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, 2022

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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, 2022

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Contents

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of United Cerebral Palsy of Queens, Inc. d/b/a Queens Centers for Progress and Affiliate (collectively, QCP and Affiliate), which comprise the consolidated statement of financial position as of June 30, 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of QCP and Affiliate as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of QCP and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about QCP and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 QCP and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about QCP and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 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 June 30, 2021 consolidated financial statements, and our report dated December 1, 2021 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

December 1, 2022

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

Consolidated Statement of Financial Position
(with comparative totals for 2021)

June 30,	**2022**	2021
Assets		
Current		
Cash and cash equivalents	**$ 15,506,169**	$ 9,962,117
Investments, at fair value (Note 5)	**-**	405,305
Accounts receivable (Notes 3 and 6)	**4,020,393**	4,333,155
Resident funds	**211,427**	211,427
Prepaid expenses, deposits, and other assets	**143,235**	144,501
Assets limited as to use, current portion (Note 5)	**24,812**	25,210
Total Current Assets	**19,906,036**	15,081,715
Assets Limited as to Use, net of current portion (Note 5)	**139,490**	139,490
Fixed Assets, Net (Note 7)	**6,186,723**	6,784,761
Total Assets	**$ 26,232,249**	$ 22,005,966
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 2,013,555**	$ 1,348,138
Accrued payroll and related benefits	**3,109,453**	2,920,718
Resident funds	**211,427**	211,427
Due to governmental agencies, current portion (Note 8)	**1,601,434**	623,179
Deferred revenue	**476,476**	1,452,671
Refundable advance (Note 2)	**1,577,966**	-
Current portion of loans payable (Note 9)	**80,970**	121,823
Current portion of bonds payable (Note 9)	**15,000**	15,000
Current portion of mortgage payable (Note 9)	**104,602**	-
Total Current Liabilities	**9,190,883**	6,692,956
Due to Governmental Agencies, less current portion (Note 8)	**1,425,383**	1,425,383
Paycheck Protection Program (PPP) Loan Payable (Note 9)	**-**	4,012,810
Loans Payable, less current portion (Note 9)	**49,361**	130,349
Bonds Payable, less current portion and deferred financing cost (Note 9)	**284,235**	299,235
Mortgage Payable, less current portion (Note 9)	**3,860,701**	-
Total Liabilities	**14,810,563**	12,560,733
Commitments and Contingencies (Notes 3, 7, 8,9,10,12 and 13)		
Net Assets		
Without donor restriction	**11,421,686**	9,445,233
Total Liabilities and Net Assets	**$ 26,232,249**	$ 22,005,966

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 2021)

Year ended June 30,	**2022**	2021
	(Without Donor Restrictions)	
Revenue and Other Support		
Fee-for-service revenue	**$ 29,091,077**	$ 27,889,205
Federal Medical Assistance Percentage (FMAP) (Note 2)	**2,746,804**	-
CARES Act relief funds (Note 2)	**466,730**	705,286
Other program revenue	**307,889**	326,716
Special events, net of direct costs of $142,976 and $56,781 for 2022 and 2021, respectively	**1,111,150**	685,636
Contributions	**117,466**	96,289
Interest income	**6,401**	16,154
Total Revenue and Other Support	**33,847,517**	29,719,286
Expenses		
Program services:		
Clinical and coordination services	**1,011,008**	1,008,261
Adult day services	**9,484,213**	7,586,142
Vocational services	**2,897,187**	2,424,641
Residential services	**15,476,709**	12,861,989
Children's Center services	**3,456,165**	3,313,322
Total Program Services	**32,325,282**	27,194,355
Supporting services:		
Management and general	**2,629,805**	2,692,984
Fundraising	**295,719**	284,518
Total Supporting Services	**2,925,524**	2,977,502
Total Expenses	**35,250,806**	30,171,857
Change in Net Assets from Operations	**(1,403,289)**	(452,571)
Non-Operating Revenues (Expenses)		
Prior-period insurance refund	**-**	505,783
Non-funded depreciation	**(633,068)**	(622,123)
Forgiveness of PPP loan	**4,012,810**	-
Change in Net Assets	**1,976,453**	(568,911)
Net Assets, beginning of year	**9,445,233**	10,014,144
Net Assets, end of year	**$ 11,421,686**	$ 9,445,233

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 2021)

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	**2022**	2021
Salaries, Payroll Taxes, and Employee Benefits											
Salaries	$ 649,393	$ 5,252,707	$ 1,860,865	$ 9,580,719	$ 2,338,217	$ 19,681,901	$ 1,527,368	$ 175,988	$ 1,703,356	**$ 21,385,257**	$ 17,266,293
Payroll taxes and employee benefits	233,842	1,850,846	682,341	3,468,520	855,827	7,091,376	539,510	66,860	606,370	**7,697,746**	7,908,356
Total Salaries, Payroll Taxes, and Employee Benefits	883,235	7,103,553	2,543,206	13,049,239	3,194,044	26,773,277	2,066,878	242,848	2,309,726	**29,083,003**	25,174,649
Other Expenses											
Transportation	-	1,562,386	17,839	41,493	-	1,621,718	-	-	-	**1,621,718**	1,025,902
Professional and other service fees	30,824	27,561	-	302,696	-	361,081	225,811	-	225,811	**586,892**	603,607
Program supplies	18,803	38,476	16,233	306,410	30,467	410,389	22,750	77	22,827	**433,216**	316,217
Program participants' expenses	27,002	2,655	-	405,153	-	434,810	-	-	-	**434,810**	372,313
Occupancy	11,370	281,097	79,746	427,784	165,637	965,634	64,694	6,085	70,779	**1,036,413**	876,247
Communications	4,510	45,129	14,281	63,656	10,300	137,876	4,909	(36)	4,873	**142,749**	140,954
Facility assessments	-	-	-	511,460	-	511,460	-	-	-	**511,460**	527,507
Office supplies, postage, and shipping	10,157	47,762	13,433	39,850	14,373	125,575	56,591	27,149	83,740	**209,315**	329,223
Insurance	3,396	100,809	35,143	104,996	18,668	263,012	39,109	820	39,929	**302,941**	293,405
Interest	1,692	24,253	12,147	29,105	-	67,197	5,343	891	6,234	**73,431**	36,405
Staff training and travel	2,165	12,663	18,963	27,622	1,931	63,344	5,064	110	5,174	**68,518**	51,632
Miscellaneous	17,303	193,286	115,160	65,080	17,022	407,851	138,041	17,672	155,713	**563,564**	237,521
Total Expenses, before depreciation and amortization	1,010,457	9,439,630	2,866,151	15,374,544	3,452,442	32,143,224	2,629,190	295,616	2,924,806	**35,068,030**	29,985,582
Depreciation and Amortization	551	44,583	31,036	102,165	3,723	182,058	615	103	718	**182,776**	186,275
Total	$ 1,011,008	$ 9,484,213	$ 2,897,187	$ 15,476,709	$ 3,456,165	$ 32,325,282	$ 2,629,805	$ 295,719	$ 2,925,524	**$ 35,250,806**	$ 30,171,857

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 2021)

Year ended June 30,		**2022**		2021
Cash Flows from Operating Activities				
Change in net assets	**$**	**1,976,453**	$	(568,911)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**815,844**		808,398
Interest expense related to deferred financing costs		**3,099**		1,433
Bad debt expense		**121,629**		38,286
Forgiveness of PPP loan		**(4,012,810)**		-
Changes in assets and liabilities:				
Decrease in:				
Accounts receivable		**191,133**		906,768
Prepaid expenses, deposits, and other assets		**1,266**		77,851
Increase (decrease) in:				
Accounts payable and accrued expenses		**665,417**		(386,194)
Accrued payroll and related benefits		**188,735**		382,725
Due to governmental agencies		**978,255**		124,606
Deferred revenue		**(976,195)**		164,831
Refundable advance		**1,577,966**		-
Net Cash Provided by Operating Activities		**1,530,792**		1,549,793
Cash Flows from Investing Activities				
Proceeds from sale of investments		**405,305**		1,047,040
Purchases of fixed assets		**(217,806)**		(137,336)
Net Cash Provided by Investing Activities		**187,499**		909,704
Cash Flows from Financing Activities				
Repayments of loans payable		**(121,841)**		(124,194)
Repayments of bonds payable		**(18,099)**		(18,099)
Repayments of mortgage payable		**(34,697)**		-
Proceeds from mortgage payable		**4,000,000**		-
Net Cash Provided by (Used in) Financing Activities		**3,825,363**		(142,293)
Net Increase in Cash, Cash Equivalents, and Assets Limited as to Use		**5,543,654**		2,317,204
Cash, Cash Equivalents, and Assets Limited as to Use, beginning of year		**10,126,817**		7,809,613
Cash, Cash Equivalents, and Assets Limited as to Use, end of year	**$**	**15,670,471**	$	10,126,817
Supplemental Disclosure of Cash Flow Information				
Cash paid during the year for interest	**$**	**30,017**	$	36,405

See accompanying 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 or Affiliate) 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 – This class consists of 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 – This class consists of 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.

At June 30, 2022, 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 and the forgiveness of the Paycheck Protection Program (PPP) loan.

Cash and Cash Equivalents

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

Cash, cash equivalents, and assets limited as to use consist of the following:

June 30, 2022		
Cash and cash equivalents	$	15,506,169
Assets limited as to use:		
Project and bond funds - cash and cash equivalents		24,812
Debt service reserve funds - cash and cash equivalents		139,490
Total	$	15,670,471

Resident Funds

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

Accounts Receivable

Accounts receivable are recorded at the reimbursable or contracted amount and do 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, 2022, QCP and Affiliate wrote off to bad debt $121,629 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, 2022. Interest income is included in the consolidated statement of activities.

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.

Asset Category	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 2022.

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 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 and 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 include 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 its adoption of the new revenue standard, to apply the optional exemption provided in Accounting Standards Update (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 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, 2022		
Medicaid	$	24,583,226
SED		3,635,314
Social Security Administration		684,160
OPWDD		188,377
Total	$	29,091,077

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

Year ended June 30, 2022		
OPWDD	$	25,455,763
SED		2,878,297
Federal grants		658,082
NY State grants		98,935
Total	$	29,091,077

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.

Federal Medical Assistance Percentage

The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021. Section 9817 of ARPA provided for a 10% increase to the Federal Medical Assistance Percentage (FMAP) to State Medicaid programs from April 1, 2021 to March 30, 2022 to supplement existing state expenditures on home and community-based services. QCP received approximately $4.3 million to be distributed to eligible employees under the Workforce Stabilization program. For the year ended June 30, 2022, QCP recognized contribution revenue of approximately $2.7 million and recorded a refundable advance for the remaining amount of approximately $1.6 million. Revenue was accounted for under ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*.

CARES Act

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) appropriated $178 billion for the U.S. Department of Health and Human Services (HHS) Provided Relief Fund (PRF) to be distributed to hospitals and healthcare providers for incremental increases in expenses and lost revenues as a result of the COVID-19 outbreak. During the fiscal year ended June 30, 2022, QCP applied for and received $466,730 from HHS for the PRF. QCP reported this amount as CARES Act relief funds in the accompanying consolidated statement of activities.

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 $368,297 for claims incurred but not reported as of June 30, 2022. Management believes that this is a reasonable estimate based upon historical analysis.

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, 2022, 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 are 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Accounting Pronouncement Recently Adopted

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The provisions of ASU 2020-07 were adopted by the QCP and Affiliate beginning July 1, 2021. Effective July 1, 2021, QCP and Affiliate elected the retrospective approach in adopting ASU 2020-07 to all contributed nonfinancial assets under the scope of the guidance. The adoption of this ASU did not have a material impact on the financial statements.

Accounting Pronouncement Issued but Not Yet Adopted

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying Accounting Standards Codification (ASC) 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 31, 2022. QCP and Affiliate is currently evaluating the impact of the adoption of ASU 2016-13.

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, 2022		
Cash and cash equivalents	$	15,506,169
Accounts receivable		4,020,393
Financial Assets to Meet Cash Needs for General Expenditures Within One Year*	$	19,526,562

* 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 available $1,200,000 balance on its line of credit as of June 30, 2022.

5. Financial Instruments and Fair Value

Assets limited as to use are summarized as follows:

June 30, 2022		
Assets limited as to use:		
Project and bond funds - cash and cash equivalents	$	24,812
Debt service reserve funds - cash and cash equivalents		139,490
Total	$	164,302

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 consist of the following:

June 30, 2022		
Adult day services	$	1,093,502
Residential services		2,041,760
Vocational services		419,012
Children's Center services		372,024
Clinical and coordination services		94,095
	$	4,020,393

7. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2022		QCP		Affiliate		Consolidated
Land	$	874,611	$	138,220	$	1,012,831
Buildings and improvements		15,631,779		3,509,456		19,141,235
Leasehold improvements		331,915		-		331,915
Furniture and equipment		119,021		-		119,021
Vehicles		508,347		-		508,347
Total Fixed Assets		17,465,673		3,647,676		21,113,349
Less: accumulated depreciation and amortization		(11,718,163)		(3,354,574)		(15,072,737)
Construction-in-progress		146,111		-		146,111
Fixed Assets, Net	$	5,893,621	$	293,102	$	6,186,723

Depreciation and amortization expense for the year ended June 30, 2022 was $815,844; $182,776 was funded and $633,068 was non-funded.

At June 30, 2022, 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, 2022		
Advances by funding sources to be recouped in future years	$	3,026,817
Less: current portion		(1,601,434)
	$	1,425,383

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, 2022 was $130,331.

Future minimum payments on the loans payable are as follows:

Year ending June 30,		
2023	$	80,970
2024		44,563
2025		4,798
Total	$	130,331

PPP Loan Payable

On May 31, 2020, QCP applied for and received approval for a loan under the PPP administered by the United States Small Business Administration (SBA) in the amount $4,012,810. The term of the PPP loan was two years, ending May 2022, with an interest rate of 1.00% per annum. The PPP loan payable is held by a financial institution. The PPP was legislated as part of 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. On July 28, 2021, QCP received the SBA's authorization letter for full forgiveness of its $4,012,810 PPP loan. QCP recognized the loan forgiveness as income in fiscal year 2022 following the guidance of ASC 405-20, *Extinguishment of Liabilities*. This is presented as non-operating revenue in the consolidated statement of activities.

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 our future adherence to the forgiveness criteria.

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.

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, 2022, $315,000 remains outstanding, less deferred bond issuance costs of $15,765.

Minimum principal payments are due as follows:

Year ending June 30,		
2023	$	15,000
2024		15,000
2025		15,000
2026		15,000
2027		15,000
Thereafter		240,000
Total	$	315,000

Mortgage Payable

On January 28, 2022, QCP entered into a mortgage agreement with First National Bank of Long Island (FNBLI) in the amount of $4,000,000 to finance the construction on the 164th Street building. The debt is payable in monthly installments with a balloon payment when it matures in ten years, ending February 2032. The interest rate is at 3.35% per annum. The mortgage is secured by the real estate located at Jamaica, Queens, New York.

QCP is required to maintain a Debt Service Coverage Ratio of not less than 1.0, calculated as of June 30 of each year, and a minimum unrestricted funds of $2,000,000 at all times. At June 30, 2022, QCP was in compliance with these debt covenants.

The principal maturities are as follows:

Year ending June 30,		
2023	$	104,602
2024		107,855
2025		111,932
2026		115,794
2027		119,788
Thereafter		3,405,332
Total	$	3,965,303

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, 2022, QCP has an available $1,200,000 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, 2022 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.

13. 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.

14. Subsequent Events

QCP and Affiliate's management has performed subsequent events procedures through December 1, 2022, which is the date the consolidated financial statements were available to be issued, and there were no other subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

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 2021)

June 30,

	QCP	Affiliate	Eliminations	Consolidating Totals 2022	Consolidating Totals 2021
Assets					
Current					
Cash and cash equivalents	$ 14,972,117	$ 534,052	$ -	**$ 15,506,169**	$ 9,962,117
Investments, at fair value	-	-	-	**-**	405,305
Accounts receivable	4,020,393	-	-	**4,020,393**	4,333,155
Resident funds	211,427	-	-	**211,427**	211,427
Prepaid expenses, deposits, and other assets	143,235	-	-	**143,235**	144,501
Due from affiliates	302,528	-	(302,528)	**-**	-
Assets limited as to use, current portion	24,812	-	-	**24,812**	25,210
Total Current Assets	19,674,512	534,052	(302,528)	**19,906,036**	15,081,715
Assets Limited as to Use, net of current portion	139,490	-	-	**139,490**	139,490
Fixed Assets, Net	5,893,621	293,102	-	**6,186,723**	6,784,761
	$ 25,707,623	$ 827,154	$ (302,528)	**$ 26,232,249**	$ 22,005,966
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	$ 2,013,555	$ -	$ -	**$ 2,013,555**	$ 1,348,138
Accrued payroll and related benefits	3,109,453	-	-	**3,109,453**	2,920,718
Resident funds	211,427	-	-	**211,427**	211,427
Due to affiliate	-	302,528	(302,528)	**-**	-
Due to governmental agencies, current portion	1,601,434	-	-	**1,601,434**	623,179
Deferred revenue	476,476	-	-	**476,476**	1,452,671
Refundable advance	1,577,966	-	-	**1,577,966**	-
Current portion of loans payable	80,970	-	-	**80,970**	121,823
Current portion of bonds payable	15,000	-	-	**15,000**	15,000
Current portion of mortgage payable	104,602	-	-	**104,602**	-
Total Current Liabilities	9,190,883	302,528	(302,528)	**9,190,883**	6,692,956
Due to Governmental Agencies, less current portion	1,425,383	-	-	**1,425,383**	1,425,383
Paycheck Protection Program (PPP) Loan Payable	-			**-**	4,012,810
Loans Payable, less current portion	49,361	-	-	**49,361**	130,349
Bonds Payable, less current portion and deferred financing cost	284,235	-	-	**284,235**	299,235
Mortgage Payable, less current portion	3,860,701	-	-	**3,860,701**	-
Total Liabilities	14,810,563	302,528	(302,528)	**14,810,563**	12,560,733
Commitments and Contingencies					
Net Assets					
Without donor restrictions	10,897,060	524,626	-	**11,421,686**	9,445,233
	$ 25,707,623	$ 827,154	$ (302,528)	**$ 26,232,249**	$ 22,005,966

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

Consolidating Schedule of Activities
(with comparative totals for 2021)

Year ended June 30,

	QCP	Affiliate	Eliminations	Consolidating Totals 2022	2021
				(Without Donor Restrictions)	
Revenue and Other Support					
Fee-for-service revenue	$ 29,091,077	$ -	$ -	**$ 29,091,077**	$ 27,889,205
Federal Medical Assistance Percentage (FMAP)	2,746,804	-	-	**2,746,804**	-
CARES Act relief funds	466,730	-	-	**466,730**	705,286
Other program revenue	307,889	-	-	**307,889**	326,716
Special events, net of direct costs of $142,976 and $56,781 for 2022 and 2021, respectively	1,111,150	-	-	**1,111,150**	685,636
Contributions	117,466	-	-	**117,466**	96,289
Interest income	6,401	-	-	**6,401**	16,154
Total Revenue and Other Support	33,847,517	-	-	**33,847,517**	29,719,286
Expenses					
Program services:					
Clinical and coordination services	1,011,008	-	-	**1,011,008**	1,008,261
Adult day services	9,484,213	-	-	**9,484,213**	7,586,142
Vocational services	2,897,187	-	-	**2,897,187**	2,424,641
Residential services	15,476,709	-	-	**15,476,709**	12,861,989
Children's Center services	3,456,165	-	-	**3,456,165**	3,313,322
Total Program Services	32,325,282	-	-	**32,325,282**	27,194,355
Supporting services:					
Management and general	2,629,805	-	-	**2,629,805**	2,692,984
Fundraising	295,719	-	-	**295,719**	284,518
Total Supporting Services	2,925,524	-	-	**2,925,524**	2,977,502
Total Expenses	35,250,806	-	-	**35,250,806**	30,171,857
Change in Net Assets from Operations	(1,403,289)	-	-	**(1,403,289)**	(452,571)
Non-Operating Revenues (Expenses)					
Prior-period insurance refund	-	-	-	**-**	505,783
Non-funded depreciation	(561,397)	(71,671)	-	**(633,068)**	(622,123)
Forgiveness of PPP loan	4,012,810			**4,012,810**	-
Change in Net Assets	2,048,124	(71,671)	-	**1,976,453**	(568,911)
Net Assets, beginning of year	8,848,936	596,297	-	**9,445,233**	10,014,144
Net Assets, end of year	$ 10,897,060	$ 524,626	$ -	**$ 11,421,686**	$ 9,445,233