

**United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress
and Affiliate)**

**Consolidated Financial Statements
and Supplemental Schedules
Year Ended June 30, 2020**

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Consolidated Financial Statements and Supplemental Schedules
Year Ended June 30, 2020

**United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)**

Contents

Independent Auditor's Report	3-4
 Consolidated Financial Statements	
Consolidated Statement of Financial Position as of June 30, 2020	5
Consolidated Statement of Activities for the Year Ended June 30, 2020	6
Consolidated Statement of Functional Expenses for the Year Ended June 30, 2020	7
Consolidated Statement of Cash Flows for the Year Ended June 30, 2020	8
Notes to Consolidated Financial Statements	9-22
 Supplemental Schedules	
Consolidating Schedule of Financial Position as of June 30, 2020	23
Consolidating Schedule of Activities for the Year Ended June 30, 2020	24



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), which comprise the consolidated statement of financial position as of June 30, 2020, 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, 2020, 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 required parts 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 United Cerebral Palsy of Queens, Inc.'s (d/b/a Queens Centers for Progress and Affiliate) 2019 consolidated financial statements, and our report, dated November 27, 2019, 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, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

January 29, 2021

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Consolidated Statement of Financial Position
(with comparative totals for 2019)

<i>June 30,</i>	2020	2019
Assets		
Current		
Cash and cash equivalents	\$ 7,642,639	\$ 4,505,739
Investments, at fair value, current portion (Note 5)	1,047,788	549,698
Accounts receivable (Notes 3 and 6)	5,278,209	3,681,673
Resident funds	211,427	180,938
Prepaid expenses, deposits and other assets	222,352	233,684
Assets limited as to use, current portion (Note 5)	27,484	32,037
Total Current Assets	14,429,899	9,183,769
Assets Limited as to Use, net of current portion (Note 5)	139,490	139,490
Investments, at fair value, net of current portion (Note 5)	404,557	1,246,820
Fixed Assets, Net (Note 7)	7,455,823	7,305,079
Total Assets	\$ 22,429,769	\$ 17,875,158
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,734,332	\$ 2,844,665
Accrued payroll and related benefits	2,537,993	2,072,476
Resident funds	211,427	180,938
Due to governmental agencies, current portion (Note 8)	498,573	605,138
Deferred revenue	1,287,840	343,388
Current portion of loans payable (Note 9)	123,432	64,244
Current portion of bonds payable (Note 9)	15,000	45,000
Total Current Liabilities	6,408,597	6,155,849
Due to Governmental Agencies, less current portion (Note 8)	1,425,383	1,425,383
PPP Loan Payable (Note 9)	4,012,810	-
Loans Payable, less current portion (Note 9)	252,934	337,748
Bonds Payable, less current portion and deferred bond issuance cost (Note 9)	315,901	299,467
Total Liabilities	12,415,625	8,218,447
Commitments and Contingencies (Notes 8, 9, 10, 11, 12, 13 and 14)		
Net Assets		
Without donor restriction	10,014,144	9,656,711
Total Liabilities and Net Assets	\$ 22,429,769	\$ 17,875,158

See accompanying notes to consolidated financial statements.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Consolidated Statement of Activities
(with comparative totals for 2019)

<i>Year ended June 30,</i>	2020	2019
	(Without Donor Restrictions)	
Revenue and Other Support		
Fee-for-service revenue	\$ 34,580,485	\$ 35,161,066
Other program revenue	198,738	533,972
Special events, net of direct costs of \$280,387 and \$300,154 for 2020 and 2019, respectively	955,272	1,047,869
Contributions	65,655	28,963
Interest income	40,279	38,782
Total Revenue and Other Support	35,840,429	36,810,652
Expenses		
Program services:		
Clinical and coordination services	1,214,337	2,316,621
Adult day services	9,994,924	11,007,055
Vocational services	2,621,297	2,898,014
Residential services	13,179,118	12,664,769
Children's Center services	4,842,716	5,052,523
Total Program Services	31,852,392	33,938,982
Supporting services:		
Management and general	2,731,783	2,686,314
Fundraising	291,296	292,360
Total Supporting Services	3,023,079	2,978,674
Total Expenses	34,875,471	36,917,656
Change in Net Assets from Operations	964,958	(107,004)
Nonoperating Expenses		
Non-funded depreciation	(607,525)	(529,467)
Change in Net Assets	357,433	(636,471)
Net Assets, beginning of year	9,656,711	10,293,182
Net Assets, end of year	\$ 10,014,144	\$ 9,656,711

See accompanying notes to consolidated financial statements.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Consolidated Statement of Functional Expenses
(with comparative totals for 2019)

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	2020	2019
Salaries, Payroll Taxes and Employee Benefits											
Salaries	\$ 696,651	\$ 5,074,220	\$ 1,582,095	\$ 7,423,346	\$ 3,172,290	\$ 17,948,602	\$ 1,527,191	\$ 165,369	\$ 1,692,560	\$ 19,641,162	\$ 20,412,813
Payroll taxes and employee benefits	312,733	2,292,931	703,097	3,377,963	1,442,863	8,129,587	698,038	76,333	774,371	8,903,958	9,357,510
Total Salaries, Payroll Taxes and Employee Benefits	1,009,384	7,367,151	2,285,192	10,801,309	4,615,153	26,078,189	2,225,229	241,702	2,466,931	28,545,120	29,770,323
Other Expenses											
Transportation	-	1,780,938	15,103	48,015	-	1,844,056	-	-	-	1,844,056	2,464,448
Professional and other service fees	70,471	87,154	3,348	293,859	-	454,832	212,209	-	212,209	667,041	701,305
Program supplies	5,623	68,550	24,562	275,085	25,008	398,828	-	-	-	398,828	449,713
Program participants' expenses	58,049	27,825	-	378,592	1,630	466,096	-	-	-	466,096	575,421
Occupancy	20,925	263,778	70,911	284,109	130,798	770,521	43,592	4,940	48,532	819,053	946,177
Communications	6,010	61,670	24,736	35,450	4,431	132,297	10,906	997	11,903	144,200	158,709
Facility assessments	-	-	-	531,892	-	531,892	-	-	-	531,892	502,840
Office supplies, postage and shipping	19,361	77,526	30,168	237,335	21,832	386,222	50,389	22,534	72,923	459,145	233,482
Insurance	2,655	94,401	39,576	93,045	17,964	247,641	47,107	-	47,107	294,748	273,898
Interest	-	2,246	1,398	34,865	-	38,509	-	-	-	38,509	28,956
Staff training and travel	10,187	78,154	43,773	19,868	5,742	157,724	21,708	3,312	25,020	182,744	283,807
Miscellaneous	11,082	33,389	38,611	45,921	11,288	140,291	120,540	17,793	138,333	278,624	305,217
Total Expenses, before depreciation and amortization	1,213,747	9,942,782	2,577,378	13,079,345	4,833,846	31,647,098	2,731,680	291,278	3,022,958	34,670,056	36,694,296
Depreciation and Amortization	590	52,142	43,919	99,773	8,870	205,294	103	18	121	205,415	223,360
Total	\$ 1,214,337	\$ 9,994,924	\$ 2,621,297	\$ 13,179,118	\$ 4,842,716	\$ 31,852,392	\$ 2,731,783	\$ 291,296	\$ 3,023,079	\$ 34,875,471	\$ 36,917,656

See accompanying notes to consolidated financial statements.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Consolidated Statement of Cash Flows
(with comparative totals for 2019)

<i>Year ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 357,433	\$ (636,471)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	812,940	753,628
Interest expense related to deferred financing costs	1,434	1,433
Bad debt expense	58,081	55,928
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1,654,617)	367,771
Prepaid expenses, deposits and other assets	11,332	40,454
(Decrease) increase in:		
Accounts payable and accrued expenses	(1,110,333)	318,182
Accrued payroll and related benefits	465,517	(149,222)
Due to governmental agencies	(106,565)	38,477
Deferred revenue	944,452	(93,366)
Net Cash (Used in) Provided by Operating Activities	(220,326)	696,814
Cash Flows from Investing Activities		
Proceeds from sale of investments	544,173	833,449
Purchases of investments	(200,000)	(1,095,000)
Purchases of fixed assets	(963,684)	(427,165)
Net Cash Used in Investing Activities	(619,511)	(688,716)
Cash Flows from Financing Activities		
Proceeds from PPP loan	4,012,810	214,777
Repayments of loans payable	(25,626)	(64,245)
Repayments of bonds payable	(15,000)	(45,000)
Net Cash Provided by Financing Activities	3,972,184	105,532
Net Increase in Cash, Cash Equivalents and Assets Limited as to Use	3,132,347	113,630
Cash, Cash Equivalents and Assets Limited as to Use, beginning of year	4,677,266	4,563,636
Cash, Cash Equivalents and Assets Limited as to Use, end of year	\$ 7,809,613	\$ 4,677,266
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 40,799	\$ 38,398

See accompanying notes to consolidated financial statements.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

1. Nature of Organizations

The essential purpose of United Cerebral Palsy of Queens, Inc. (d/b/a Queens Centers for Progress) (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.

Queens Community Mental Health and Mental Retardation Services Company, Inc. (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.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of QCP and the Services Company (collectively, QCP and Affiliate), which are related by certain common members of the Board of Directors and identical management. All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of QCP and Affiliate have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) using the accrual basis of accounting. In the consolidated 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.

Consolidated 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 the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in the consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the consolidated statement of activities.

These classes are defined as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of QCP and Affiliate.

With Donor Restrictions - Net assets resulting from contributions and other inflows of assets whose use by QCP and Affiliate is limited by donor-imposed stipulations that must be maintained in perpetuity or otherwise removed by either actions of QCP and Affiliate pursuant to donor-imposed stipulations and/or the passage of time. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

At June 30, 2020, QCP and Affiliate have no net assets with donor restrictions.

Measure of Operations

QCP and Affiliate include in their measure of operations all revenues and expenses that are an integral part of their programs and supporting activities. QCP and Affiliate exclude from their measure of operations non-funded depreciation.

Cash and Cash Equivalents

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

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2018. QCP and Affiliate adopted this ASU and has applied the retrospective transition method for each period presented. Cash, cash equivalents and assets limited as to use consists of the following:

June 30, 2020

Cash and cash equivalents	\$ 7,642,639
Assets limited as to use:	
Project and bond funds - cash and cash equivalents	27,484
Debt service reserve funds - cash and cash equivalents	139,490
Total	\$ 7,809,613

Resident Funds

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

Fair Value Measurements

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:

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

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: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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, 2020 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, 2020, cost plus interest approximates fair value.

Accounts Receivable

Accounts receivable is recorded at the reimbursable or contracted amount and does not bear interest. Periodically, past due receivables are reviewed and evaluated as to their collectability. A receivable balance is considered past due once it has not been received by its scheduled due date. If necessary, doubtful accounts are written off as they are deemed by management to be uncollectible. For the year ended June 30, 2020, QCP and Affiliate wrote off to bad debt \$58,081 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. Amounts required to meet current liabilities of QCP and Affiliate have been classified as current assets on the consolidated statement of financial position at June 30, 2020. Interest income is included in the consolidated statement of activities.

**United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)**

Notes to Consolidated Financial Statements

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. QCP follows New York State Consolidated Fiscal Reporting (CFR) policies and capitalizes expenditures that are more than \$5,000 per unit and have a useful life of two years and more.

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

Impairment of Long-Lived Assets

FASB 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 2020.

Revenue Recognition

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

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

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 based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary.

Retroactive revenue adjustments are due to underspent interim rates, future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. Government funding is based upon allowable costs; any underspending is returnable to the governmental funding agency.

Fee-for-Service

Fee-for-service is generated from services to individuals with developmental disabilities, mental health services, as well as other services. Fee-for-service revenue is recorded at the amount that reflects the consideration to which QCP expects to be entitled in exchange for providing services. These amounts are due from third-party payors (including government programs and health insurers), and others, and includes an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews and investigations. Generally, QCP submits fee-for-service claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. QCP measures revenue from the commencement of services, to the continuation of services, and until services are no longer required. QCP believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided, and QCP does not believe it is required to provide additional services.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, QCP has elected, as part of their adoption of the new revenue standard, to apply the optional exemption provided in ASU 2014-09 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Throughout the year, rates may vary, as determined by New York state, and QCP will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and QCP considers these amounts in determination of the transaction price. QCP determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. QCP determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid programs. QCP is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, QCP utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. QCP accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. QCP considers the similar nature and characteristics of the contract and customers in using the portfolio approach. QCP believes that the

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows QCP's fee-for-service revenue disaggregated by payor:

Year ended June 30, 2020

Medicaid	\$	28,366,493
SED		5,221,044
Social Security Administration		659,030
OPWDD		333,918
	\$	34,580,485

The following table shows QCP's fee-for-service revenue disaggregated by service line:

Year ended June 30, 2020

OPWDD	\$	29,359,441
SED		5,008,915
Federal grants		97,379
NY State grants		114,750
Total	\$	34,580,485

Other Program Revenue

Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 958, *Not-for-Profit Entities*. Government and other grant revenues are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right-of-return of assets transferred or a right-of-release of a funder's obligation to transfer the assets. Government and other grant revenues are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred. Government and other grant funds received in excess of revenue earned are recorded as deferred revenue.

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 \$537,000 for claims incurred but not reported as of June 30, 2020. Management believes that this is a reasonable estimate.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

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.

QCP and Affiliate adopted the provisions of ASC 740, *Income Taxes*. Under ASC 740, an organization must recognize the tax liability associated with uncertain 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. 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 Internal Revenue Service (IRS) Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. QCP and Affiliate are subject to routine audits by a taxing authority. As of June 30, 2020, QCP and Affiliate were not subject to any examination by a taxing authority.

Functional Allocation Methodology

Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management. These expenses include depreciation and amortization, utilities, information technology and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage and interest expense is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

Due to Governmental Agencies

Due to governmental agencies consists of operational advances, retroactive rate adjustments and advances received from OPWDD. OPWDD recoups the excess advances through withholdings from Medicaid remittances over a specified period of time.

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.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of activities, the prior-year information is presented in total, not by net asset class. 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, 2019, from which the summarized information was derived.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

Reclassifications

Certain prior-year balances have been reclassified to be consistent with the current-year financial statement presentation. The reclassifications had no impact on net assets.

Accounting Pronouncement Issued but Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. ASU 2020-05 deferred the effective date for this new standard for fiscal years for public not-for-profit entities (not-for-profit entities that have issued or are conduit bond obligors for securities that are traded, listed or quoted on an exchange or an over-the-counter market) beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. Management is currently evaluating the impact of the adoption of the new standard on the consolidated financial statements.

4. Liquidity and Availability of Resources

QCP and Affiliate's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

June 30, 2020

Cash and cash equivalents	\$ 7,642,639
Investments, at fair value, current portion	1,047,788
Accounts receivable	5,278,209
<hr/>	
Financial Assets to Meet Cash Needs for General Expenditures Within One Year *	\$ 13,968,636

* Total current assets, less nonfinancial assets; prepaid expenses, deposits and other assets; consumer funds; and assets limited as to use, current portion.

Liquidity Management

QCP and Affiliate have a policy to structure their financial assets to be available as general expenditures, liabilities and other obligations become due. Management continually evaluates the timing of estimated collections of accounts receivable and manages cash disbursements to ensure the availability of cash to meet its operating needs. To help manage any unanticipated liquidity needs, QCP has an approximate \$1,200,000 available balance on its line of credit as of June 30, 2020.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

5. Financial Instruments and Fair Value

Investments and assets limited as to use are summarized as follows:

June 30, 2020

Investments:	
Certificates of deposit	\$ 1,452,345
Assets limited as to use:	
Project and bond funds - cash and cash equivalents	27,484
Debt service reserve funds - cash and cash equivalents	139,490
Total Investments and Assets Limited as to Use	\$ 1,619,319

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 consider to be short-term and long-term (maturities greater than one year from the consolidated financial position date) investments. The certificates of deposit represent interest-bearing cash accounts and are categorized as Level 1 within the fair value hierarchy. At June 30, 2020, interest income was \$40,279.

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.

6. Accounts Receivable

Accounts receivable consists of the following:

June 30, 2020

Adult day services	\$ 2,332,471
Residential services	1,975,692
Vocational services	447,557
Children's Center services	422,920
Clinical and coordination services	99,569
	\$ 5,278,209

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

7. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2020

	QCP	Affiliate	Consolidated
Land	\$ 874,610	\$ 138,220	\$ 1,012,830
Buildings and improvements	15,600,251	3,509,456	19,109,707
Leasehold improvements	327,015	-	327,015
Furniture and equipment	106,711	-	106,711
Vehicles	839,406	-	839,406
Total Fixed Assets	17,747,993	3,647,676	21,395,669
Less: accumulated depreciation and amortization	(10,792,690)	(3,211,232)	(14,003,922)
Construction-in-progress	64,076	-	64,076
Fixed Assets, Net	\$ 7,019,379	\$ 436,444	\$ 7,455,823

Depreciation and amortization expense for the year ended June 30, 2020 was \$812,940; \$205,415 funded and \$607,525 non-funded.

At June 30, 2020, the construction-in-progress includes capitalized maintenance, architect cost and other ongoing constructions. The estimated cost of completion of the construction projects is approximately \$3,000,000.

8. Due to Governmental Agencies

Amounts due to governmental agencies consisting primarily of overpayments from funding sources, which will be recouped in subsequent periods are as follows:

June 30, 2020

Advances by funding sources to be recouped in future years	\$ 1,923,956
Less: current portion	(498,573)
	\$ 1,425,383

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

9. Debt

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 \$2,963. Interest rates run from 0.00% through 6.19%. The loans are secured by the respective vehicles and expire at various dates through November 2024. The total principal amount for the outstanding loans as of June 30, 2020 was \$376,366.

Future minimum payments on the loans payable are as follows:

Year ending June 30,

2021	\$	123,432
2022		121,797
2023		81,801
2024		44,532
2025		4,804
Total	\$	376,366

PPP Loan Payable

On May 31, 2020, QCP applied for and received approval for a loan under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA). As detailed in Note 13, the PPP was legislated as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), and is a program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan may be partially or fully forgiven if the business keeps its employee counts and employee wages stable. As of June 30, 2020, QCP had an outstanding balance of \$4,012,810, with an interest rate of 1.00% and a maturity date of May 2022. The PPP loan payable is held by a financial institution. Management believes the PPP loan will be fully forgiven.

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.

**United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)**

Notes to Consolidated Financial Statements

Series	Principal
Civic Facility Revenue Bonds, Series 2009 A-1 (variable interest rates ranging from 5.7% to 6.2%, due July 1, 2033)	\$ 1,855,000
Civic Facility Revenue Bonds, Series 2009 A-2 (7.5% interest rate, due and paid July 1, 2018)	70,000

At June 30, 2020, \$345,000 remains outstanding, less deferred bond issuance costs of \$14,099. Minimum principal payments are due as follows:

Year ending June 30,

2021	\$ 15,000
2022	15,000
2023	15,000
2024	15,000
2025	15,000
Thereafter	270,000
Total	\$ 345,000

10. 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. The prime rate on the line of credit is 3.25%. As of June 30, 2020, QCP has an approximate \$1,200,000 available balance on its line of credit and there was no outstanding balance on the line of credit.

11. 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.

12. 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, 2020 was approximately \$563,000.

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.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

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, 2019, the participants of the plan received final distributions of plan assets. At June 30, 2020, there were no related assets or liabilities recorded on the consolidated statement of financial position for the plan.

13. Risks and Uncertainties

Investments

QCP's investments consist of certificate of deposits. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of QCP's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

QCP's operations are heavily dependent on contracts from state and local governments to provide services to the public. Funding from governmental sources may be subject to budget modifications depending on appropriations by the source. Since the COVID-19 outbreak, some of QCP's program sites shut down, but QCP was still able to perform services off-site and claim service revenue without difficulties. QCP has also incurred, and it is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on QCP's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to QCP, its performance, and its financial results.

Although QCP cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, it may have an adverse effect on QCP's results of future operations, financial position, and liquidity in fiscal year 2021.

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Notes to Consolidated Financial Statements

CARES Act

On March 27, 2020, the President signed into law the CARES Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, and deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. QCP chose to defer payment of the employer's share of social security tax starting from May 2020.

As discussed further above in Note 9, on May 31, 2020, QCP received funds under the PPP in the amount of \$4,012,810. This balance is reflected in non-current liabilities on the consolidated statement of financial position. The application for these funds requires QCP to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of QCP. This certification further requires QCP to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on QCP having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. QCP intends to apply for loan forgiveness under the PPP.

14. Contingencies

Cost Disallowances

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the consolidated financial statements.

15. Subsequent Events

QCP and Affiliate's management has performed subsequent events procedures through January 29, 2021, which is the date the consolidated financial statements were available to be issued, and other than as noted in Note 13, there were no other subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein, except as follows:

On December 27, 2020, the President signed the Consolidated Appropriations Act, 2021 (the Act), which includes \$900 billion in stimulus relief as a result of COVID-19. QCP and Affiliate is currently evaluating the impact of the Act.

Supplemental Schedules

United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)

Consolidating Schedule of Financial Position
(with comparative totals for 2019)

June 30,

	QCP	Affiliate	Eliminations	Consolidating Totals	
				2020	2019
Assets					
Current					
Cash and cash equivalents	\$ 7,108,587	\$ 534,052	\$ -	\$ 7,642,639	\$ 4,505,739
Investments, at fair value, current portion	1,047,788	-	-	1,047,788	549,698
Accounts receivable	5,278,209	-	-	5,278,209	3,681,673
Resident funds	211,427	-	-	211,427	180,938
Prepaid expenses, deposits and other assets	222,352	-	-	222,352	233,684
Due from affiliates	302,528	-	(302,528)	-	-
Assets limited as to use, current portion	27,484	-	-	27,484	32,037
Total Current Assets	14,198,375	534,052	(302,528)	14,429,899	9,183,769
Assets Limited as to Use, net of current portion	139,490	-	-	139,490	139,490
Investments, at fair value, net of current portion	404,557	-	-	404,557	1,246,820
Fixed Assets, Net	7,019,379	436,444	-	7,455,823	7,305,079
	\$ 21,761,801	\$ 970,496	\$ (302,528)	\$ 22,429,769	\$ 17,875,158
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 1,734,332	\$ -	\$ -	\$ 1,734,332	\$ 2,844,665
Accrued payroll and related benefits	2,537,993	-	-	2,537,993	2,072,476
Resident funds	211,427	-	-	211,427	180,938
Due to affiliate	-	302,528	(302,528)	-	-
Due to governmental agencies, current portion	498,573	-	-	498,573	605,138
Deferred revenue	1,287,840	-	-	1,287,840	343,388
Current portion of loans payable	123,432	-	-	123,432	64,244
Current portion of bonds payable	15,000	-	-	15,000	45,000
Total Current Liabilities	6,408,597	302,528	(302,528)	6,408,597	6,155,849
Due to Governmental Agencies, less current portion	1,425,383	-	-	1,425,383	1,425,383
PPP Loan Payable	4,012,810	-	-	4,012,810	-
Loans Payable, less current portion	252,934	-	-	252,934	337,748
Bonds Payable, less current portion and deferred bond issuance cost	315,901	-	-	315,901	299,467
Total Liabilities	12,415,625	302,528	(302,528)	12,415,625	8,218,447
Commitments and Contingencies					
Net Assets					
Without donor restrictions	9,346,176	667,968	-	10,014,144	9,656,711
	\$ 21,761,801	\$ 970,496	\$ (302,528)	\$ 22,429,769	\$ 17,875,158

**United Cerebral Palsy of Queens, Inc.
(d/b/a Queens Centers for Progress and Affiliate)**

**Consolidating Schedule of Activities
(with comparative totals for 2019)**

Year ended June 30,

	QCP	Affiliate	Eliminations	Consolidating Totals	
				2020	2019
				(Without Donor Restrictions)	
Revenue and Other Support					
Fee-for-service revenue	\$ 34,580,485	\$ -	\$ -	\$ 34,580,485	\$ 35,161,066
Other program revenue	198,738	-	-	198,738	533,972
Special events, net of direct costs of \$280,387 and \$300,154 for 2020 and 2019, respectively	955,272	-	-	955,272	1,047,869
Contributions	65,655	-	-	65,655	28,963
Interest income	40,279	-	-	40,279	38,782
Total Revenue and Other Support	35,840,429	-	-	35,840,429	36,810,652
Expenses					
Program services:					
Clinical and coordination services	1,214,337	-	-	1,214,337	2,316,621
Adult day services	9,994,924	-	-	9,994,924	11,007,055
Vocational services	2,621,297	-	-	2,621,297	2,898,014
Residential services	13,179,118	-	-	13,179,118	12,664,769
Children's Center services	4,842,716	-	-	4,842,716	5,052,523
Total Program Services	31,852,392	-	-	31,852,392	33,938,982
Supporting services:					
Management and general	2,731,783	-	-	2,731,783	2,686,314
Fundraising	291,296	-	-	291,296	292,360
Total Supporting Services	3,023,079	-	-	3,023,079	2,978,674
Total Expenses	34,875,471	-	-	34,875,471	36,917,656
Change in Net Assets from Operations	964,958	-	-	964,958	(107,004)
Nonoperating Expenses					
Non-funded depreciation	(535,854)	(71,671)	-	(607,525)	(529,467)
Change in Net Assets	429,104	(71,671)	-	357,433	(636,471)
Net Assets, beginning of year	8,917,072	739,639	-	9,656,711	10,293,182
Net Assets, end of year	\$ 9,346,176	\$ 667,968	\$ -	\$ 10,014,144	\$ 9,656,711