Queens Centers for Progress and Affiliate

Consolidated Financial Statements and Supplemental Schedules
Year Ended June 30, 2017

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Queens Centers for Progress and Affiliate

Contents

Tel: 212-885-8000
Fax: 212-697-1299
www.bdo.com

100 Park Avenue
New York, NY 10017

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, 2017, 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 consolidated financial position of United Cerebral Palsy of Queens, Inc. d/b/a Queens Centers for Progress and Affiliate as of June 30, 2017, and the results of changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules of consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited QCP and Affiliate's 2016 consolidated financial statements and our report, dated November 30, 2016, 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, 2016 is consistent, in all material respects with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

December 1, 2017

Queens Centers for Progress and Affiliate

Consolidated Statement of Financial Position
(with comparative totals for 2016)

June 30,	**2017**	2016
Assets		
Current:		
Cash and cash equivalents (Note 3)	**$ 3,684,465**	$ 2,505,044
Investments, held-to-maturity, at amortized cost (Notes 3 and 4)	**2,023,121**	1,778,795
Accounts receivable (Notes 3 and 5)	**5,276,149**	5,893,261
Resident funds (Note 3)	**239,069**	256,538
Prepaid expenses, deposits and other assets	**375,703**	394,185
Assets limited as to use, current portion (Notes 3 and 4)	**436,372**	511,058
Total Current Assets	**12,034,879**	11,338,881
Assets Limited as to Use, Net of Current Portion (Notes 3 and 4)	**145,237**	145,237
Fixed Assets, Net (Notes 3 and 6)	**8,140,049**	8,204,794
	$20,320,165	$19,688,912
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses (Note 3)	**$2,001,933**	$ 2,720,487
Accrued payroll and related benefits	**2,853,558**	2,081,771
Resident funds (Note 3)	**239,069**	256,538
Current portion of due to governmental agencies (Note 7)	**391,323**	249,224
Deferred revenue	**947,650**	890,185
Current portion of loans payable (Note 8)	**20,185**	11,297
Current portion of bonds payable (Note 9)	**45,000**	130,000
Total Current Liabilities	**6,498,718**	6,339,502
Due to Governmental Agencies, Less Current Portion (Note 7)	**1,525,763**	2,030,781
Loans Payable, Less Current Portion (Note 8)	**62,018**	7,419
Bonds Payable, Less Current Portion and Deferred Bond Issuance Cost (Notes 3 and 9)	**378,970**	419,438
Total Liabilities	**8,465,469**	8,797,140
Commitments and Contingencies (Notes 7, 8, 9, 11 and 12)		
Net Assets (Note 3):		
Unrestricted	**11,854,696**	10,891,772
	$20,320,165	$19,688,912

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Activities
(with comparative totals for 2016)

Year ended June 30,	**2017**	2016
	(Unrestricted)	
Revenue and Other Support:		
Government support	**$34,481,280**	$33,790,362
Other program revenue	**507,652**	418,897
Special events, net of direct costs of $271,363 and $232,776 for 2017 and 2016, respectively	**1,017,054**	1,108,196
Contributions	**27,376**	32,767
Interest income	**21,841**	39,092
Total Revenue and Other Support	**36,055,203**	35,389,314
Expenses:		
Program services:		
Clinical and coordination services	**2,894,096**	2,910,460
Adult day services	**9,560,375**	9,219,396
Vocational services	**3,216,857**	3,799,835
Residential services	**11,149,608**	10,764,074
Children’s Center services	**5,876,990**	5,949,528
Total Program Services	**32,697,926**	32,643,293
Supporting services:		
Management and general	**2,817,273**	2,554,855
Fundraising	**270,124**	247,976
Total Supporting Services	**3,087,397**	2,802,831
Total Expenses	**35,785,323**	35,446,124
Change in Net Assets From Operations	**269,880**	(56,810)
Nonoperating Revenues and (Expenses):		
Non-funded depreciation	**(478,579)**	(533,550)
Prior year income	**635,905**	-
Termination of pension plan	**535,718**	-
Change in Net Assets	**962,924**	(590,360)
Net Assets, Beginning of Year	**10,891,772**	11,482,132
Net Assets, End of Year	**$11,854,696**	$10,891,772

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Functional Expenses
(with comparative totals for 2016)

Year ended June 30,

	Program Services						Supporting Services			Consolidated Totals	
	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	**2017**	2016
Salaries, Payroll Taxes and Employee Benefits:											
Salaries	$1,794,315	$4,757,503	$1,916,973	$ 6,346,592	$3,978,033	$18,793,416	$1,583,079	$156,975	$1,740,054	**$20,533,470**	$19,557,488
Payroll taxes and employee benefits	742,892	2,046,309	801,305	2,684,122	1,607,164	7,881,792	671,872	60,573	732,445	**8,614,237**	9,292,675
Total Salaries, Payroll Taxes and Employee Benefits	2,537,207	6,803,812	2,718,278	9,030,714	5,585,197	26,675,208	2,254,951	217,548	2,472,499	**29,147,707**	28,850,163
Other Expenses:											
Program participants' compensation	-	-	132,213	-	-	132,213	-	-	-	**132,213**	322,647
Transportation	-	1,830,544	26,748	47,273	-	1,904,565	-	-	-	**1,904,565**	1,848,895
Professional and other service fees	102,448	126,410	7,985	219,385	656	456,884	234,597	-	234,597	**691,481**	717,963
Program supplies	27,154	85,251	40,319	291,177	46,026	489,927	-	-	-	**489,927**	501,213
Program participants' expenses	85,087	41,495	-	425,287	2,963	554,832	-	-	-	**554,832**	557,751
Occupancy	40,832	339,545	82,428	343,801	135,291	941,897	41,977	7,250	49,227	**991,124**	917,087
Communications	14,358	52,371	39,732	37,468	16,078	160,007	9,973	981	10,954	**170,961**	159,172
Facility assessments	-	-	-	464,752	-	464,752	-	-	-	**464,752**	402,260
Office supplies, postage and shipping	29,465	64,787	24,873	93,640	41,664	254,429	54,001	6,904	60,905	**315,334**	230,404
Insurance	6,339	75,554	24,658	74,300	17,990	198,841	47,781	-	47,781	**246,622**	238,449
Interest	43	218	1,225	22,295	-	23,781	44	8	52	**23,833**	38,801
Staff training and travel	33,277	46,321	39,392	21,246	7,387	147,623	10,203	4,432	14,635	**162,258**	133,565
Miscellaneous	15,873	26,611	46,909	57,991	16,080	163,464	162,607	32,803	195,410	**358,874**	322,722
Total Expenses Before Depreciation and Amortization	2,892,083	9,492,919	3,184,760	11,129,329	5,869,332	32,568,423	2,816,134	269,926	3,086,060	**35,654,483**	35,241,092
Depreciation and Amortization	2,013	67,456	32,097	20,279	7,658	129,503	1,139	198	1,337	**130,840**	205,032
Total	**$2,894,096**	**$9,560,375**	**$3,216,857**	**$11,149,608**	**$5,876,990**	**$32,697,926**	**$2,817,273**	**$270,124**	**$3,087,397**	**$35,785,323**	$35,446,124

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Cash Flows
(with comparative totals for 2016)

Year ended June 30,	**2017**	2016
Cash Flows From Operating Activities:		
Change in net assets	**$ 962,924**	$ (590,360)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**609,424**	738,582
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**617,112**	(1,383,237)
Resident funds	**17,469**	(36,986)
Prepaid expenses, deposits and other assets	**18,482**	67,961
Increase (decrease) in:		
Accounts payable and accrued expenses	**(718,554)**	6,919
Accrued payroll and related benefits	**771,787**	(2,475)
Resident funds	**(17,469)**	36,986
Due to governmental agencies	**(362,919)**	(4,363,290)
Deferred revenue	**57,465**	567,186
Net Cash Provided By (Used In) Operating Activities	**1,955,721**	(4,958,714)
Cash Flows From Investing Activities:		
Proceeds from sale of investments	**690,674**	2,036,406
Purchases of investments	**(935,000)**	(245,000)
Purchases of fixed assets	**(544,679)**	(900,717)
Assets limited as to use	**74,686**	44,635
Net Cash (Used In) Provided By Investing Activities	**(714,319)**	935,324
Cash Flows From Financing Activities:		
Proceeds from line of credit	**-**	500,000
Repayment of line of credit	**-**	(500,000)
Repayments of mortgages and loans payable	**63,487**	(90,290)
Repayments of bonds payable	**(125,468)**	(157,662)
Net Cash Used In Financing Activities	**(61,981)**	(247,952)
Net Increase (Decrease) in Cash and Cash Equivalents	**1,179,421**	(4,271,342)
Cash and Cash Equivalents, Beginning of Year	**2,505,044**	6,776,386
Cash and Cash Equivalents, End of Year	**$3,684,465**	$ 2,505,044
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	**$ 21,819**	$ 35,407

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, 2017 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 of accounting, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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) Resident Funds

Resident 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, 2017, the amortized cost of the investments was $2,023,121, which includes $8,121 of accrued interest.

(f) Provision for Doubtful Accounts

QCP and Affiliate do not provide an allowance for doubtful accounts. Doubtful accounts are written off as they are deemed by management to be uncollectible.

(g) Deferred Bond Issuance Costs

Deferred bond issuance costs represent costs incurred to obtain financing. These costs are amortized over the term of indebtedness using the straight-line method and netted with bonds payable on the consolidated statement of financial position.

(h) Assets Limited As to Use

Assets limited as to use include assets held by the trustees under bond agreements (see Note 9) and are valued at amortized cost in the consolidated statement of financial position.

Also included in assets limited as to use are funds held for the deferred compensation plan (see Note 11).

(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 Long-Lived Assets

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360, “Property, Plant and Equipment,” requires QCP and Affiliate to review long-lived assets, such as fixed assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments in 2017.

(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 program 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 individuals 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 $338,000 for claims incurred but not reported as of June 30, 2017. 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 and, therefore, have made no provision for income taxes in the accompanying consolidated financial statements. There was no unrelated business income in 2017.

QCP and Affiliate adopted the provisions of ASC 740, "Income Taxes." 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 not 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, 2017, 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, 2017, QCP and Affiliate were not subject to any examination by a taxing authority.

(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 statements of financial position, activities and cash flows, the prior year amounts are presented on a consolidated basis rather than by affiliate. 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 consolidated financial statements for the year ended June 30, 2016, from which the summarized information was derived.

(s) Reclassifications

Certain reclassifications have been made to the 2016 consolidated financial statements in order to conform to the 2017 presentation.

(t) Recently Adopted Authoritative Guidance

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, "Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs," which resulted in the reclassification of debt issuance costs from other assets to inclusion as a reportable long-term debt balance on the balance sheet. The standard also calls for the amortization of debt issuance costs to now be reported as interest expense in the financial statements. The standard is effective for all non-public business entities for fiscal years beginning after December 15, 2015 and must be applied retrospectively. The Organization has adopted and applied the standard for the year ended June 30, 2017.

(u) Accounting Pronouncements Issued But Not Yet Adopted

(i) Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for QCP and Affiliate's consolidated financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

(ii) *Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use ("ROU") model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for QCP's fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

QCP is deemed to be a conduit bond obligor since its bond is held by the public and, therefore, has an effective date for annual reporting periods beginning after December 15, 2018.

(iii) *Revenue From Contracts with Customers (Topic 606)*

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2015-14, which deferred the effective date for the entity until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

QCP is deemed to be a conduit bond obligor since its bond is held by the public and, therefore, has an effective date for annual reporting periods beginning after December 15, 2017.

4. Financial Instruments

The amortized cost of investments at June 30, 2017 is as follows:

Project and Bond Funds	$ 436,372
Debt Service Reserve Fund	145,237
Certificates of Deposit	2,023,121

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 9.

5. Accounts Receivable

At June 30, 2017, accounts receivable consist of the following:

Residential Services	$1,306,205
Adult Day Services	1,424,877
Children's Center Services	704,849
Other	946,980
Vocational Services	457,082
Clinical and Coordination Services	436,156
	$5,276,149

6. Fixed Assets, Net

Fixed assets, net consist of the following at June 30, 2017:

	QCP	Affiliate	Consolidated
Land	$ 874,610	$ 138,220	$ 1,012,830
Buildings and improvements	13,350,300	3,509,457	16,859,757
Leasehold improvements	76,495	-	76,495
Furniture and equipment	243,701	-	243,701
Vehicles	662,113	-	662,113
Total fixed assets	15,207,219	3,647,677	18,854,896
Less: Accumulated depreciation and amortization	(9,485,125)	(2,996,218)	(12,481,343)
Construction-in-progress	1,766,496	-	1,766,496
Fixed assets, net	$ 7,488,590	$ 651,459	$ 8,140,049

At June 30, 2017, the estimated cost to complete construction-in-progress was approximately $80,000.

As of June 30, 2017, QCP and Affiliate removed $190,580 of fully depreciated assets from their accounting records.

7. Due to Governmental Agencies

Due to governmental agencies consists of the following at June 30, 2017:

Advances by funding sources to be recouped in future years	$1,917,086

8. Loans Payable

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 $510 to $911. Interest rates run from 4.54% through 4.75%. The loans are secured by the respective vehicles and expire at various dates through June 2022. The total principal amount for the outstanding loans as of June 30, 2017 was $82,203.

Future minimum payments on the loans payable is as follows:

Year ending June 30,	
2018	$20,185
2019	17,230
2020	16,099
2021	16,880
2022	11,809
Total	$82,203

9. 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. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of QCP. As the conduit debt obligor, QCP is required to make all interest and principal payments as they become due. The bonds are publicly held and therefore have additional financial reporting requirements. 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, 2017, $450,000 remains outstanding less deferred bond issuance costs of $26,030. Minimum principal payments are due as follows:

Year ending June 30,	
2018	$ 45,000
2019	45,000
2020	15,000
2021	15,000
2022	15,000
Thereafter	315,000
Total	$450,000

10. 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.

11. 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, 2017 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.

(c) Effective April 26, 2004, QCP adopted a deferred compensation retirement plan under Section 457(b) of the Code. This plan is intended to provide deferred compensation for a select group of management of QCP. Participant employees may make pre-tax deferrals up to the Internal Revenue Service limit for any taxable year. The market value of the participants' account balances at June 30, 2017 was $364,780 and is included in assets limited as to use and accrued payroll and related benefits on the consolidated statement of financial position. QCP employees made a $36,323 contribution to the plan in 2017.

12. Line of Credit

QCP and Affiliate have a line of credit with the financial institution which holds QCP's certificates of deposit. The maximum borrowing allowed is based on the eligible securities maintained in QCP's investment account at that financial institution. The line of credit expires on January 31, 2018, and bears interest at a rate that can vary from 2.75% to 6.25%, based on the total assets held at the financial institution. There is no fee charged on the unused portion of the line of credit. As of June 30, 2017, there was no outstanding balance on the line of credit.

13. Subsequent Events

QCP and Affiliate's management has performed subsequent event procedures through December 1, 2017 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.

Supplemental Schedules

Queens Centers for Progress and Affiliate

Consolidating Schedule of Financial Position
(with comparative totals for 2016)

June 30,

				Consolidating Totals	
	QCP	Affiliate	Eliminations	**2017**	2016
Assets					
Current:					
Cash and cash equivalents	$ 3,150,413	$ 534,052	$ -	**$ 3,684,465**	$ 2,505,044
Investments, held to maturity, at amortized cost	2,023,121	-	-	**2,023,121**	1,778,795
Accounts receivable	5,276,149	-	-	**5,276,149**	5,893,261
Resident funds	239,069	-	-	**239,069**	256,538
Prepaid expenses, deposits and other assets	375,703	-	-	**375,703**	394,185
Due from affiliates	302,528	-	(302,528)	**-**	-
Assets limited as to use, current portion	436,372	-	-	**436,372**	511,058
Total Current Assets	11,803,355	534,052	(302,528)	**12,034,879**	11,338,881
Assets Limited as to Use, Net of Current Portion	145,237	-	-	**145,237**	145,237
Fixed Assets, Net	7,488,590	651,459	-	**8,140,049**	8,204,794
	$19,437,182	**$1,185,511**	**$(302,528)**	**$20,320,165**	$19,688,912
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	$2,001,933	$ -	$ -	**$ 2,001,933**	$ 2,720,487
Accrued payroll and related benefits	2,853,558	-	-	**2,853,558**	2,081,771
Resident funds	239,069	-	-	**239,069**	256,538
Due to affiliate	-	302,528	(302,528)	**-**	-
Due to governmental agencies, current portion	391,323	-	-	**391,323**	249,224
Deferred revenue	947,650	-	-	**947,650**	890,185
Current portion of loans payable	20,185	-	-	**20,185**	11,297
Current portion of bonds payable	45,000	-	-	**45,000**	130,000
Total Current Liabilities	6,498,718	302,528	(302,528)	**6,498,718**	6,339,502
Due to Governmental Agencies	1,525,763	-	-	**1,525,763**	2,030,781
Loans Payable, Less Current Portion	62,018	-	-	**62,018**	7,419
Bonds Payable, Less Current Portion and Deferred Bond Issuance Cost	378,970	-	-	**378,970**	419,438
Total Liabilities	8,465,469	302,528	(302,528)	**8,465,469**	8,797,140
Commitments and Contingencies					
Net Assets:					
Unrestricted	10,971,713	882,983	-	**11,854,696**	10,891,772
	$19,437,182	**$1,185,511**	**$(302,528)**	**$20,320,165**	$19,688,912

Queens Centers for Progress and Affiliate

Consolidating Schedule of Activities
(with comparative totals for 2016)

Year ended June 30,

	QCP	Affiliate	Eliminations	Consolidating Totals 2017	2016
				(Unrestricted)	
Revenue and Other Support:					
Government support	$34,481,280	$ -	$ -	**$34,481,280**	$33,790,362
Other program revenue	507,652	-	-	**507,652**	418,897
Special events, net of direct costs of $271,363 and $232,776 for 2017 and 2016, respectively	1,017,054	-	-	**1,017,054**	1,108,196
Contributions	27,376	-	-	**27,376**	32,767
Interest income	21,841	-	-	**21,841**	39,092
Rental income	-	6,362	(6,362)	**-**	-
Total Revenue and Other Support	36,055,203	6,362	(6,362)	**36,055,203**	35,389,314
Expenses:					
Program services:					
Clinical and coordination services	2,894,072	705	(681)	**2,894,096**	2,910,460
Adult day services	9,563,861	-	(3,486)	**9,560,375**	9,219,396
Vocational services	3,218,231	-	(1,374)	**3,216,857**	3,799,835
Residential services	11,149,608	-	-	**11,149,608**	10,764,074
Children's Center services	5,876,990	-	-	**5,876,990**	5,949,528
Total Program Services	32,702,762	705	(5,541)	**32,697,926**	32,643,293
Supporting services:					
Management and general	2,817,973	-	(700)	**2,817,273**	2,554,855
Fundraising	270,245	-	(121)	**270,124**	247,976
Total Supporting Services	3,088,218	-	(821)	**3,087,397**	2,802,831
Total Expenses	35,790,980	705	(6,362)	**35,785,323**	35,446,124
Change in Net Assets From Operations	264,223	5,657	-	**269,880**	(56,810)
Nonoperating Revenues and (Expenses):					
Non-funded depreciation	(406,907)	(71,672)	-	**(478,579)**	(533,550)
Prior year income	635,905	-	-	**635,905**	-
Termination of pension plan	535,718	-	-	**535,718**	-
Change in Net Assets	1,028,939	(66,015)	-	**962,924**	(590,360)
Net Assets, Beginning of Year	9,942,774	948,998	-	**10,891,772**	11,482,132
Net Assets, End of Year	**$10,971,713**	**$882,983**	**$ -**	**$11,854,696**	$10,891,772