Queens Centers for Progress and Affiliate

Consolidated Financial Statements and Supplemental Schedules

Year Ended June 30, 2018

Queens Centers for Progress and Affiliate

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Queens Centers for Progress and Affiliate

Contents

Tel: 212-885-800
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, 2018, 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, 2018, 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 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 to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and to other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and to 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 2017 consolidated financial statements, and our report, dated December 1, 2017, 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, 2017 is consistent, in all material respects with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

November 29, 2018

Queens Centers for Progress and Affiliate

Consolidated Statement of Financial Position
(with comparative totals for 2017)

June 30,		2018		2017
Assets				
Current				
Cash and cash equivalents (Note 3)	$	**4,355,737**	$	3,684,465
Investments (Notes 3 and 4)		**1,534,967**		2,023,121
Accounts receivable (Notes 3 and 5)		**4,105,372**		5,276,149
Resident funds (Note 3)		**210,491**		239,069
Prepaid expenses, deposits and other assets		**274,138**		687,503
Assets limited as to use, current portion (Notes 3 and 4)		**62,675**		436,372
Total Current Assets		**10,543,380**		12,346,679
Assets Limited as to Use, net of current portion (Notes 3 and 4)		**145,224**		145,237
Fixed Assets, Net (Notes 3 and 6)		**7,631,542**		7,828,249
	$	**18,320,146**	$	20,320,165
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses (Note 3)	$	**2,526,483**	$	2,001,933
Accrued payroll and related benefits		**2,221,698**		2,853,558
Resident funds (Note 3)		**210,491**		239,069
Due to governmental agencies - current portion (Note 7)		**591,885**		391,323
Deferred revenue		**436,754**		947,650
Loans payable - current portion (Note 8)		**56,811**		20,185
Bonds payable - current portion (Note 9)		**45,000**		45,000
Total Current Liabilities		**6,089,122**		6,498,718
Due to Governmental Agencies, less current portion (Note 7)		**1,400,159**		1,525,763
Loans Payable, less current portion (Note 8)		**194,649**		62,018
Bonds Payable, less current portion and deferred bond issuance cost (Notes 3 and 9)		**343,034**		378,970
Total Liabilities		**8,026,964**		8,465,469
Commitments and Contingencies (Notes 7, 8, 9, 11 and 12)				
Net Assets (Note 3)				
Unrestricted		**10,293,182**		11,854,696
	$	**18,320,146**	$	20,320,165

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Activities
(with comparative totals for 2017)

Year ended June 30,		**2018**		2017
		(Unrestricted)		
Revenue and Other Support				
Government support	$	**34,789,212**	$	34,481,280
Other program revenue		**222,913**		507,652
Special events, net of direct costs of $306,852 and $271,363 for 2018 and 2017, respectively		**1,074,785**		1,017,054
Contributions		**24,675**		27,376
Interest income		**31,415**		21,841
Total Revenue and Other Support		**36,143,000**		36,055,203
Expenses				
Program services:				
Clinical and coordination services		**3,013,200**		2,894,096
Adult day services		**10,502,023**		9,560,375
Vocational services		**2,861,992**		3,216,857
Residential services		**11,960,188**		11,149,608
Children's Center services		**5,641,550**		5,876,990
Total Program Services		**33,978,953**		32,697,926
Supporting services:				
Management and general		**2,938,396**		2,817,273
Fundraising		**303,438**		270,124
Total Supporting Services		**3,241,834**		3,087,397
Total Expenses		**37,220,787**		35,785,323
Change in Net Assets from Operations		**(1,077,787)**		269,880
Nonoperating Revenues and (Expenses)				
Non-funded depreciation		**(483,727)**		(478,579)
Prior year income		**-**		635,905
Termination of pension plan		**-**		535,718
Change in Net Assets		**(1,561,514)**		962,924
Net Assets, beginning of year		**11,854,696**		10,891,772
Net Assets, end of year	$	**10,293,182**	$	11,854,696

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Functional Expenses
(with comparative totals for 2017)

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	**2018**	2017
Salaries, Payroll Taxes and Employee Benefits											
Salaries	$ 1,723,857	$ 4,775,634	$ 1,693,284	$ 6,485,366	$ 3,589,561	$ 18,267,702	$ 1,652,692	$ 157,927	$ 1,810,619	**$ 20,078,321**	$ 20,533,470
Payroll taxes and employee benefits	860,487	2,443,209	837,130	3,308,118	1,760,432	9,209,376	784,960	76,563	861,523	**10,070,899**	8,614,237
Total Salaries, Payroll Taxes and Employee Benefits	2,584,344	7,218,843	2,530,414	9,793,484	5,349,993	27,477,078	2,437,652	234,490	2,672,142	**30,149,220**	29,147,707
Other Expenses											
Program participants' compensation	-	-	-	-	-	-	-	-	-	**-**	132,213
Transportation	-	2,317,495	12,266	64,438	-	2,394,199	-	-	-	**2,394,199**	1,904,565
Professional and other service fees	142,425	116,527	3,773	250,792	-	513,517	196,919	13,038	209,957	**723,474**	691,481
Program supplies	30,254	83,505	15,475	298,088	34,869	462,191	-	-	-	**462,191**	489,927
Program participants' expenses	90,788	41,011	-	437,169	2,616	571,584	-	-	-	**571,584**	554,832
Occupancy	38,493	327,568	77,707	320,283	176,060	940,111	39,573	6,836	46,409	**986,520**	991,124
Communications	14,233	53,245	27,381	32,393	6,342	133,594	10,990	1,159	12,149	**145,743**	170,961
Facility assessments	-	-	-	476,255	-	476,255	-	-	-	**476,255**	464,752
Office supplies, postage and shipping	29,931	60,631	17,919	56,122	23,921	188,524	62,143	12,574	74,717	**263,241**	315,334
Insurance	6,421	75,147	34,134	76,907	18,133	210,742	46,532	-	46,532	**257,274**	246,622
Interest	-	2,773	2,016	12,058	-	16,847	-	-	-	**16,847**	23,833
Staff training and travel	48,506	91,555	50,997	29,504	6,860	227,422	24,784	9,448	34,232	**261,654**	162,258
Miscellaneous	26,567	28,021	38,132	72,004	14,695	179,419	119,803	25,893	145,696	**325,115**	358,874
Total Expenses, before depreciation and amortization	3,011,962	10,416,321	2,810,214	11,919,497	5,633,489	33,791,483	2,938,396	303,438	3,241,834	**37,033,317**	35,654,483
Depreciation and Amortization	1,238	85,702	51,778	40,691	8,061	187,470	-	-	-	**187,470**	130,840
Total	$ 3,013,200	$ 10,502,023	$ 2,861,992	$ 11,960,188	$ 5,641,550	$ 33,978,953	$ 2,938,396	$ 303,438	$ 3,241,834	**$ 37,220,787**	$ 35,785,323

See accompanying notes to consolidated financial statements.

Queens Centers for Progress and Affiliate

Consolidated Statement of Cash Flows
(with comparative totals for 2017)

Year ended June 30,		**2018**		2017
Cash Flows from Operating Activities				
Change in net assets	$	**(1,561,514)**	$	962,924
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		**671,197**		609,424
Interest expense related to deferred financing costs		**9,064**		4,532
Bad debt expense		**64,854**		69,881
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable		**1,105,923**		547,231
Prepaid expenses, deposits and other assets		**413,365**		(293,318)
Increase (decrease) in:				
Accounts payable and accrued expenses		**524,550**		(718,554)
Accrued payroll and related benefits		**(631,860)**		771,787
Due to governmental agencies		**74,958**		(362,919)
Deferred revenue		**(510,896)**		57,465
Net Cash Provided by Operating Activities		**159,641**		1,648,453
Cash Flows from Investing Activities				
Proceeds from sale of investments		**733,154**		690,674
Purchases of investments		**(245,000)**		(935,000)
Purchases of fixed assets		**(474,490)**		(232,879)
Assets limited as to use		**373,710**		74,686
Net Cash Provided by (Used in) Investing Activities		**387,374**		(402,519)
Cash Flows from Financing Activities				
Proceeds from loans		**208,854**		-
Repayments of loans payable		**(39,597)**		63,487
Repayments of bonds payable		**(45,000)**		(130,000)
Net Cash Provided by (Used in) Financing Activities		**124,257**		(66,513)
Net Increase		**671,272**		1,179,421
Cash and Cash Equivalents, beginning of year		**3,684,465**		2,505,044
Cash and Cash Equivalents, end of year	$	**4,355,737**	$	3,684,465
Supplemental Disclosure of Cash Flow Information				
Cash paid during the year for interest	$	**8,515**	$	21,819

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, 2018 were consolidated with those of QCP. All intercompany balances and transactions have been eliminated in consolidation.

2. Nature of Organizations

The essential purpose of QCP is to provide services to children and adults with developmental disabilities that 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.

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

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.

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.

Cash and Cash Equivalents

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

Resident Funds

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

Financial Instruments and Fair Value

Accounting Standards Codification (ASC) 820 "Fair Value Measurement," establishes a three-level hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as QCP and Affiliate would use in pricing QCP and Affiliate's assets or liabilities based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of QCP and Affiliate are traded. QCP and Affiliate estimate the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations are based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

All of QCP and Affiliate's investment assets at June 30, 2018 are in certificates of deposit and are classified as Level 1. Each of these investments can be liquidated daily. The valuation is based on Level 1 inputs within the hierarchy used in measuring fair value. Investments are stated at their fair values in the consolidated statement of financial position. At June 30, 2018, cost approximates fair value.

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. For the year ended June 30, 2018, QCP and Affiliate wrote off to bad debt $64,854 of accounts receivable that were deemed to be uncollectible.

Deferred Bond Issuance Costs

Deferred bond issuance costs represent costs incurred to obtain financing. Amortization of these costs is provided on the straight-line basis, which does not differ materially from the interest method, extending over the term of indebtedness. Deferred bond issuance costs are netted against bonds payable on the consolidated statement of financial position.

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.

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

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 2018.

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.

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.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 $349,000 for claims incurred but not reported as of June 30, 2018. Management believes that this is a reasonable estimate.

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 2018.

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 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, 2018, 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, 2018, QCP and Affiliate were not subject to any examination by a taxing authority.

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.

Concentration of Credit Risk

Financial instruments that 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. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Performance Indicator

The consolidated statement of activities includes excess of revenues and other support over expenses as the performance indicator.

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, 2017, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2017 consolidated financial statements in order to conform to the 2018 presentation.

Accounting Pronouncements Issued but Not Yet Adopted

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.

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. 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, with early adoption permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

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 QCP until annual periods beginning after December 15, 2017. 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.

4. Financial Instruments and Fair Value

Investments and assets limited as to use at June 30, 2018 are summarized as follows:

June 30, 2018		
Investments:		
Certificates of deposit	$	1,534,967
Assets limited as to use:		
Project and bond funds - cash and cash equivalents		62,585
Debt service reserve funds - cash and cash equivalents		145,224
		207,809
Total Investments and Assets Limited as to Use	**$**	**1,742,776**

QCP and Affiliate have investments in certificates of deposit with original maturities of greater than three months from the date of purchase, which QCP and Affiliate considers to be short-term investments. The certificates of deposit represent interest-bearing cash accounts and are categorized as Level 1 within the fair value hierarchy. At June 30, 2018, investment income was $31,415.

The project and bond funds and debt service reserve fund are assets limited as to use related to QCP and Affiliate's bonds payable as discussed in Note 9.

5. Accounts Receivable

At June 30, 2018, accounts receivable consists of the following:

Residential Services	$	1,373,810
Adult Day Services		1,511,276
Children's Center Services		448,732
Vocational Services		356,964
Clinical and Coordination Services		414,590
	$	4,105,372

6. Fixed Assets, Net

Fixed assets, net consist of the following at June 30, 2018:

		QCP		Affiliate		Consolidated
Land	$	874,610	$	138,220	$	1,012,830
Buildings and improvements		13,350,850		3,509,457		16,860,307
Leasehold improvements		147,170		-		147,170
Furniture and equipment		217,165		-		217,165
Vehicles		918,691		-		918,691
Total Fixed Assets		15,508,486		3,647,677		19,156,163
Less: accumulated depreciation and amortization		(9,992,749)		(3,067,889)		(13,060,638)
Construction-in-progress		1,536,017		-		1,536,017
Fixed Assets, Net	$	7,051,754	$	579,788	$	7,631,542

Depreciation expense for the year ended June 30, 2018 was $483,727.

At June 30, 2018, the construction-in-progress is awaiting final inspection approvals. There are no further estimated expenses to complete the construction projects.

7. Due to Governmental Agencies

Due to governmental agencies consists of the following at June 30, 2018:

Advances by funding sources to be recouped in future years	$	1,992,044
Less: current portion		(591,885)
	$	1,400,159

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 $940. Interest rates run from 4.54% through 5.09%. The loans are secured by the respective vehicles and expire at various dates through March 2023. The total principal amount for the outstanding loans as of June 30, 2018 was $251,460.

Future minimum payments on the loans payable is as follows:

Year ending June 30,		
2019	$	56,811
2020		57,527
2021		57,609
2022		54,561
2023		24,952
Total	$	251,460

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 that 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 5.7% to 6.2%, due July 1, 2033)
	70,000	Civic Facility Revenue Bonds, Series 2009 A-2 (7.5% interest rate, due and paid July 1, 2018)

At June 30, 2018, $405,000 remains outstanding less deferred bond issuance costs of $16,966. Minimum principal payments are due as follows:

Year ending June 30,		
2019	$	45,000
2020		15,000
2021		15,000
2022		15,000
2023		15,000
Thereafter		300,000
Total	$	405,000

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

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 that 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, 2018 was $550,000.

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 salaries. QCP deposits those deferrals into individual accounts within the plan.

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. During the year ended June 30, 2018, the participants of the plan received final distributions of plan assets. At June 30, 2018 there were no related assets or liabilities recorded on the consolidated statement of financial position for the plan.

12. Line of Credit

QCP and Affiliate have a line of credit with the financial institution that 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. As of June 30, 2018, there was no outstanding balance on the line of credit.

13. Subsequent Events

QCP and Affiliate's management has performed subsequent event procedures through November 29, 2018, 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 2017)

June 30,

	QCP	Affiliate	Eliminations	Consolidating Totals 2018	Consolidating Totals 2017
Assets					
Current					
Cash and cash equivalents	$ 3,821,686	$ 534,051	$ -	**$ 4,355,737**	$ 3,684,465
Investments	1,534,967	-	-	**1,534,967**	2,023,121
Accounts receivable	4,105,372	-	-	**4,105,372**	5,276,149
Resident funds	210,491	-	-	**210,491**	239,069
Prepaid expenses, deposits and other assets	274,138	-	-	**274,138**	687,503
Due from affiliates	302,528	-	(302,528)	**-**	-
Assets limited as to use, current portion	62,675	-	-	**62,675**	436,372
Total Current Assets	10,311,857	534,051	(302,528)	**10,543,380**	12,346,679
Assets Limited as to Use, net of current portion	145,224	-	-	**145,224**	145,237
Fixed Assets, Net	7,051,754	579,788	-	**7,631,542**	7,828,249
	$ 17,508,835	$ 1,113,839	$ (302,528)	**$ 18,320,146**	$ 20,320,165
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	$ 2,526,483	$ -	$ -	**$ 2,526,483**	$ 2,001,933
Accrued payroll and related benefits	2,221,698	-	-	**2,221,698**	2,853,558
Resident funds	210,491	-	-	**210,491**	239,069
Due to affiliate	-	302,528	(302,528)	**-**	-
Due to governmental agencies, current portion	591,885	-	-	**591,885**	391,323
Deferred revenue	436,754	-	-	**436,754**	947,650
Current portion of loans payable	56,811	-	-	**56,811**	20,185
Current portion of bonds payable	45,000	-	-	**45,000**	45,000
Total Current Liabilities	6,089,122	302,528	(302,528)	**6,089,122**	6,498,718
Due to Governmental Agencies	1,400,159	-	-	**1,400,159**	1,525,763
Loans Payable, less current portion	194,649	-	-	**194,649**	62,018
Bonds Payable, less current portion and deferred bond issuance cost	343,034	-	-	**343,034**	378,970
Total Liabilities	8,026,964	302,528	(302,528)	**8,026,964**	8,465,469
Commitments and Contingencies					
Net Assets					
Unrestricted	9,481,871	811,311	-	**10,293,182**	11,854,696
	$ 17,508,835	$ 1,113,839	$ (302,528)	**$ 18,320,146**	$ 20,320,165

Queens Centers for Progress and Affiliate

Consolidating Schedule of Activities
(with comparative totals for 2017)

Year ended June 30,

	QCP	Affiliate	Eliminations	Consolidating Totals 2018	Consolidating Totals 2017
				(Unrestricted)	
Revenue and Other Support					
Government support	$ 34,789,212	$ -	$ -	**$ 34,789,212**	$ 34,481,280
Other program revenue	222,913	-	-	**222,913**	507,652
Special events, net of direct costs of $306,852 and $271,363 for 2018 and 2017, respectively	1,074,785	-	-	**1,074,785**	1,017,054
Contributions	24,675	-	-	**24,675**	27,376
Interest income	31,415	-	-	**31,415**	21,841
Total Revenue and Other Support	36,143,000	-	-	**36,143,000**	36,055,203
Expenses					
Program services:					
Clinical and coordination services	3,013,200	-	-	**3,013,200**	2,894,096
Adult day services	10,502,023	-	-	**10,502,023**	9,560,375
Vocational services	2,861,992	-	-	**2,861,992**	3,216,857
Residential services	11,960,188	-	-	**11,960,188**	11,149,608
Children's Center services	5,641,550	-	-	**5,641,550**	5,876,990
Total Program Services	33,978,953	-	-	**33,978,953**	32,697,926
Supporting services:					
Management and general	2,938,396	-	-	**2,938,396**	2,817,273
Fundraising	303,438	-	-	**303,438**	270,124
Total Supporting Services	3,241,834	-	-	**3,241,834**	3,087,397
Total Expenses	37,220,787	-	-	**37,220,787**	35,785,323
Change in Net Assets from Operations	(1,077,787)	-	-	**(1,077,787)**	269,880
Nonoperating Revenues and (Expenses)					
Non-funded depreciation	(412,055)	(71,672)	-	**(483,727)**	(478,579)
Prior year income	-	-	-	**-**	635,905
Termination of pension plan	-	-	-	**-**	535,718
Change in Net Assets	(1,489,842)	(71,672)	-	**(1,561,514)**	962,924
Net Assets, beginning of year	10,971,713	882,983	-	**11,854,696**	10,891,772
Net Assets, end of year	$ 9,481,871	$ 811,311	$ -	**$ 10,293,182**	$ 11,854,696