

**UNITED CEREBRAL PALSY
ASSOCIATION OF
SAN JOAQUIN, CALAVERAS,
AMADOR COUNTIES
(A NONPROFIT CORPORATION)**

FINANCIAL REPORT

JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Board of Directors
UNITED CEREBRAL PALSY ASSOCIATION
OF SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A NONPROFIT CORPORATION)
Stockton, California

Report on the Financial Statements

We have audited the accompanying financial statements of United Cerebral Palsy Association of San Joaquin, Calaveras, Amador Counties (A Nonprofit Corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

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Philip Lantsberger, CPA
Robert Gross, CPA
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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 Association of San Joaquin, Calaveras, Amador Counties as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Cerebral Palsy Association of San Joaquin, Calaveras, Amador Counties' June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schwartz, Giannini, Lantberger & Adamson

Stockton, California
November 9, 2018

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION
June 30, 2018
(With Comparative Totals For June 30, 2017)**

| ASSETS | 2018 | 2017 |
|---|--------------|--------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,516,728 | \$ 1,640,171 |
| Receivables (Note 3) | 751,504 | 794,137 |
| Prepaid expenses | 19,790 | 11,151 |
| Total current assets | \$ 3,288,022 | \$ 2,445,459 |
| PROPERTY AND EQUIPMENT, NET (Note 2) | 681,463 | 782,722 |
| Total assets | \$ 3,969,485 | \$ 3,228,181 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 36,865 | \$ 87,902 |
| Accrued payroll | 103,795 | 99,729 |
| Accrued vacation | 144,983 | 179,502 |
| Total current liabilities | 285,643 | 367,133 |
| NET ASSETS | | |
| Unrestricted | 3,683,188 | 2,859,320 |
| Temporarily restricted (Note 4) | 654 | 1,728 |
| Total net assets | 3,683,842 | 2,861,048 |
| Total liabilities and net assets | \$ 3,969,485 | \$ 3,228,181 |

See Notes to Financial Statements.

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2018
(With Comparative Totals For June 30, 2017)**

| | Unrestricted | Temporarily Restricted | Total June 30, 2018 | Total June 30, 2017 |
|--|---------------------|---------------------------|------------------------|------------------------|
| SUPPORT AND REVENUE | | | | |
| Governmental grants and contract income (Note 3) | \$ 8,312,768 | \$ 3,841 | \$ 8,316,609 | \$ 7,684,575 |
| Contributions | 22,343 | - | 22,343 | 21,588 |
| Special events | 199,702 | - | 199,702 | 172,118 |
| Interest income | 5,800 | - | 5,800 | 9,574 |
| Net assets released from restrictions | 4,915 | (4,915) | - | - |
| | \$ 8,545,528 | \$ (1,074) | \$ 8,544,454 | \$ 7,887,855 |
| EXPENSES | | | | |
| Program services | \$ 6,811,775 | \$ - | \$ 6,811,775 | \$ 6,609,712 |
| Supporting services | | | | |
| Management and general | 708,641 | - | 708,641 | 656,699 |
| Fundraising | 176,245 | - | 176,245 | 154,713 |
| | 7,696,661 | - | 7,696,661 | 7,421,124 |
| Unallocated payments to national UCP | 24,999 | - | 24,999 | 39,996 |
| | \$ 7,721,660 | \$ - | \$ 7,721,660 | \$ 7,461,120 |
| Change in net assets | \$ 823,868 | \$ (1,074) | \$ 822,794 | \$ 426,735 |
| Net assets, beginning of year | 2,859,320 | 1,728 | 2,861,048 | 2,434,313 |
| Net assets, end of year | \$ 3,683,188 | \$ 654 | \$ 3,683,842 | \$ 2,861,048 |

See Notes to Financial Statements.

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018
(With Comparative Totals For June 30, 2017)**

| | Program Services | | | | | | Great Beginnings |
|--|-------------------------|----------------------------------|---------------------------------|------------------------------------|----------------------------------|---|---------------------|
| | Adult Day Program | Stockton Adult Dev. Center | Manteca Adult Dev. Center | Supported Employment Program | Independent Living Program | Early/Creative Intervention Program | |
| Salaries | \$ 838,166 | \$ 709,766 | \$ 318,447 | \$ 337,005 | \$ 463,357 | \$ 887,844 | \$ 193,761 |
| Payroll taxes | 62,132 | 53,651 | 24,058 | 24,649 | 33,440 | 63,239 | 15,713 |
| Benefits | 111,679 | 21,982 | 30,021 | 25,892 | 46,011 | 63,846 | 16,993 |
| Workers comp insurance | 39,070 | 31,002 | 14,046 | 24,316 | 20,292 | 31,050 | 9,004 |
| Total personnel costs | \$ 1,051,047 | \$ 816,401 | \$ 386,572 | \$ 411,862 | \$ 563,100 | \$ 1,045,979 | \$ 235,471 |
| Contracted services | 57,460 | 22,043 | 20,272 | 3,776 | 7,747 | 4,058 | 1,886 |
| Office expenses and supplies | 52,304 | 23,047 | 14,256 | 4,211 | 7,702 | 10,821 | 4,757 |
| Telephone and utilities | 33,455 | 25,921 | 14,489 | 4,050 | 11,540 | 5,889 | 1,261 |
| Insurance | 13,234 | 6,523 | 5,867 | 4,352 | 5,773 | 4,114 | 1,066 |
| Licenses and fees | 10,108 | 8,459 | 2,063 | 658 | 1,786 | 1,250 | 34 |
| Postage | 288 | 199 | 100 | 109 | 176 | 143 | 187 |
| Rent | 29,871 | 92,448 | 64,200 | 336 | - | 47,230 | 13,935 |
| Printing and publications | 3,454 | 863 | 327 | 331 | 724 | 230 | 32 |
| Rehabilitation and education | 920 | (656) | 206 | 996 | - | 2,819 | 11,074 |
| Travel and conferences | 794 | 751 | 4,975 | 26,156 | 20,485 | 69,358 | 6,692 |
| Equipment maintenance | 11,951 | 6,487 | 2,624 | 1,428 | 2,954 | 2,058 | 887 |
| Interest | - | - | - | - | - | - | - |
| Other | 1,572 | 254 | 7,792 | 418 | 412 | 232 | 8 |
| Total expenses before depreciation and amortization | \$ 1,266,458 | \$ 1,002,740 | \$ 523,743 | \$ 458,683 | \$ 622,399 | \$ 1,194,181 | \$ 277,290 |
| Depreciation and amortization | 24,861 | 1,020 | 11,335 | 7,686 | 6,444 | 997 | 151 |
| Total expenses | \$ 1,291,319 | \$ 1,003,760 | \$ 535,078 | \$ 466,369 | \$ 628,843 | \$ 1,195,178 | \$ 277,441 |

See Notes to Financial Statements.

| Respite | San Andreas/ Calaveras | Tracy | TRACS | Total Program Services | Supporting Services | | | Total Expenses | |
|------------|---------------------------|------------|------------|------------------------------|---------------------------|-----------------|---------------------------------|----------------|--------------|
| | | | | | Management and General | Fund Raising | Total Supporting Services | 2018 | 2017 |
| | | | | | | | | | |
| \$ 214,887 | \$ 3,596 | \$ 453,472 | \$ 218,511 | \$ 4,638,812 | \$ 462,165 | \$ 84,120 | \$ 546,285 | \$ 5,185,097 | \$ 4,991,719 |
| 15,806 | 275 | 33,220 | 18,110 | 344,293 | 37,924 | - | 37,924 | 382,217 | 366,709 |
| 9,796 | 379 | 61,459 | 17,103 | 405,161 | 45,501 | 14,162 | 59,663 | 464,824 | 433,765 |
| 11,289 | 160 | 23,116 | 8,303 | 211,648 | 11,986 | 1,054 | 13,040 | 224,688 | 229,319 |
| \$ 251,778 | \$ 4,410 | \$ 571,267 | \$ 262,027 | \$ 5,599,914 | \$ 557,576 | \$ 99,336 | \$ 656,912 | \$ 6,256,826 | \$ 6,021,512 |
| 7,620 | - | 32,421 | 1,085 | 158,368 | 36,646 | - | 36,646 | 195,014 | 116,562 |
| 1,352 | - | 7,947 | 1,597 | 127,994 | 39,408 | 65,706 | 105,114 | 233,108 | 206,926 |
| 4,976 | - | 14,240 | 1,498 | 117,319 | 14,319 | 900 | 15,219 | 132,538 | 126,125 |
| 3,144 | - | 13,232 | 1,088 | 58,393 | 2,317 | - | 2,317 | 60,710 | 81,678 |
| 2,525 | - | 5,077 | 2,332 | 34,292 | 5,593 | 125 | 5,718 | 40,010 | 32,385 |
| 83 | - | 145 | 88 | 1,518 | 108 | 225 | 333 | 1,851 | 2,007 |
| - | - | 78,502 | 12,540 | 339,062 | 336 | - | 336 | 339,398 | 334,195 |
| 152 | - | 785 | 36 | 6,934 | 1,797 | - | 1,797 | 8,731 | 12,201 |
| 228 | - | 3,686 | 1,095 | 20,368 | - | 2,866 | 2,866 | 23,234 | 38,290 |
| 40,259 | 1,346 | 18,149 | 11,475 | 200,440 | 10,254 | 3,951 | 14,205 | 214,645 | 217,750 |
| 1,104 | - | 9,421 | 547 | 39,461 | 6,693 | - | 6,693 | 46,154 | 83,885 |
| - | - | - | - | - | - | - | - | - | 1,324 |
| 148 | - | 764 | 68 | 11,668 | 12,598 | 3,136 | 15,734 | 27,402 | 27,073 |
| \$ 313,369 | \$ 5,756 | \$ 755,636 | \$ 295,476 | \$ 6,715,731 | \$ 687,645 | \$ 176,245 | \$ 863,890 | \$ 7,579,621 | \$ 7,301,913 |
| 1,705 | - | 41,559 | 286 | 96,044 | 20,996 | - | 20,996 | 117,040 | 119,211 |
| \$ 315,074 | \$ 5,756 | \$ 797,195 | \$ 295,762 | \$ 6,811,775 | \$ 708,641 | \$ 176,245 | \$ 884,886 | \$ 7,696,661 | \$ 7,421,124 |

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2018
(With Comparative Totals For June 30, 2017)**

| | 2018 | 2017 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 822,794 | \$ 426,735 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 117,040 | 119,211 |
| Changes in assets and liabilities: | | |
| (Increase) decrease: | | |
| Accounts receivable | 42,017 | (178,893) |
| Prepaid expenses | (8,639) | 12,708 |
| Increase (decrease): | | |
| Accounts payable | (51,037) | 76,547 |
| Accrued payroll | 4,066 | 27,336 |
| Accrued vacation | (34,519) | 16,210 |
| Net cash provided by operating activities | \$ 891,722 | \$ 499,854 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of investments | \$ - | \$ 169,995 |
| Purchases of property and equipment | (15,165) | (2,907) |
| Net cash provided by (used in) investing activities | \$ (15,165) | \$ 167,088 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal payments on note payable | \$ - | (56,847) |
| Net cash (used in) financing activities | \$ - | \$ (56,847) |
| Net increase in cash | \$ 876,557 | \$ 610,095 |
| CASH AT BEGINNING OF YEAR | 1,640,171 | 1,030,076 |
| CASH AT END OF YEAR | \$ 2,516,728 | \$ 1,640,171 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for: | | |
| Interest | \$ - | \$ 1,324 |

See Notes to Financial Statements.

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

United Cerebral Palsy of San Joaquin, Calaveras, Amador Counties offers programs to affect positively the quality of life for persons with cerebral palsy, those with other severe disabilities and multiple service needs, and their families. Programs include job placement and training, family support network and activity centers where participants with cerebral palsy or related disabilities develop skills and receive training to assist them in experiencing life to its fullest.

This summary of significant accounting policies of United Cerebral Palsy of San Joaquin, Calaveras, Amador Counties is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

ORGANIZATION

The United Cerebral Palsy Association of San Joaquin, Calaveras, Amador Counties is a nonprofit, voluntary health agency exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation.

BASIS OF PRESENTATION

The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes. At June 30, 2018, there were no permanently restricted net assets.

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Organization estimates doubtful accounts based on historical bad debts, factors related to the specific payer's ability to pay, and current economic trends. Receivable are written off when a balance is determined to be uncollectible. No allowance is established at June 30, 2018 as management believes all amounts are collectible.

PROPERTY AND EQUIPMENT, NET

Purchased property and equipment is recorded at cost and donated equipment at its fair market value at the date of donation. It is the Organization's policy to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed.

DEPRECIATION AND AMORTIZATION

Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets.

CONTRIBUTIONS

All contributions are considered available for unrestricted use, unless specifically restricted by donor.

DONATED SERVICES

A substantial number of volunteers donated significant amounts of their time in the organization's behalf; however, amounts have not been reflected in the statements for donated services since an objective basis is not available to measure the value of such services.

ALLOCATED EXPENSES

Expenses have been allocated by function among program and supporting services classifications on the basis of budget allocations and on estimates made by the organization's management.

CASH AND CASH EQUIVALENTS

Cash consists of amounts on deposit with commercial banks in interest bearing and non-interest bearing accounts. The accounts are insured by the FDIC up to \$250,000 for each bank. As of June 30, 2018, cash on deposit in excess of federally insured limits was \$2,116,342.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCUMULATED VACATION AND SICK LEAVE

Vacation

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Agency. The value of accumulated vacation at June 30, 2018 is \$144,983.

Sick Leave

Sick leave benefits are accumulated for each employee, but the employees do not gain a vested right to the accumulated sick leave.

Accumulated employee sick leave benefits are not recognized as liabilities of the Agency since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

INVESTMENTS

The Organization's investments are stated at fair value in the statement of financial position, with all gains and losses included in the statement of activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

INCOME TAX STATUS

United Cerebral Palsy Association of San Joaquin, Calaveras, Amador Counties is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's federal tax returns for 2015, 2016 and 2017 remain open to examination by the Internal Revenue Service; state income tax returns for 2014, 2015, 2016 and 2017 are open to examination. In evaluating the Organization's tax provisions and accruals, the Organization believes that its estimates are appropriate based on current facts and circumstances.

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)**

NOTES TO FINANCIAL STATEMENTS

NOTE 2. FIXED ASSETS

Fixed assets are stated at cost and summarized as follows:

| | <u>June 30, 2018</u> | <u>Life</u> |
|--------------------------------|----------------------|-------------|
| Land | \$ 170,500 | - - |
| Building and improvements | 1,166,767 | 15-40 Years |
| Furniture and equipment | 175,615 | 5-10 Years |
| Vehicles | <u>499,048</u> | 5 Years |
| | \$ 2,011,930 | |
| Less: accumulated depreciation | <u>(1,330,467)</u> | |
| | <u>\$ 681,463</u> | |

NOTE 3. FEES FROM GOVERNMENT AGENCIES/CONCENTRATION

United Cerebral Palsy Association of San Joaquin, Calaveras, Amador Counties receives reimbursements from Valley Mountain Regional Center (VMRC) for providing services to their clients. During the fiscal year ending June 30, 2018 the United Cerebral Palsy Association of San Joaquin, Calaveras, Amador Counties (A Nonprofit Organization) received \$7,368,258. VMRC provides approximately 86% of the total revenue for UCP and 83% of UCP's accounts receivable as of June 30, 2018. The programs' continuation is dependent on the continuing support of Valley Mountain Regional Center and the California Department of Developmental Services.

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, the Organization had \$654 in temporarily restricted net assets which are to be used for consumer equipment purchases.

**UNITED CEREBRAL PALSY ASSOCIATION OF
SAN JOAQUIN, CALAVERAS, AMADOR COUNTIES
(A Nonprofit Corporation)**

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LEASES

The Association leases office equipment under an operating lease expiring in July 2020 with monthly payments of \$905. United Cerebral Palsy also leases office space under five different lease agreements with expiration dates ranging from August 2018 to June 2021 and total monthly payments of \$28,101.

The approximate future minimum lease payments under all operating leases with an initial or remaining non-cancellable term of one year or more are as follows at June 30:

For year ending June 30:

| | |
|------|-------------------|
| 2019 | \$ 365,510 |
| 2020 | 248,011 |
| 2021 | <u>64,200</u> |
| | <u>\$ 638,721</u> |

NOTE 6. EMPLOYEE BENEFIT PLAN

The Organization has a 401(k) defined contribution employee benefit plan which became effective in November 1997. All employees at least 21 years of age who have completed 60 days of service are eligible to participate. The plan was amended and restated on February 23, 2010, as a complete restatement of the prior plan, effective July 1, 2006. The plan's employer matching provision calls for an annual discretionary match. Per board resolution, effective July 1, 2014, UCP will match employee contributions equal to 50% of the first 3% of gross wages. No employer contributions were made for the year ended June 30, 2018.

NOTE 7. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through November 9, 2018, the date the financial statements were available to be issued.



**Schwartz
Giannini
Lantsberger
& Adamson**
ACCOUNTANCY
CORPORATION

To the Board of Directors
United Cerebral Palsy of San Joaquin, Calaveras, Amador Counties
(A Nonprofit Corporation)
Stockton, California

We have audited the financial statements of United Cerebral Palsy of San Joaquin, Calaveras, Amador Counties for the year ended June 30, 2018, and have issued our report thereon dated November 9, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 9, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Cerebral Palsy of San Joaquin, Calaveras, Amador Counties are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates used in preparing the current year financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

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To the Board of Directors
United Cerebral Palsy of San Joaquin, Calaveras, Amador Counties

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter signed and dated November 9, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have communicated our findings and suggestions for strengthening internal controls in a separate letter dated November 9, 2018.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of United Cerebral Palsy of San Joaquin, Calaveras, Amador Counties and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Schwartz, Giannini, Lantberger & Adamson

Stockton, California
November 9, 2018