Queens Centers for Progress and Affiliate

Consolidated Financial Statements and Supplemental Schedules

Year Ended June 30, 2014

Queens Centers for Progress and Affiliate

Consolidated Financial Statements
and Supplemental Schedules
Year Ended June 30, 2014

Queens Centers for Progress and Affiliate

Contents

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Independent Auditor's Report

The Board of Directors
United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)
Jamaica, New York

We have audited the accompanying consolidated financial statements of United Cerebral Palsy of Queens, Inc. (d/b/a Queens Centers for Progress and Affiliate) ("QCP and Affiliate"), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy of Queens, Inc. (d/b/a Queens Centers for Progress and Affiliate) as of June 30, 2014, and the results of its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited QCP and Affiliate's consolidated financial statements and our report, dated December 16, 2013, expressed an unmodified audit opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

December 1, 2014

Queens Centers for Progress and Affiliate

Consolidated Statement of Financial Position
(with comparative totals for 2013)

June 30,	**2014**	2013
Assets		
Current:		
Cash and cash equivalents (Note 3)	**$ 5,076,785**	$ 5,012,059
Investments, held-to-maturity, at amortized cost (Notes 3 and 4)	**4,006,839**	3,808,537
Accounts receivable, net of allowance for doubtful accounts of $4,729 and $39,427 for 2014 and 2013, respectively (Note 3)	**4,730,786**	4,509,487
Consumer funds (Note 3)	**196,363**	161,155
Prepaid expenses, deposits and other assets	**368,303**	365,090
Assets limited as to use, current portion (Notes 3 and 4)	**591,054**	586,396
Total Current Assets	**14,970,130**	14,442,724
Assets Limited as to Use, Net of Current Portion (Notes 3 and 4)	**145,237**	145,237
Deferred Bond Issuance Costs (Note 3)	**58,579**	77,268
Fixed Assets, Net (Notes 3 and 5)	**7,950,060**	8,413,644
	$23,124,006	$23,078,873
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 1,962,918**	$ 1,728,752
Accrued payroll and related benefits	**2,348,908**	2,268,952
Consumer funds (Note 3)	**196,363**	161,155
Current portion of due to governmental agencies (Note 6)	**2,585,785**	2,215,288
Deferred revenue	**305,531**	238,372
Current portion of mortgages and loans payable (Note 7)	**151,824**	714,460
Current portion of bonds payable (Note 8)	**195,000**	190,000
Total Current Liabilities	**7,746,329**	7,516,979
Due to Governmental Agencies, Less Current Portion (Note 6)	**2,030,781**	2,030,781
Mortgages and Loans Payable, Less Current Portion (Note 7)	**109,210**	258,467
Bonds Payable, Less Current Portion (Note 8)	**750,000**	945,000
Total Liabilities	**10,636,320**	10,751,227
Commitments and Contingencies (Notes 3, 7, 8 and 10)		
Net Assets (Note 3):		
Unrestricted	**12,487,686**	12,327,646
	$23,124,006	$23,078,873

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Activities
(Unrestricted)
(with comparative totals for 2013)

Year ended June 30,	**2014**	2013
Revenue and Other Support:		
Government support	**$33,792,739**	$33,955,351
Other program revenue	**498,599**	661,759
Special events, net of direct costs to donors of $195,368 and $197,083 for 2014 and 2013, respectively	**490,564**	468,658
Contributions	**173,731**	19,418
Interest income	**36,924**	47,249
Total Revenue and Other Support	**34,992,557**	35,152,435
Expenses:		
Program services:		
Clinical and coordination services	**2,505,033**	2,488,927
Adult day services	**8,786,086**	8,606,911
Vocational services	**3,869,937**	4,000,288
Residential services	**10,943,713**	11,259,393
Children's Center services	**5,964,833**	5,992,364
Total Program Services	**32,069,602**	32,347,883
Supporting services:		
Management and general	**2,551,454**	2,599,140
Fundraising	**211,461**	197,678
Total Supporting Services	**2,762,915**	2,796,818
Total Expenses	**34,832,517**	35,144,701
Change in Net Assets	**160,040**	7,734
Net Assets, Beginning of Year	**12,327,646**	12,319,912
Net Assets, End of Year	**$12,487,686**	$12,327,646

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Functional Expenses
(with comparative totals for 2013)

Year ended June 30,

	Program Services						Supporting Services			Consolidated	
	Clinical and Coordination Services	Adult Day Services	Vocational Services	Residential Services	Children's Center Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2014**	2013
Salaries, Payroll Taxes and Employee Benefits:											
Salaries	$1,528,288	$4,183,738	$2,013,317	$ 5,644,108	$3,940,199	$17,309,650	$1,519,529	$123,538	$1,643,067	**$18,952,717**	$19,021,727
Payroll taxes and employee benefits	679,934	1,898,344	884,436	2,566,949	1,693,596	7,723,259	646,705	52,042	698,747	**8,422,006**	8,839,148
Total Salaries, Payroll Taxes and Employee Benefits	2,208,222	6,082,082	2,897,753	8,211,057	5,633,795	25,032,909	2,166,234	175,580	2,341,814	**27,374,723**	27,860,875
Other Expenses:											
Program participants' compensation	-	-	347,946	-	-	347,946	-	-	-	**347,946**	387,219
Transportation	-	1,641,179	49,969	82,119	4,556	1,777,823	-	-	-	**1,777,823**	1,808,223
Professional and other service fees	87,739	133,038	6,322	229,611	4,890	461,600	143,445	-	143,445	**605,045**	567,865
Program supplies	21,961	71,185	50,460	303,611	46,838	494,055	-	-	-	**494,055**	542,738
Program participants' expenses	47,053	22,878	-	422,400	5,260	497,591	-	-	-	**497,591**	475,303
Occupancy	37,119	294,197	242,424	348,543	156,433	1,078,716	37,578	8,249	45,827	**1,124,543**	910,844
Communications	11,036	40,809	39,638	31,734	8,252	131,469	7,496	644	8,140	**139,609**	132,607
Facility assessments	-	-	-	548,869	-	548,869	-	-	-	**548,869**	545,041
Office supplies, postage and shipping	17,102	39,859	26,516	32,593	19,189	135,259	54,163	6,988	61,151	**196,410**	179,643
Insurance	6,724	70,854	21,240	82,853	20,702	202,373	34,508	-	34,508	**236,881**	228,918
Interest	1,528	17,572	10,203	58,071	683	88,057	2,456	314	2,770	**90,827**	149,270
Staff training and travel	19,154	18,147	41,858	25,721	9,200	114,080	6,986	2,827	9,813	**123,893**	109,795
Miscellaneous	11,431	34,468	15,272	257,946	18,381	337,498	78,155	13,972	92,127	**429,625**	380,646
Total Expenses Before Depreciation and Amortization	2,469,069	8,466,268	3,749,601	10,635,128	5,928,179	31,248,245	2,531,021	208,574	2,739,595	**33,987,840**	34,278,987
Depreciation and Amortization	35,964	319,818	120,336	308,585	36,654	821,357	20,433	2,887	23,320	**844,677**	865,714
Total	**$2,505,033**	**$8,786,086**	**$3,869,937**	**$10,943,713**	**$5,964,833**	**$32,069,602**	**$ 2,551,454**	**$211,461**	**$2,762,915**	**$34,832,517**	$35,144,701

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Cash Flows
(with comparative totals for 2013)

Year ended June 30,	**2014**	2013
Cash Flows From Operating Activities:		
Change in net assets	**$ 160,040**	$ 7,734
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**844,677**	865,714
Amortization of bond issuance costs	**18,689**	18,689
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**(221,299)**	363,215
Consumer funds	**(35,208)**	(26,654)
Prepaid expenses, deposits and other assets	**(3,213)**	(10,752)
Increase (decrease) in:		
Accounts payable and accrued expenses	**234,166**	326,400
Accrued payroll and related benefits	**79,956**	286,532
Consumer funds	**35,208**	26,654
Due to governmental agencies	**370,497**	(1,660,206)
Deferred revenue	**67,159**	69,917
Net Cash Provided By Operating Activities	**1,550,672**	267,243
Cash Flows From Investing Activities:		
Proceeds from sale of investments	**(2,220,000)**	1,625,000
Purchases of investments	**2,021,698**	(986,809)
Purchases of fixed assets	**(381,093)**	(5,013)
Decrease in assets limited as to use	**(4,658)**	5,382
Net Cash (Used In) Provided By Investing Activities	**(584,053)**	638,560
Cash Flows From Financing Activities:		
Proceeds from mortgages and loans payable	**-**	-
Repayments of mortgages and loans payable	**(711,893)**	(691,355)
Repayments of bonds payable	**(190,000)**	(190,000)
Net Cash Used In Financing Activities	**(901,893)**	(881,355)
Net Increase in Cash and Cash Equivalents	**64,726**	24,448
Cash and Cash Equivalents, Beginning of Year	**5,012,059**	4,987,611
Cash and Cash Equivalents, End of Year	**$ 5,076,785**	$ 5,012,059
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	**$ 79,215**	$ 135,226

See accompanying notes to consolidated financial statements.

1. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Queens Centers for Progress ("QCP") and Queens Community Mental Health and Mental Retardation Services Company, Inc. (the "Services Company") (collectively "QCP and Affiliate"), which are related by certain common members of the Board of Directors and identical management.

The financial statements of the Services Company as of and for the year ended June 30, 2014 were consolidated with those of QCP. All intercompany balances and transactions have been eliminated in consolidation.

2. Nature of Organizations

(a) The essential purpose of QCP is to provide services to children and adults with developmental disabilities which will maximize their well-being, independence, and ability to exercise choice and to develop to their fullest potential. QCP addresses the needs of these individuals and their families by providing clinical and coordination services, day programs, vocational and residential services for adults and educational and treatment programs for children.

(b) The Services Company is a not-for-profit corporation organized pursuant to Article 8-B of the Mental Hygiene Law of the State of New York as a holding company for the building located at 81-15 164th Street in Jamaica, Queens, which houses several programs and the administrative offices of QCP.

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements of QCP and Affiliate have been prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

(b) Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The only class of net assets that QCP and Affiliate have is as follows:

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(c) Cash and Cash Equivalents

Cash equivalents include short-term, highly liquid investments with maturities of three months or less at the time of purchase.

(d) Consumer Funds

Consumer funds consist of cash deposits held by QCP and Affiliate for their residents' personal use.

(e) Investments

Investments consist of certificates of deposits that mature at various times in the future which QCP and Affiliate have the positive intent to hold to maturity and which are valued at amortized cost in the consolidated statement of financial position. As of June 30, 2014, the amortized cost of the investments was $4,006,839, which includes $11,839 of accrued interest.

(f) Provision for Doubtful Accounts

QCP and Affiliate provide an allowance for doubtful accounts for accounts receivable which are specifically identified by management as to their uncertainty in regards to collectability.

(g) Deferred Bond Issuance Costs

Deferred bond issuance costs represent costs incurred to obtain financing. These costs will be amortized over the term of indebtedness using the straight-line method.

(h) Assets Limited As to Use

Assets limited as to use include assets held by the trustees under bond agreements (see Note 8) and are valued at amortized cost in the consolidated statement of financial position.

(i) Fixed Assets

Fixed assets are stated at cost or estimated fair market value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

	Years
Buildings and improvements	5-50
Furniture and equipment	2-15
Leasehold improvements	8-22
Vehicles	3-5

(j) Impairment of Fixed Assets

QCP and Affiliate review fixed assets for impairment whenever changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2014, there have been no such losses.

(k) Contributions and Grants

Contributions and grants, including unconditional promises to give that are expected to be collected within one year, are recognized as revenues in the period earned and are either classified as temporarily restricted or unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

(l) Third-Party Reimbursements and Revenue Recognition

QCP and Affiliate receive substantially all of their revenue from third-party reimbursement agencies; primarily the New York State Office for People with Developmental Disabilities ("OPWDD"), the Department of Health ("DOH") and the New York State Education Department ("SED"). These revenues are for services provided to approved consumers and are based on rates issued by funding agencies. Revenues are recognized as earned and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries.

(m) Use of Estimates

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

(n) Medical Self-Insurance

QCP and Affiliate maintain a self-insured medical plan for their employees. Accounts payable and accrued expenses on the consolidated financial statements include an estimated liability of approximately $517,000 for claims incurred but not reported as of June 30, 2014. Management believes that this is a reasonable estimate.

(o) Income Taxes

QCP and Affiliate are New York State not-for-profit voluntary agencies and are exempt from Federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, therefore, have made no provision for income taxes in the accompanying consolidated financial statements. There was no unrelated business income in 2014.

QCP and Affiliate adopted the provisions of ASC 740, "Income Taxes," on January 1, 2009. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The implementation of ASC 740 had no impact on QCP and Affiliate's consolidated financial statements. QCP and Affiliate do not believe they have taken any material uncertain tax positions and, accordingly, they have not recorded any liability for unrecognized tax benefits. QCP and Affiliate filed for and received income tax exemptions in the jurisdictions where they are required to do so. Additionally, QCP and Affiliate filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2014, there were no interest or penalties recorded or included in the consolidated statement of activities. QCP and Affiliate are subject to routine audits by a taxing authority. As of June 30, 2014, QCP and Affiliate were not subject to any examination by a taxing authority. Management believes they are no longer subject to income tax examination for the years prior to 2011.

(p) Allocation Methodology

The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated to the programs and supporting services benefited.

(q) Concentration of Credit Risk

Financial instruments which potentially subject QCP and Affiliate to concentration of credit risk consist primarily of cash and cash equivalents. At various times, QCP and Affiliate have cash deposits at financial institutions, which exceed the Federal Depository Insurance Corporation insurance limits.

(r) Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information. With respect to the consolidated statement of functional expenses, the prior year expenses by the expense classification are presented in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the prior year financial statements from which the summarized information was derived.

4. Financial Instruments

The amortized cost of investments at June 30, 2014 is as follows:

Project and Bond Funds	$ 591,054
Debt Service Reserve Fund	145,237
Certificates of deposit	4,006,839
Total	$4,743,130

QCP and Affiliate have investments in certificates of deposit, Federal treasury obligation funds and fixed income instruments. QCP and Affiliate’s custodian prices these investments using nationally recognized pricing services.

The project and bond funds and debt service reserve fund are assets limited as to use related to QCP and Affiliate’s bonds payable discussed in Note 8.

5. Fixed Assets, Net

Fixed assets, net consist of the following at June 30, 2014:

	QCP	Affiliate	Consolidated
Land	$ 874,610	$ 138,220	$ 1,012,830
Buildings and improvements	13,481,237	3,509,458	16,990,695
Leasehold improvements	1,919,978	-	1,919,978
Furniture and equipment	483,354	-	483,354
Vehicles	751,158	-	751,158
Total fixed assets	17,510,337	3,647,678	21,158,015
Less: Accumulated depreciation and amortization	(10,426,899)	(2,781,056)	(13,207,955)
Fixed assets, net	$ 7,083,438	$ 866,622	$ 7,950,060

As of June 30, 2014, QCP and Affiliate removed $82,254 of fully depreciated assets from their accounting records.

6. Due to Governmental Agencies

Due to governmental agencies consists of the following at June 30, 2014:

Advances by funding sources to be recouped in future years	$4,616,566

7. Mortgages and Loans Payable

(a) On February 6, 1990, QCP entered into a loan agreement with the Facilities Development Corporation, acting by and through OPWDD, to finance the construction of the Daniel Wieder Campus, a complex of buildings in Bellerose, Queens, consisting of a day program center and five intermediate care facilities. The loan bears interest at the rate of 7.107% per annum and is payable in semi-annual installments of $308,344 until February 2014. The loan agreement is secured by a mortgage covering the land, buildings and improvements, all fixtures and property at the site, and all revenues from the operation of these facilities. Funds to repay this loan have been added to the Medicaid rates payable to QCP for services rendered; these "add-on" funds are withheld from payments to QCP and remitted directly to the OPWDD. This loan was fully repaid during 2014.

(b) On September 29, 1976, the Services Company entered into a mortgage agreement with the New York State Housing Finance Agency for the building located at 81-15 164th Street in Jamaica, Queens, which houses several programs and the administrative offices of QCP. This mortgage bears interest at the rate of 7.03% per annum and is payable in monthly installments of $5,111 until October 1, 2016. The total principal amount outstanding as of June 30, 2014 was $98,083.

(c) Periodically QCP purchases vehicles to transport program participants to community activities. These purchases are financed through loan agreements with various financial institutions and are payable in current monthly installments ranging from $400 to $880. Interest rates run from 5.94% through 7.99%. The loans are secured by the respective vehicles and expire on various dates through June 2017. The total principal amount for these loans as of June 30, 2014 was $162,951.

Future minimum payments on mortgages and loans payable are as follows:

Year ending June 30,

	Loans Payable – Vehicles	Mortgage Payable - 81-15 164th Street	Total
2015	$101,870	$49,954	$151,824
2016	48,023	48,129	96,152
2017	5,640	-	5,640
2018	7,418	-	7,418
Total	$162,951	$98,083	$261,034

8. Bonds Payable

On January 30, 2008, QCP obtained financing of $1,925,000 from the issuance of Civic Facility Revenue Bonds (Special Needs Facilities Pooled Program) by the New York City Industrial Development Agency ("NYCIDA"). Proceeds were applied to refinance existing loans and to update fixed improvements, machinery and equipment in the building which houses several day programs and the administrative offices of QCP. The bonds, which require semi-annual principal and interest payments, bear interest at the following rates and are secured by real estate located in Queens, New York.

Principal	Series
$1,855,000	Civic Facility Revenue Bonds, Series 2009 A-1 (variable interest rates ranging from 5.70% to 6.20%, due July 1, 2033)
70,000	Civic Facility Revenue Bonds, Series 2009 A-2 (7.5% interest rate, due and paid July 1, 2009)

At June 30, 2014, $945,000 remains outstanding. Minimum principal payments are due as follows:

Year ending June 30,	
2015	$195,000
2016	170,000
2017	130,000
2018	45,000
2019	45,000
Thereafter	360,000
Total	$945,000

9. Contributed Services

Several members of the Board of Directors provide services to QCP on a voluntary basis or at cost below market rates. The value of these contributed services meeting the requirements for recognition in the consolidated financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist QCP in its fundraising activities, but these services do not meet the criteria for recognition as contributed services.

10. Retirement Plans

(a) QCP offers a non-contributory retirement plan for the benefit of all employees who have completed one year of service, work a minimum of 1,000 hours per year and are at least 21 years old. The employer contribution is allocated among plan participants based on a formula which takes into account each participant's years of service and earnings for the year. The contribution approved by the Board for the plan year ended June 30, 2014 was $550,000.

(b) QCP also sponsors a 403(b) tax-deferred annuity plan. Funding for this plan is provided by employee contributions. Employees are eligible to participate upon date of hire and may join this plan by electing to defer a portion of their salary. QCP deposits those deferrals into individual accounts within the plan.

11. Subsequent Events

QCP and Affiliate's management has performed subsequent event procedures through December 1, 2014 which is the date the consolidated financial statements were available to be issued, and there were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

Independent Auditor's Report on Supplemental Schedules

Our audit of the basic consolidated financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements taken as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic 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 basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic consolidated financial statements or to the basic 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 basic consolidated financial statements taken as a whole.

BDO USA, LLP

New York, New York

December 1, 2014

Queens Centers for Progress and Affiliate

Consolidating Statement of Financial Position
(with comparative totals for 2013)

June 30,

	QCP	Affiliate	Eliminations	**2014**	2013
Assets					
Current:					
Cash and cash equivalents	$ 4,653,247	$ 423,538	$ -	**$ 5,076,785**	$ 5,012,059
Investments, held to maturity, at amortized cost	3,906,839	100,000	-	**4,006,839**	3,808,537
Accounts receivable, net of allowance for doubtful accounts of $4,729 and $39,427 for 2014 and 2013, respectively	4,730,786	-	-	**4,730,786**	4,509,487
Consumer funds	196,363	-	-	**196,363**	161,155
Prepaid expenses, deposits and other assets	368,303	-	-	**368,303**	365,090
Due from affiliates	297,215	-	(297,215)	**-**	-
Assets limited as to use, current portion	591,054	-	-	**591,054**	586,396
Total Current Assets	14,743,807	523,538	(297,215)	**14,970,130**	14,442,724
Assets Limited as to Use, Net of Current Portion	145,237	-	-	**145,237**	145,237
Deferred Bond Issuance Costs	58,579	-	-	**58,579**	77,268
Fixed Assets, Net	7,083,438	866,622	-	**7,950,060**	8,413,644
	$22,031,061	**$1,390,160**	**$(297,215)**	**$23,124,006**	$23,078,873
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	$ 1,962,918	$ -	$ -	**$ 1,962,918**	$ 1,728,752
Accrued payroll and related benefits	2,348,908	-	-	**2,348,908**	2,268,952
Consumer funds	196,363	-	-	**196,363**	161,155
Due to affiliate	-	297,215	(297,215)	**-**	-
Due to governmental agencies, current portion	2,585,785	-	-	**2,585,785**	2,215,288
Deferred revenue	305,531	-	-	**305,531**	238,372
Current portion of mortgages and loans payable	101,870	49,954	-	**151,824**	714,460
Current portion of bonds payable	195,000	-	-	**195,000**	190,000
Total Current Liabilities	7,696,375	347,169	(297,215)	**7,746,329**	7,516,979
Due to Governmental Agencies	2,030,781	-	-	**2,030,781**	2,030,781
Mortgages and Loans Payable, Less Current Portion	61,081	48,129	-	**109,210**	258,467
Bonds Payable, Less Current Portion	750,000	-	-	**750,000**	945,000
Total Liabilities	10,538,237	395,298	(297,215)	**10,636,320**	10,751,227
Commitments and Contingencies					
Net Assets:					
Unrestricted	11,492,824	994,862	-	**12,487,686**	12,327,646
	$22,031,061	**$1,390,160**	**$(297,215)**	**$23,124,006**	$23,078,873

Queens Centers for Progress and Affiliate

Consolidating Statement of Activities
(with comparative totals for 2013)

Year ended June 30,

	QCP	Affiliate	Eliminations	**2014**	2013
Revenue and Other Support:					
Government support	$33,792,739	$ -	$ -	**$33,792,739**	$33,955,351
Other program revenue	498,599	-	-	**498,599**	661,759
Special events, net of direct costs of $195,368 and $197,083 for 2014 and 2012, respectively	490,564	-	-	**490,564**	468,658
Contributions	173,731	-	-	**173,731**	19,418
Interest income	36,906	18	-	**36,924**	47,249
Rental income	-	63,177	(63,177)	**-**	-
Total Revenue and Other Support	34,992,539	63,195	(63,177)	**34,992,557**	35,152,435
Expenses:					
Program services:					
Clinical and coordination services	2,503,241	6,909	(5,117)	**2,505,033**	2,488,927
Adult day services	8,779,675	24,732	(18,321)	**8,786,086**	8,606,911
Vocational services	3,858,243	45,115	(33,421)	**3,869,937**	4,000,288
Residential services	10,943,713	-	-	**10,943,713**	11,259,393
Children's Center services	5,964,833	-	-	**5,964,833**	5,992,364
Total Program Services	32,049,705	76,756	(56,859)	**32,069,602**	32,347,883
Supporting services:					
Management and general	2,549,642	6,993	(5,181)	**2,551,454**	2,599,140
Fundraising	211,063	1,535	(1,137)	**211,461**	197,678
Total Supporting Services	2,760,705	8,528	(6,318)	**2,762,915**	2,796,818
Total Expenses	34,810,410	85,284	(63,177)	**34,832,517**	35,144,701
Change in Net Assets	182,129	(22,089)	-	**160,040**	7,734
Net Assets, Beginning of Year	11,310,695	1,016,951	-	**12,327,646**	12,319,912
Net Assets, End of Year	**$11,492,824**	**$ 994,862**	**$ -**	**$12,487,686**	$12,327,646