

2007 Annual Report

Focus
on the
Future



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From the Desk of Stephen Bennett, President & CEO



United Cerebral Palsy (UCP) had an eventful year in 2007; broadening our base of advocates, strengthening our affiliate network, and continuing our discussion of the *Life Without Limits* initiative. We are focusing on the future for people with disabilities — a future where people with disabilities are fully integrated into the entire fabric of society.

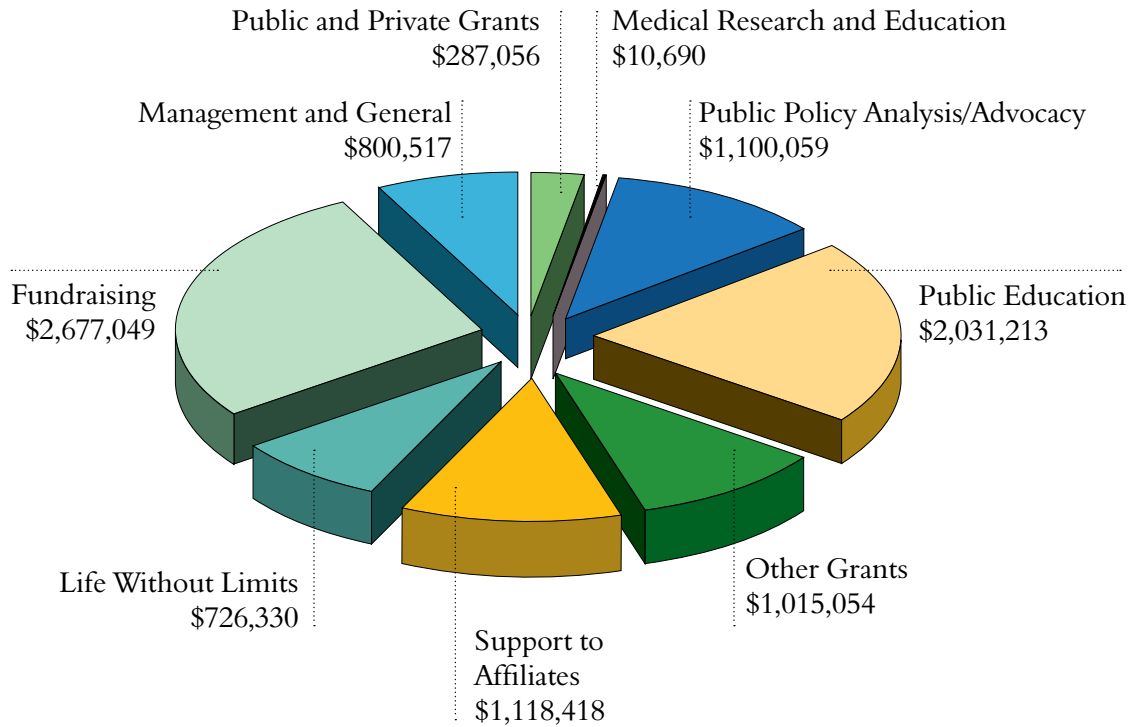
We engaged the business community, disability partners, healthcare professionals and the public, encouraging them to start thinking about insights, implications and potential action steps to ensure a fully integrated future for individuals with disabilities as part of the ongoing discussions of *Life Without Limits*.

We also gained many new advocates through the first annual Ride Without Limits events in San Diego, North Carolina and Tampa Bay, and our collaborations with other organizations inside and outside of the disability community.

Though our current focus centers on the future, our mission now and always remains the same — securing a *life without limits* for people with all types of disabilities.

Stephen Bennett

Snapshot of Financials



United Cerebral Palsy Board of Trustees

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Thomas O'Donnell, *Chair*
 Duncan Wyeth, *Vice Chair*
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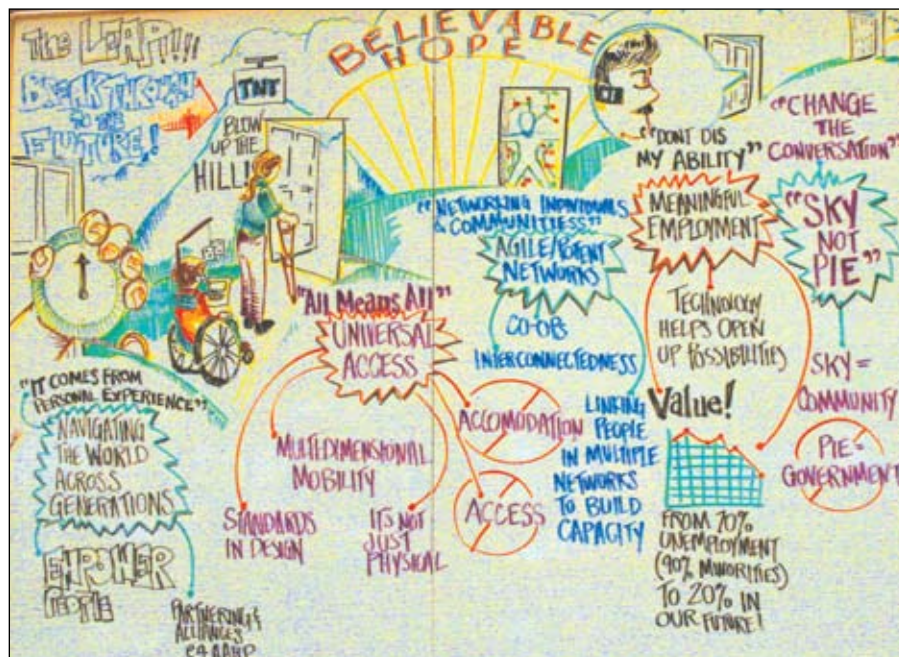
Loreen Arbus
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 Nina Eaton, *Trustee Emeritus*
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 Dr. John "Jack" Maguire
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 James Stearns

New Initiatives in 2007

Life Without Limits Project

Unwilling to accept what's not right about disability in America, UCP created *Life Without Limits* (formerly the Big Sky Project) in partnership with former Congressman and former Chairman of the Board of the Epilepsy Foundation of America Tony Coelho. *Life Without Limits* will create a new vision of the future for individuals with disabilities, increase public awareness about the serious challenges that still remain, and develop strategies, initiatives, programs and public policy to make this vision a reality. We are taking a fresh strategic view of our nation, our times, and the possibilities tomorrow holds in order to help envision and create a brighter, more just and sustainable future for all Americans — with and without disabilities.

After assessing what's not right, the next step in that strategy has been a series of conversations with UCP affiliate leadership, staff, families, public policy experts, disability advocates, corporate leaders, and others inside and outside the disability community. We held focus groups and reached outside to others to gain feedback to the question *What's Not Right?* Those early sessions led us to create a “focus group in a box” kit that was made



available to interested parties willing to give UCP their feedback. The Big Sky “focus group in a box” was distributed to hundreds of organizations all over the U.S. This free kit included a DVD, video, and workbook for community groups to participate in the Big Sky/*Life Without Limits* process.

Those conversations led to us to involve literally thousands more people in the effort and culminated in creation of a custom forecast map of the future collecting the trends and developments that people with disabilities and all of society will encounter over the next 10 years. In Orlando, UCP put that forecasting map center stage in a meeting of 400 key leaders who took part in Decision Accelerator visioning sessions to glean the best available lessons about the future. This event was webcast to more than 125 sites in the U.S., Europe and Afghanistan.

Presented by Dr. Bob Johansen, Distinguished Fellow of the Institute for the Future (IFTF), the web cast highlights the waves of change that will shape the lives of people with disabilities over the next decade and how these same people will use their abilities to explore the emerging edges of what it means to be human.

A Vision of the Future for People with Disabilities

Life Without Limits will have different meanings for different people and different organizations. For United Cerebral Palsy and its partners in *Life Without Limits*, it encompasses the following six “elements”:

■ *Believable Hope for the Future*

- Energy comes from hope
- The future must be directed by the human spirit
- Motivation comes from believing

■ *Navigating the World Across Generations*

- Use tools to connect and include everyone because all ages and all people need to feel empowered
- We will form partnerships and alliances that transcend traditional boundaries like generations

■ ***Universal Access, or “All Means All”***

- Access and accommodation
- Multi-dimensional mobility
- “It’s not just physical”

■ ***Agile, Potent Networks***

- Linking people in multiple networks to build capacity
- Networking of communities and individuals
- Leveraging virtual worlds

■ ***Meaningful Employment***

- Meaningful contributions and engagement
- Technology helps open up possibilities
- Create value equation

■ ***Community Leadership, or “Community, not Government”***

- Initiatives are going to come from communities and networks
- There must be a change in the conversation
- Just dividing up the “pie” is not going to work
- Initiatives are going to come from communities and networks
- Government will follow

As part of its effort to focus attention on what’s not right about disability in America, United Cerebral Palsy publicly released “**The State of Disability in America: An Evaluation of the Disability Experience by the *Life Without Limits* Project**” a primer on the modern circumstances of people with disabilities as part of a public launch of *Life Without Limits* in Washington, DC on October 4, 2007. “**The State of Disability in America: An Evaluation of the Disability Experience by the *Life Without Limits* Project**” is a 65-page collection and examination of existing research on the lives of people with disabilities. It includes chapters on disability rights in America, healthcare, education, employment, housing, and organizing for change, along with personal stories and quotes from disability rights advocates and trail blazers.

Ride Without Limits

United Cerebral Palsy (UCP) serves 176,000 children and adults with all types of disabilities every day. In 2007, the organization embarked on a new, exciting journey: it launched the first ever Ride Without Limits, a two-day, 200-mile bike ride across three communities in the United States: San Diego, North Carolina (Raleigh and Charlotte) and Tampa Bay.



2007 Ride Without Limits Tampa Bay

Like any charity event, UCP faced a number of challenges, including breaking into a new market and having the ability to recruit riders with limited affinity for the cause. While cyclists, sponsors and volunteers were new to UCP, they left the event with a connection to the cause.

The success of the inaugural Ride Without Limits resided in its message: 70 percent of the money raised will directly support the services and programs provided by UCP affiliates in the Ride markets.

In the end, with the help of some advertising - through traditional media channels and word of mouth - cyclists and their teams, along with family and friends, joined together to raise nearly \$500,000. To cap off a successful year, *Bicycling Magazine* featured an editorial in the March 2008 issue by Editor-in-Chief Steve Madden, who rode in the Tampa Bay Ride, and christened it as “the best-run, most rider-friendly charity event [he’d] ever participated in.”

Karen Ryals, Chief Executive Officer at United Cerebral Palsy of Tampa Bay, was amazed at the outpouring of support from her community for her Ride Without Limits event: “Though the Tampa Bay community has always believed in us and our mission, it was truly touching to see individuals with no prior association with UCP come out and give us their all to help fund our programs and services. I am forever humbled by the selflessness and graciousness of our community.”



2007 Ride Without Limits Participants

For United Cerebral Palsy and its affiliates, nothing was more satisfying than hearing the personal stories of riders and why they chose to participate.

The story of Kathy Zonana, the mother of three year old Max, who has cerebral palsy, resonated with many first time riders: “I am approximately the last person who would train for an endurance event, especially while holding down a full-time job and raising two small children. But when United Cerebral Palsy announced the Ride Without Limits, I knew I had to try. It is easier for me to ride 100 miles than it is for [my son] Max to walk 100 inches. Until we live in a society where every child like Max gets the treatment he needs, where [children with disabilities] are not bullied on playgrounds, where adults with disabilities are treated fairly in the workplace, I will ride.”

Thirty-year-old Clay Gandy wanted to be an inspiration to other people with disabilities: “Last year, I learned to ride a bike. This year, I’m striving to push my limits, go the distance, and make a difference for someone else with CP. Riding has given me the satisfaction of accomplishment that until last year I thought was impossible. Somewhere out there is another child, young person or adult just like me that thinks the possible is impossible. [Through the Ride Without Limits] I will try to make a difference for that special person.”

New to riding, Patricia Blackman became an avid supporter - her team raised nearly \$18,000 for the Ride Without Limits North Carolina and United Cerebral Palsy. As Patricia points out on her Ride Without Limits webpage, “[being a] case manager helping others, I have seen how tough it is for individuals to get the help they need,” so being a part of the Ride Without Limits was her chance to make access to essential services easier for those in need.

The success of the 2007 Ride Without Limits is a testament to the importance and strength of UCP affiliates’ work in their communities. United Cerebral Palsy is thankful to have had such a committed group of individuals from all walks of life come together to raise money and awareness for people with all types of disabilities.

Public Policy & Advocacy

A few key disability laws impacting employment opportunity and early intervention services were enacted in the latter stages of the 110th Congress. They include:

- **Genetic Information Nondiscrimination Act (GINA)**, a priority of UCP and The Arc, prevents employers from engaging in discriminatory practices including firing, refusing to hire, or otherwise discriminating with respect to compensation, terms, conditions or privileges of employment based on genetic information. Similarly, this bill prohibits insurance companies, including Medigap, from basing eligibility determinations or adjusting premiums or contributions on the basis of genetic information.
- **Newborn Screening Act Newborn Screening Saves Lives Act of 2008**, which creates a grant program to: (1) provide and evaluate screening, counseling, or health care services to newborns and children having or at risk for heritable disorders; (2) provide education and training in newborn screening for health care professionals; (3) develop and deliver educational programs for parents, families, and patient advocacy and support groups; and (4) develop a system to assess and coordinate treatment relating to congenital, genetic, and metabolic disorders. In addition, the law creates a central clearinghouse on newborn screening, supports state level capacity development and quality control efforts, establishes an Interagency Coordinating Committee on Newborn and Child Screening, and expands the newborn screening research program.

The 2007 Case & Plan for Inclusion

In the second installment of *The Case for Inclusion*, UCP reported that people with intellectual and developmental disabilities being served by Medicaid are not getting the community-based supports they need in every State. *The Case for Inclusion 2007* ranks all 50 States and the District of Columbia.



At the top in 2007:

Arizona
Alaska
Vermont
Massachusetts
California

At the bottom in 2007:

Mississippi
Texas
District of Columbia
Ohio
Illinois

Some of the report's key findings include:

- Forty one states have 176 large state institutions (more than 16 beds) housing 39,000 Americans;
- Only 16 states direct more than 80% of funding to people living in the community;
- Sixteen states report very large and long waiting lists for services; and
- Only one in four people with disabilities participates in competitive employment.

Released in concert with *The Case for Inclusion*, *The Plan for Inclusion*, a roadmap for improving state-level Medicaid services for Americans with intellectual and developmental disabilities, offers direction on how to use data to understand a state's unique challenges; ideas on how to effectively communicate with state lawmakers, administrators and key stakeholders; suggestions on prioritizing the issues that need attention in each state; and recommended action steps that have proven successful in other states.

Nationwide, Medicaid serves almost 545,000 individuals with intellectual and developmental disabilities, spending \$28.8 billion in fiscal year 2005 or almost \$53,000 per person per year. While individuals with intellectual and developmental disabilities make up just over one percent of all Medicaid recipients, services to the population account for 9.4 percent

of all Medicaid expenditures. In addition, people with intellectual and developmental disabilities are among Medicaid's most vulnerable beneficiaries. More than 99 unique data elements and guidance from a wide body of national disability experts were considered to create comprehensive state snapshots.

Both United Cerebral Palsy reports and state-by-state data are available online at www.ucp.org/medicaid.

WhoWillCare.net

The H.R. 1270 draft legislation gained substantial support in Congress this past year. H.R. 1279 would increase wages paid to direct support professionals who provide daily, vital supports to millions of Americans with disabilities living and working in the community.

- Thanks in part to WhoWillCare.net, **120 members of Congress** co-sponsored HR 1279.
- **24,619 emails have been generated** since the beginning of the campaign to-date.
- The WhoWillCare.net Web site is regularly updated with current count of co-sponsors.
- Currently, ANCOR is working with UCP to market its DSP TV contest hosted on ANCOR's YouNeedToKnowMe.org Web site.

DontBlockMyVote.org

DontBlockMyVote.org was updated in late 2007/early 2008 in preparation for the 2008 elections. The site provides up-to-date resources for voters with disabilities through the organization's partnership with Rock the Vote, disability-related voting news, and voter experiences at the polls. Highlights of the campaign follow;

- Nearly **60,000 e-mails** were sent encouraging voter registration and voter participation.
- A forum has been introduced that also has an RSS feed to allow for more interaction amongst campaign participants.
- The site provided an up-to-date **voting resource guide** on topics such as voter hotline phone numbers, polling place locations, absentee ballots, voter ID cards, and ADA guidelines.
- The Web site was updated to promote participation and usability.

Affiliate News

Several affiliate executive directors and program staff accompanied by a national UCP staffer visited The Spastic Centre of New South Wales during August 10-17, 2007. The agenda for the visit focused on best practices for Youth Mentoring and Early Childhood Intervention. It was extremely successful and all of the participants found great value in the sharing of information.



Spastic Centre, Sydney, Australia

The Spastic Centre in Sydney, Australia, suffered a terrible loss after a devastating fire burned the head office to the ground. The office caught fire on December 23, 2007 completely gutting the building. The estimated damage runs in the millions of dollars. No one was injured.



Opera House, Sydney

My Child Without Limits (formerly Project FIRST)

My Child Without Limits (MCWL), designed to be an authoritative early intervention and social networking resource for families and professionals seeking information related to care, and treatment for children 0-5 years old with developmental delays or disabilities, is in progress. The first phase of MCWL is a comprehensive web-based and online social networking platform.

An Expert Advisory Committee was formed, comprising of 24 medical professionals from highly credible universities and medical institutions across the country. A feasibility study was conducted via affiliate interviews with top 12 affiliates. The My Child Without Limits (www.mywithoutlimits.org) beta web site is set to launch at the UCP Annual Conference in June 2008. UCP is on target for a public launch of the web site in September 2008.

While full implementation of this highly integrated initiative will take three years, work is in progress with all components of My Child Without Limits. Given the depth of authoritative and qualified resources available throughout the program, UCP will become the “destination of choice” for families, caregivers and other professionals seeking education, resources, and support needed to create a *Life Without Limits* for their children ages 0 to 5 with developmental delays or disabilities.

Financial Statements and Report of
Independent Certified Public Accountants

United Cerebral Palsy Associations, Inc.

September 30, 2007 and 2006

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Report of Independent Certified Public Accountants

Board of Trustees
United Cerebral Palsy Associations, Inc.

We have audited the accompanying statements of financial position of United Cerebral Palsy Associations, Inc. (UCPA) as of September 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of UCPA's management. 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, as established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UCPA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 UCPA as of September 30, 2007 and 2006, 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.

McLean, Virginia
April 2, 2008

A handwritten signature in cursive script that reads "Grant Thornton LLP".

United Cerebral Palsy Associations, Inc.

Statements of Financial Position

<i>September 30,</i>	2007	2006
Assets		
Cash and cash equivalents		
Cash available for operations	\$ 346,150	\$ 181,396
Temporary cash investments	401,959	685,187
Total cash and cash equivalents	748,109	866,583
Investments	2,933,670	2,470,342
Board-designated investments	4,859,275	6,147,717
Permanently restricted investments	4,480,859	4,480,859
Total investments	12,273,804	13,098,918
Contributions receivable	2,770	35,047
Due from affiliates, net	192,195	195,914
Receivables and other assets	1,988,632	527,505
Beneficial interest in trusts held by third parties	190,785	172,503
Furniture and equipment, net	163,368	186,670
Total Assets	\$ 15,559,663	\$ 15,083,140
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 1,229,916	\$ 1,013,969
Deferred revenue	338,870	193,741
Due to affiliates	144,451	192,347
Line-of-credit	688,740	330,000
Total liabilities	2,401,977	1,730,057
Commitments		
Net Assets		
Unrestricted:		
Available for operations	(747,767)	(1,457,082)
Board-designated	5,198,051	6,659,046
Total unrestricted	4,450,284	5,201,964
Temporarily restricted	4,035,758	3,497,757
Permanently restricted	4,671,644	4,653,362
Total net assets	13,157,686	13,353,083
Total Liabilities and Net Assets	\$ 15,559,663	\$ 15,083,140

The accompanying notes are an integral part of these statements.

United Cerebral Palsy Associations, Inc.

Statements of Activities

Years ended September 30,

2007

2006

	2007			2006				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues:								
Affiliates membership fees	\$ 2,254,796	\$ —	\$ —	2,254,796	\$ 2,200,941	\$ —	\$ —	2,200,941
Contributions	4,076,271	2,770	—	4,079,041	3,222,519	35,047	—	3,257,566
Grants from United Cerebral Palsy Research and Educational Foundation, Inc.	—	—	—	—	475,459	—	—	475,459
Other grant revenue	664,809	—	—	664,809	374,991	—	—	374,991
Other revenue	474,578	—	—	474,578	609,028	—	—	609,028
Net assets released from restrictions	181,838	(181,838)	—	—	189,226	(189,226)	—	—
Total Operating Revenues	7,652,292	(179,068)	—	7,473,224	7,072,164	(154,179)	—	6,917,985
Operating Expenses								
Program services:								
Medical research and education	10,690	—	—	10,690	1,043,848	—	—	1,043,848
Public and private grants	287,056	—	—	287,056	983,825	—	—	983,825
Public policy analysis/advocacy	1,100,059	—	—	1,100,059	892,345	—	—	892,345
Public education	2,031,213	—	—	2,031,213	1,193,684	—	—	1,193,684
Other grants	1,015,054	—	—	1,015,054	531,218	—	—	531,218
Support to affiliates	1,118,418	—	—	1,118,418	804,150	—	—	804,150
Total program services	5,562,490	—	—	5,562,490	5,449,070	—	—	5,449,070
Supporting services:								
Management and general	800,517	—	—	800,517	504,134	—	—	504,134
Fund-raising	2,677,049	—	—	2,677,049	1,151,827	—	—	1,151,827
Total supporting services	3,477,566	—	—	3,477,566	1,655,961	—	—	1,655,961
Total operating expenses	9,040,056	—	—	9,040,056	7,105,031	—	—	7,105,031
Change in net assets from operations	(1,387,764)	(179,068)	—	(1,566,832)	(32,867)	(154,179)	—	(187,046)
Non-operating Revenues, Gains, and Support								
Investment return	636,084	717,069	—	1,353,153	370,681	425,572	—	796,253
Change in beneficial interest in trusts held by third parties	—	—	18,282	18,282	—	—	5,290	5,290
Total non-operating revenues, gains, and support	636,084	717,069	18,282	1,371,435	370,681	425,572	5,290	801,543
Change in Net Assets	(751,680)	538,001	18,282	(195,397)	337,814	271,393	5,290	614,497
Net Assets, beginning of year	5,201,964	3,497,757	4,653,362	13,353,083	4,864,150	3,226,364	4,648,072	12,738,586
Net assets, end of year	\$ 4,450,284	\$ 4,035,758	\$ 4,671,644	\$ 13,157,686	\$ 5,201,964	\$ 3,497,757	\$ 4,653,362	\$ 13,353,083

The accompanying notes are an integral part of these statements.

United Cerebral Palsy Associations, Inc.

Statement of Functional Expenses

Years ended September 30, 2007 and 2006

	Program Services							Supporting Services			Total	
	Medical Research and Education	Public and Private Grants	Public Policy Analysis/Advocacy	Public Education	Other Grants	Support to Affiliates	Total	Management and General	Fundraising	Total		
Salaries	\$ —	20,903	320,709	387,976	286,735	333,478	1,349,801	\$ 228,544	154,242	382,786	\$ 1,732,587	2,174,310
Employee benefits and taxes	10,654	4,096	67,776	92,458	53,400	69,124	297,508	41,774	36,679	78,453	375,961	465,226
Total	10,654	24,999	388,485	480,434	340,135	402,602	1,647,309	270,318	190,921	461,239	2,108,548	2,639,536
Program, professional, and contract services	—	35,438	322,579	180,281	403,834	105,107	1,047,239	181,860	203,784	385,644	1,432,883	1,315,242
Supplies	—	636	2,984	5,065	1,934	2,793	13,412	2,821	2,768	5,589	19,001	18,830
Telephone and teleconference	—	1,685	12,637	9,912	3,694	9,604	37,472	6,693	7,319	14,012	51,484	46,997
Postage and shipping	36	537	1,264	3,513	1,682	3,223	10,255	5,560	3,669	9,229	19,484	198,911
Occupancy	—	25,673	107,125	137,084	52,514	116,667	439,063	75,723	107,229	182,952	622,015	576,808
Outside printing and artwork	—	209	52,926	318,009	52,495	53,095	476,734	7,618	573,695	581,313	1,058,047	297,195
Travel and related costs	—	773	11,040	6,456	4,350	23,745	46,364	31,617	5,247	36,864	83,228	208,099
Conferences, conventions, and meetings	—	(663)	7	4,232	7	210,305	213,888	(914)	3,241	2,327	216,215	138,911
Membership dues, support and subscriptions	—	1,174	40,658	14,534	1,672	5,898	63,936	7,512	10,179	17,691	81,627	79,200
Interest expense/trustee fees	—	9,427	5,237	12,569	5,237	20,948	53,418	38,754	12,569	51,323	104,741	69,228
Awards and grants	—	181,838	72,390	434,339	72,390	79,561	840,518	—	796,289	796,289	1,636,807	219,267
Miscellaneous	—	1,487	68,990	401,988	67,430	70,373	610,268	158,088	733,826	891,914	1,502,182	971,992
Employee recruitment	—	1,070	2,184	8,092	2,085	5,887	19,318	6,689	14,915	21,604	40,922	696
Grant to UCP Foundation	—	—	—	—	—	—	—	—	—	—	—	250,000
Total expense before depreciation and uncollectible dues	10,690	284,283	1,088,506	2,016,508	1,009,399	1,109,808	5,519,194	792,339	2,665,651	3,457,990	8,977,184	7,030,912
Depreciation	—	2,773	11,553	14,705	5,655	12,584	47,270	8,178	11,398	19,576	66,846	65,945
Uncollectible dues adjustment	—	—	—	—	—	(27,704)	(27,704)	—	—	—	(27,704)	8,174
In-kind professional and contracted services	—	—	—	—	—	23,730	23,730	—	—	—	23,730	—
Total expenses	\$ 10,690	\$ 287,056	\$ 1,100,059	\$ 2,031,213	\$ 1,015,054	\$ 1,118,418	\$ 5,562,490	\$ 800,517	\$ 2,677,049	\$ 3,477,566	\$ 9,040,056	\$ 7,105,031

The accompanying notes are an integral part of this statement.

United Cerebral Palsy Associations, Inc.

Statements of Cash Flows

<i>Year ended September 30,</i>	2007	2006
Cash Flows from Operating Activities		
Change in net assets	\$ (195,397)	\$ 614,497
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	66,846	65,945
Realized and unrealized gains and losses on investments, net	763,697	(242,366)
Change in beneficial interest in third party trusts	(18,282)	(5,290)
Changes in assets and liabilities:		
Contributions receivable	32,277	122,068
Due from affiliates, net	3,719	29,212
Receivables and other assets	(1,461,127)	(176,382)
Accounts payable and accrued expenses	215,947	79,066
Deferred revenue	145,129	106,959
Due to affiliates	(47,896)	50,586
Net Cash (Used in) Provided by Operating Activities	(495,087)	644,295
Cash Flows from Investing Activities		
Purchases of furniture and equipment	(43,544)	(14,722)
Purchases of investments	(2,065,085)	(941,163)
Proceeds from sales of investments	2,126,502	1,370,500
Net Cash Provided by Investing Activities	17,873	414,615
Cash Flows from Financing Activities		
Line of credit draw (repayments)	358,740	(670,000)
Net Cash Provided by (Used in) Financing Activities	358,740	(670,000)
Net Change in Cash and Cash Equivalents	(118,474)	388,910
Cash and Cash Equivalents, beginning of year	866,583	477,673
Cash and Cash Equivalents, end of year	748,109	866,583
Supplemental Cash Flow Information:		
Interest paid	\$ 44,990	\$ 15,209

The accompanying notes are an integral part of these statements.

United Cerebral Palsy Associations, Inc.

Notes to Financial Statements

September 30, 2007 and 2006

NOTE A—ORGANIZATION

Description of Business and Basis of Presentation

United Cerebral Palsy Associations, Inc. (UCPA) conducts four major program services for the benefit of persons with cerebral palsy and other disabilities, as follows:

- Medical research and education;
- Public policy analysis and advocacy;
- Public education designed to increase the public's awareness of cerebral palsy, its causes and prevention, as well as the needs and rights of persons with disabilities; and
- Support to affiliates through the above programs as well as through public and private grants.

UCPA has approximately 100 state and local affiliates that provide advocacy and direct services to people with cerebral palsy and other disabilities and their families. UCPA was founded in 1948 to fulfill the important role of advancing the independence of people with disabilities. UCPA supports affiliates in many facets of operations such as public education, public policy, advocacy, program services, and fund-raising. UCPA enhances the public's awareness of the services provided to people with cerebral palsy and other disabilities and their families by UCPA, its affiliates, and other agencies. UCPA's support comes primarily from affiliate member fees, contributions, and grants.

Tax Status

UCPA is a nonprofit voluntary health and welfare agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC). It has been classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC and qualifies for the maximum charitable contribution deductions allowable to donors.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, using the accrual basis of accounting.

Cash and Cash Equivalents

UCPA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

United Cerebral Palsy Associations, Inc.

Notes to Financial Statements—Continued

September 30, 2007 and 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Investments

Investments are recorded at fair value. Investment income that is restricted by a donor is reported as temporarily restricted. All other investment income is reported as unrestricted.

Allowance for Doubtful Accounts

An allowance is provided for unpaid amounts due from affiliates that may be uncollectible. As of September 30, 2007 and 2006, this allowance was \$64,876 and \$92,580, respectively.

Furniture and Equipment, Net

Furniture and equipment, net, are stated at cost, less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful life of the assets, which is 5 years for furniture, 3 years for office equipment, and the lesser of the life of the lease or the life of the assets for leasehold improvements.

Temporarily and Permanently Restricted Net Assets

UCPA's permanently restricted net assets include donations that were restricted by the donor such that income is temporarily restricted until disbursed for the purpose of providing assistive devices to increase, maintain, or improve the functional capabilities of individuals who are both physically handicapped and financially needy, by contributions to other charitable organizations. The principal of \$4,480,859 is to be held in perpetuity by UCPA, with only the income being distributed for the purposes described above. UCPA also has permanently restricted net assets in the form of beneficial interests in trusts held by third parties. The market value of these trusts was \$190,785 and \$172,503 as of September 30, 2007 and 2006. In addition, temporarily restricted net assets include contributions promised but not yet received as of September 30, 2007 and 2006.

Net Asset Classification

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

Unrestricted net assets—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UCPA.

Board Designated net assets—Net assets not subject to donor-imposed restrictions (unrestricted), but designated as to use by the Board of Trustees. The Board designated net assets consisted of the following funds: the Board Restricted Endowment Fund, which is a quasi-endowment fund used to support operations and the Board Designated Employee Fund, which is used to cover employee pension costs.

United Cerebral Palsy Associations, Inc.

Notes to Financial Statements—Continued

September 30, 2007 and 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Temporarily restricted net assets—Net assets subject to donor-imposed restrictions that will be met either by actions of UCPA and/or the passage of time. As such restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Permanently restricted net assets— Net assets subject to donor-imposed restrictions, which stipulate that the corpus be maintained in perpetuity by UCPA, but permit UCPA to expend part or all of the income and gains derived therefrom.

Beneficial Interest in Trusts Held by Third Parties

UCPA is the beneficiary of the income of two charitable annuity trusts that it does not administer. The investments of each trust are administered by a trustee who is independent of UCPA, and distributions are made to UCPA in accordance with the trust agreement for each trust. These trusts are invested in cash and cash equivalents, fixed income funds, mutual funds, convertible securities and equities. UCPA records its interest in these trusts at fair market value within permanently restricted net assets. Income earned on these trusts, representing appreciation, for the years ended September 30, 2007 and 2006, was approximately \$18,282 and \$5,300, respectively, and is classified as permanently restricted support in the accompanying statements of activities. Income earned on these trusts and paid quarterly is classified as unrestricted support in the accompanying statements of activities. For the years ended September 30, 2007 and 2006, these amounts were approximately \$1,400 and \$1,300, respectively.

Revenue Recognition

Contributions and other revenue are recognized monthly when received or earned. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of donor-imposed restrictions. Membership fees paid by affiliates are recognized when due. Temporarily restricted revenue, whose restriction is satisfied within the same fiscal year as the receipt of funds, is recorded as unrestricted.

Grants are recognized as revenue to the extent that expenses are incurred for purposes specified by the grants. Grant funds expended but not reimbursed by the grantor at year-end are accrued as grants revenue and as receivables. Grants received from the grantor but not expended at year-end are recorded as deferred revenue. There was no federal grant revenue for the year ended September 30, 2007.

UCPA record contributions from corporate sponsors, with a portion to be allocated to certain affiliates, at gross.

Expense Allocation

Expenses by function have been allocated among programs and supporting service classifications by UCPA's management on the basis of specific identification of costs or other reasonable allocation methods.

Contributed Services

Contributed Services are reported as contributions at their fair value if such services create or enhance non-financial assets, would have been purchased if not provided by contributions, require specialized skills and are provided by individuals possessing such specialized skills. In 2007, donations in-kind represented a contribution of audio visual equipment worth approximately \$24,000 for the annual conference.

United Cerebral Palsy Associations, Inc.

Notes to Financial Statements—Continued

September 30, 2007 and 2006

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Concentration of Credit Risk

UCPA maintains a significant amount of its cash balance at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances aggregate to approximately \$626,000 at September 30, 2007. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and investments.

Presentation of Certain Prior Year Information

The accompanying statement of functional expenses includes prior year summarized information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UCPA's financial statements as of and for the year ended September 30, 2006, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the 2006 financial statements have been reclassified to conform to 2007 presentation.

NOTE C—TEMPORARILY RESTRICTED NET ASSETS

The following table summarizes temporarily restricted net assets as of September 30:

	2007	2006
Restricted for specific programs	\$ 4,032,988	\$ 3,462,710
Time restricted	2,770	35,047
Total temporarily restricted net assets	\$ 4,035,758	\$ 3,497,757

United Cerebral Palsy Associations, Inc.

Notes to Financial Statements—Continued

September 30, 2007 and 2006

NOTE D—INVESTMENTS

Investments, at fair value, consisted of the following as of September 30:

	2007	2006
Mutual funds—equity securities	\$ 5,988,992	\$ 6,232,618
Mutual funds—fixed-income securities	6,284,812	6,866,300
Total	\$ 12,273,804	\$ 13,098,918

The following schedule summarizes investment return and its classification in the accompanying statements of activities for the years ended September 30:

	2007	2006
Interest	\$ 23,533	\$ 14,801
Dividends	565,923	539,086
Realized gains (losses), net	18,971	(45,142)
Unrealized gains	744,726	287,508
Total	\$ 1,353,153	\$ 796,253

NOTE E—FURNITURE AND EQUIPMENT, NET

Furniture and equipment, net, consisted of the following as of September 30:

	2007	2006
Office equipment	\$ 785,335	\$ 741,791
Leasehold improvements	189,903	189,903
	975,238	931,694
Less: accumulated depreciation	(811,870)	(745,024)
Total	\$ 163,368	\$ 186,670

United Cerebral Palsy Associations, Inc.

Notes to Financial Statements—Continued

September 30, 2007 and 2006

NOTE F—NOTES RECEIVABLE

In May 2007, UCPA entered into three notes receivables with affiliates totaling \$280,000. Under the terms of these notes, the interest rate is 1 percent per year, and the balance of the notes are due at the earlier of November 2010, or the date in which the affiliates receive permanent and long term financing for their residential property. The balances of these notes are included in Receivables and other assets on the accompanying statement of financial position.

NOTE G—COMMITMENTS

UCPA entered into several contracts, which expire through fiscal 2012. UCPA also maintains a lease for office space located in Washington, DC under a non-cancelable operating lease. This lease provides for periodic rent adjustments based on the Consumer Price Index, which are being amortized straight-line over the life of the lease creating a deferred rent balance. These amounts total \$176,455 and \$191,647 for the years ended September 30, 2007 and 2006, respectively, and are included in Accounts payable and accrued expenses in the accompanying statements of financial position. Future minimum payments under these contracts, net of future sublease receipts as of September 30, 2007, are as follows:

	Payments	Sublease Receipts	Net Commitment
2008	\$ 493,292	\$ (110,249)	\$ 383,043
2009	504,674	(14,640)	490,034
2010	508,878	—	508,678
2011	515,649	—	515,649
2012	3,951	—	3,951
Total	\$ 2,026,444	\$ 124,889	\$ 1,901,355

NOTE H—LINE-OF-CREDIT

UCPA has entered into a revolving line-of-credit with Branch Banking and Trust Company (BB&T) not to exceed \$1,500,000 as of September 30, 2007 and 2006, respectively. The line-of-credit is secured by a collateral agreement pledging \$1,500,000 of unrestricted funds within the Board Restricted Endowment Fund Account held at Wachovia. Interest on the line-of-credit is payable monthly at a variable rate based on BB&T's prime rate 7.75 percent and 8.25 percent as of September 30, 2007 and 2006, respectively). The line-of-credit expired February 15, 2008, and an extension was obtained through April 15, 2008.

As of September 30, 2007 and 2006, UCPA had \$688,740 and \$330,000 outstanding on the line-of-credit, respectively.

United Cerebral Palsy Associations, Inc.

Notes to Financial Statements—Continued

September 30, 2007 and 2006

NOTE I—RETIREMENT PLANS

UCPA sponsors a 401(k) plan for its employees, whereby UCPA deposits to each eligible employee's 401(k) account an amount equal to the employee's 401(k) contributions up to a maximum of 2 percent of the employee's annual salary, and an additional "Safe Harbor Contribution" of 3 percent of employee's annual salary. Full time employees who have at least six months of service with UCPA are eligible for the 2 percent employer match and 3 percent Safe Harbor Contribution. Pension expense for the years ended September 30, 2007 and 2006, was approximately \$81,000 and \$85,000, respectively, and is included in employee benefits and taxes in the accompanying statement of functional expenses.

NOTE J—RELATED PARTIES

The United Cerebral Palsy Research and Educational Foundation, Inc. (the Foundation), and local affiliates are related to, but not controlled by UCPA. Therefore, they are not consolidated in the accompanying financial statements.

UCPA awarded grants to the Foundation in the amount of \$-0- and \$250,000 in fiscal years 2007 and 2006, respectively, to further the Foundation's research grant program. In addition, UCPA incurred expenses of approximately \$-0- and \$50,000 for fiscal year 2007 and 2006, respectively on behalf of the Foundation.

UCPA contributed services to the Foundation in the form of program management and administration. These services amounted to approximately \$10,700 and \$456,000, respectively, during the years ended September 30, 2007 and 2006, and are reflected as part of management and general expenses in the accompanying statements of activities.

The Foundation made grants in the amounts of approximately \$-0- and \$475,000 for the years ended September 30, 2007 and 2006, respectively, to UCPA for the furtherance of its efforts to educate the public about cerebral palsy.

On October 31, 2006, UCPA terminated its memorandum of understanding with the Foundation, and UCPA no longer provides staffing administrative or financial support to the Foundation. In addition, the Foundation no longer provides reimbursements to UCPA for some of the costs associated with staffing.

A portion of the national corporate sponsors' contributions received directly by UCPA is allocated to the local affiliates pursuant to sharing agreements with national corporate sponsors. These contributions amounted to approximately \$1,451,000 and \$1,013,000 for the years ended September 30, 2007 and 2006, respectively. Support from the public reflected in the accompanying financial statements excludes collections retained by the local affiliates and contributions allocated by UCPA to the local affiliates. Expenses incurred by the local affiliates are borne by them and are not included in the accompanying financial statements. Medical research and education, public policy analysis/advocacy, and public education are program services provided to and for the benefit of the general public and local affiliates. Affiliate services are program services provided to and for the benefit of local affiliates.

United Cerebral Palsy Associations, Inc.

Notes to Financial Statements—Continued

September 30, 2007 and 2006

NOTE K—UNRESTRICTED NET ASSET AVAILABLE FOR OPERATIONS DEFICIT

Unrestricted net assets available for operations as of September 30, 2007, had a deficit of approximately \$750,000. The deficit was principally caused by costs incurred by UCPA in funding a major ride program across the country. The ride was in conjunction with local UCPA affiliates and was intended to raise awareness and educate the public about individuals with cerebral palsy and other disabilities. Two additional rides were held in fiscal year 2008. During fiscal year 2007, UCPA incurred net expenses of \$1,150,000 in conjunction with this program. The program was funded through cash from operations and with a line-of-credit. As of September 30, 2007, UCPA has recorded a prepaid expense in the amount of \$1,574,066 for the rides scheduled for fiscal year 2008. The majority of the revenue and expenses have been identified and its anticipated that these program events will result in operating loss of \$1,153,569 for fiscal year 2008.

NOTE L—ALLOCATION OF JOINT COSTS

UCPA conducted activities, which incurred joint costs for distribution of direct mail fund-raising appeals and educational information. During the year ended September 30, 2007, joint costs of approximately \$2,040,000 were allocated to programs and costs of approximately \$2,677,000 were allocated to fund-raising.



As one of the largest organizations advocating on behalf of the more than 54 million Americans with disabilities, the UCP mission is to advance the independence, productivity and full citizenship of people with disabilities through an affiliate network.

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