	-	(128,546)
Interest income	15,348	3	23,969	-	39,320
Miscellaneous	79,393	-	-	-	79,393
	11,117,782	40,953	(58,198)	(18,639)	11,081,898
Net assets released from restrictions	16,710	-	-	-	16,710
	11,134,492	40,953	(58,198)	(18,639)	11,098,608

(Continued)

United Cerebral Palsy of Greater Birmingham, Inc.

Consolidating Statement of Activities (Continued)
Year Ended September 30, 2015

	UCPGB	Community Concepts	Foundation	Eliminations	Consolidated
Expenses:					
Program services:					
Children's services	5,955,485	-	-	-	5,955,485
Adult services	4,122,935	-	-	-	4,122,935
Residential services	-	52,531	-	-	52,531
Supporting services:					
Management and general	255,037	-	69,617	(18,639)	306,015
Fund-raising	457,924	-	20,000	-	477,924
	10,791,381	52,531	89,617	(18,639)	10,914,890
Increase (decrease) in unrestricted net assets	343,111	(11,578)	(147,815)	-	183,718
Changes in temporarily restricted net assets:					
Distributions from beneficial interest in perpetual trusts	110,588	-	-	-	110,588
Donations	50,000	-	-	-	50,000
Net assets released from restrictions	(16,710)	-	-	-	(16,710)
Increase in temporarily restricted net assets	143,878	-	-	-	143,878
Changes in permanently restricted net assets:					
Change in fair value of beneficial interest in perpetual trusts	(1,340,323)	-	-	-	(1,340,323)
Decrease in net assets	(853,334)	(11,578)	(147,815)	-	(1,012,727)
Net assets:					
Beginning of year	37,249,804	(158,568)	1,177,183	-	38,268,419
Contribution from UCPGB	-	50,000	-	(50,000)	-
Distribution to Community Concepts	(50,000)	-	-	50,000	-
End of year	$ 36,346,470	$ (120,146)	$ 1,029,368	$ -	$ 37,255,692