

**NORTHEAST PARENT AND CHILD SOCIETY, INC.**

**Financial Statements as of  
June 30, 2020  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

April 14, 2021

To the Board of Directors of  
Northeast Parent and Child Society, Inc.:

We have audited the accompanying financial statements of Northeast Parent and Child Society, Inc. (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Northeast Parent and Child Society, Inc. as of June 30, 2020, 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.

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Change in Accounting Principles**

As described in Note 2 to the financial statements, Northeast Parent and Child Society, Inc. implemented Accounting Standards Updates: 2016-09, *Revenue from Contracts with Customers* (Topic 606) and 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

### **Report on Summarized Comparative Information**

We have previously audited Northeast Parent and Child Society, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 28, 2019. 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 financial statements from which it has been derived.

### **Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the 2020 financial statements as a whole. The supplementary information in Schedule I is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2019 supplementary information is presented for the purpose of additional analysis and it is not a required part of the 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 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 supplementary information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

**NORTHEAST PARENT AND CHILD SOCIETY, INC.****STATEMENT OF FINANCIAL POSITION****JUNE 30, 2020**

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 5,767,942	\$ 40,613
Accounts receivable, net	7,845,570	8,149,832
Due from affiliates	252,393	95,954
Investments	2,870,823	2,845,514
Prepaid expenses and inventory	<u>57,170</u>	<u>56,960</u>
Total current assets	<u>16,793,898</u>	<u>11,188,873</u>
INVESTMENTS, restricted	<u>620,927</u>	<u>608,256</u>
PROPERTY AND EQUIPMENT	<u>12,844,545</u>	<u>14,014,110</u>
OTHER ASSETS:		
Deposits	16,033	16,033
Beneficial interest in trusts	<u>1,672,533</u>	<u>1,665,528</u>
Total other assets	<u>1,688,566</u>	<u>1,681,561</u>
	<u>\$ 31,947,936</u>	<u>\$ 27,492,800</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Line of credit	\$ 314,413	\$ 123,544
Accounts payable	554,315	528,544
Due to affiliates	179,940	116,598
Accrued salaries and expenses	2,130,110	2,196,502
Due to third party	-	83,279
Refundable advances	302,195	261,322
Deferred revenue	341,767	-
Capital lease obligations, current portion	435,031	457,289
Notes payable, current portion	500,000	500,000
Mortgages payable, current portion	55,198	65,888
Bonds payable, current portion	<u>310,497</u>	<u>295,497</u>
Total current liabilities	<u>5,123,466</u>	<u>4,628,463</u>
LONG-TERM LIABILITIES:		
Deferred revenue	-	349,098
Capital lease, net of current portion	2,431,418	2,866,449
Notes payable, net of current portion	500,000	1,000,000
Mortgages payable, net of current portion	687,418	737,881
Paycheck protection loan payable	4,849,693	-
Bonds payable, net of current portion	<u>8,410,656</u>	<u>8,697,605</u>
Total long-term liabilities	<u>16,879,185</u>	<u>13,651,033</u>
TOTAL LIABILITIES	<u>22,002,651</u>	<u>18,279,496</u>
<b>NET ASSETS</b>		
Without donor restrictions	8,131,761	7,409,287
With donor restrictions	<u>1,813,524</u>	<u>1,804,017</u>
TOTAL NET ASSETS	<u>9,945,285</u>	<u>9,213,304</u>
	<u>\$ 31,947,936</u>	<u>\$ 27,492,800</u>

The accompanying notes are an integral part of these statements.

**NORTHEAST PARENT AND CHILD SOCIETY, INC.**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE:</b>				
Program service fees	\$ 36,581,981	\$ -	36,581,981	\$ 36,212,686
Fundraising	86,571	-	86,571	101,850
Change in value of beneficial interest in trusts	-	7,005	7,005	(2,583)
Rent	277,687	-	277,687	281,934
Miscellaneous	497,607	-	497,607	93,311
Total support and revenue	<u>37,443,846</u>	<u>7,005</u>	<u>37,450,851</u>	<u>36,687,198</u>
<b>EXPENSE:</b>				
Program service	33,587,893	-	33,587,893	32,882,505
Management and general	2,906,086	-	2,906,086	3,823,449
Fundraising and non-operating	365,358	-	365,358	384,210
Total expense	<u>36,859,337</u>	<u>-</u>	<u>36,859,337</u>	<u>37,090,164</u>
OPERATING GAIN (LOSS)	584,509	7,005	591,514	(402,966)
<b>NON-OPERATING REVENUE (EXPENSE):</b>				
Investment income, net	109,190	2,502	111,692	215,485
Gain on disposition of property and equipment	28,775	-	28,775	-
Total non-operating revenue (expense)	137,965	2,502	140,467	215,485
CHANGES IN NET ASSETS	722,474	9,507	731,981	(187,481)
NET ASSETS - beginning of year	<u>7,409,287</u>	<u>1,804,017</u>	<u>9,213,304</u>	<u>9,400,785</u>
NET ASSETS - end of year	<u>\$ 8,131,761</u>	<u>\$ 1,813,524</u>	<u>\$ 9,945,285</u>	<u>\$ 9,213,304</u>

The accompanying notes are an integral part of these statements.

## NORTHEAST PARENT AND CHILD SOCIETY, INC.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 731,981	\$ (187,481)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	863,573	842,466
Amortization of bond premium	(5,497)	(5,497)
Amortization of capital lease	457,289	480,681
Interest expense - bond issuance costs	23,548	23,548
Gain on disposition of property and equipment	28,775	-
Gains on investments	(18,479)	(154,282)
Change in value of beneficial interest in trusts	(7,005)	2,583
Provision for implicit price concessions	25,557	-
Changes in:		
Accounts receivable	278,705	2,759
Due from affiliate	(156,439)	49,121
Prepaid expenses and inventory	(210)	(229)
Accounts payable	25,771	53,968
Due to affiliate	63,342	77,227
Accrued salaries and expenses	(66,392)	295,697
Due to third parties	(83,279)	(503,217)
Refundable advances	40,873	46,500
Deferred revenue	(7,331)	349,098
	<u>2,194,782</u>	<u>1,372,942</u>
Net cash flow from operating activities		
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(296,764)	(254,824)
Proceeds from sale of property and equipment	116,692	-
Purchase of investments	(2,991,487)	(1,422,906)
Proceeds from sale of investments	2,971,986	1,369,280
	<u>(199,573)</u>	<u>(308,450)</u>
Net cash flow from investing activities		
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of payment protection loan	4,849,693	-
Net proceeds (repayments on) line of credit	190,869	(331,712)
Repayment of bonds payable	(290,000)	(270,000)
Repayment of capital lease obligations	(457,289)	(480,682)
Repayment of notes payable	(500,000)	-
Repayment of mortgages payable	(61,153)	(64,767)
	<u>3,732,120</u>	<u>(1,147,161)</u>
Net cash flow from financing activities		
CHANGE IN CASH	5,727,329	(82,669)
CASH - beginning of year	<u>40,613</u>	<u>123,282</u>
CASH - end of year	<u>\$ 5,767,942</u>	<u>\$ 40,613</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest Paid	<u>\$ 579,448</u>	<u>\$ 617,282</u>

The accompanying notes are an integral part of these statements.

**NORTHEAST PARENT AND CHILD SOCIETY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**  
(With Comparative Totals for 2019)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising and Non-operating</u>	<u>2020 Total</u>	<u>2019 Total</u>
Salaries	\$ 19,060,574	\$ -	\$ 4,472	\$ 19,065,046	\$ 18,120,865
Employee health and retirement benefits	2,264,128	-	614	2,264,742	2,555,257
Payroll taxes	<u>2,036,701</u>	<u>-</u>	<u>697</u>	<u>2,037,398</u>	<u>1,917,958</u>
 Total compensation and benefits	 <u>23,361,403</u>	 <u>-</u>	 <u>5,783</u>	 <u>23,367,186</u>	 <u>22,594,080</u>
Charges from parent organization	-	2,702,220	-	2,702,220	3,285,039
Boarding home	2,369,729	-	-	2,369,729	2,511,558
Purchase of services	1,797,113	24,740	115,587	1,937,440	2,177,331
Rent	710,657	158,725	221,087	1,090,469	1,189,613
Depreciation and amortization	878,529	3,918	4,673	887,120	866,013
Auto and transportation	772,561	186	55	772,802	972,423
Insurance	558,603	-	633	559,236	508,256
Interest	557,936	-	2	557,938	600,300
Supplies and equipment	616,911	1,116	231	618,258	485,551
Allowances	504,365	-	-	504,365	406,176
Repair and maintenance	335,784	1,608	398	337,790	140,584
Utilities and property taxes	263,293	-	2,970	266,263	261,864
Telecommunications	231,535	13,129	18,367	263,031	264,997
Food	257,437	-	-	257,437	260,934
Recreation	91,832	-	-	91,832	135,439
Publicity	86,390	-	-	86,390	131,966
Office supplies and expense	42,974	145	372	43,491	59,332
Conferences and administrative expense	53,588	24	(14,275)	39,337	111,885
Clothing	28,640	-	-	28,640	25,983
Staff development	28,160	-	-	28,160	39,747
Legal and professional fees	6,379	-	9,474	15,853	5,171
Dues, licenses and permits	15,395	275	1	15,671	28,120
Subscription and publications	8,423	-	-	8,423	15,011
Bedding	5,892	-	-	5,892	7,603
Postage and shipping	3,468	-	-	3,468	3,786
School expense	<u>896</u>	<u>-</u>	<u>-</u>	<u>896</u>	<u>1,402</u>
	 <u>\$ 33,587,893</u>	 <u>\$ 2,906,086</u>	 <u>\$ 365,358</u>	 <u>\$ 36,859,337</u>	 <u>\$ 37,090,164</u>

The accompanying notes are an integral part of these statements.

# NORTHEAST PARENT AND CHILD SOCIETY, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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### 1. THE SOCIETY

Northeast Parent and Child Society, Inc. (the Society) is a New York non-profit corporation that was formed for the purpose of providing therapeutic, educational and other related services to children and their families, through the operation of residential, non-residential and supporting service programs. The Society is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The Society's financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

#### **Change in Accounting Principles**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Company adopted ASC 606 as of July 1, 2019 using a modified retrospective approach. There was no effect on total net assets or changes in net assets.

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore had no effect on the financial position or results of operations for the year ended June 30, 2019. There was no effect from the change in financial position or results of operations for the year ended June 30, 2020.

#### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Cash**

Cash includes investments in highly liquid debt instruments with an initial maturity of three months or less. The Society's cash balances may at times exceed federally insured limits. The Society has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

### **Accounts Receivable**

Accounts receivable include uncollateralized obligations from numerous sources including Medicaid; local, New York State; contracts; and third-party reimbursement programs. Substantially all programs are billed on a monthly basis under customary payment terms associated with the Society's various funding sources. Payment is normally received within thirty to sixty days. Accounts for which no payment has been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off.

For accounts receivable subsequent to the adoption of ASC 606, the estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction of Accounts receivable. Implicit price concessions are \$350,000 as of June 30, 2020 and 2019.

### **Investments**

The Society records investments in equities, mutual funds and debt securities at their fair value. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the accompanying financial statements.

### **Inventory**

Inventory consists of food supplies on hand and is stated at the lower of cost (first in, first out) or market value.

### **DASNY (Dormitory Authority of the State of New York) Bond Funds**

The DASNY Bond Funds were created as the result of the issuance of the Series 2008 A-1 for the construction of a new Children's Home. These funds were held by a Trustee and payments were made only upon proper authorization.

Debt Service Funds – Payments of principal and interest are made from these funds.

Debt Service Reserve Funds – These funds will be used to augment the funds in the Debt Service Funds if the amounts in the Debt Service Funds are insufficient to make required payments.

These bond funds are classified as restricted investments on the statement of financial position.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Property and Equipment

All expenditures for land, buildings and equipment in excess of \$5,000 with a useful life of two years or more, are capitalized and recorded at cost. Property and equipment that is donated is recorded at its fair value at the time of the donation. The estimated lives used in determining depreciation are as follows:

Land improvements	20 years
Buildings	20 - 40 years
Leasehold improvements	3 - 10 years
Equipment	3 - 10 years
Automobiles	3 - 10 years

Building and equipment under capital lease is capitalized at the present value of future minimum lease payments at the inception of the lease. Assets subject to capital leases are amortized over either the lease term or the life of the related assets, depending upon available purchase options and lease renewal features. Amortization related to assets subject to capital leases is included within depreciation expense.

Maintenance and repairs are charged to operations when incurred; betterments and renewals are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved, and any gain or loss is included in operations.

### Long-Lived Assets

The Society assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2020 and 2019.

### Beneficial Interest in Perpetual Trusts

The Society is the beneficiary of five perpetual trusts. The Society has the right to receive the income earned on the trusts' assets in perpetuity but will never receive the assets held in the trust. The beneficial interest is recorded at the fair value of the underlying assets, based upon the market value of the investments held by trusts. The net increase or decrease in the fair value of the underlying assets is reflected in the statement of activities as change in value of beneficial interests in trusts, within the net assets with donor restrictions fund class.

### Refundable Advances

The Society receives advances from New York State funding agencies. If the amounts received are not spent or are in excess of maximum funding limits during the period they are received, they are reported as refundable advances in the accompanying financial statements. At the funding agencies' discretion, the amounts will be used to offset future amounts receivable or recouped against future payments. Accordingly, these amounts have been reflected as a liability in the accompanying financial statements. During the years ended June 30, 2020 and 2019, no amount was paid back to the funding agencies.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Financial Reporting**

The Society reports its activities and the related net assets using two net asset categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include resources which are available for the support of the Society's operating activities and are not subject to donor-imposed stipulations.

Net assets with donor restrictions represent donor-imposed restrictions that permit the Society to use up or expend the donated assets as specified. This restriction is satisfied by the passage of time or by actions of the Society. This classification of net assets includes the beneficial interest in perpetual trusts as noted above. These restrictions are described in Note 10.

### **Third-Party Reimbursement and Revenue Recognition**

The Society receives substantially all of its revenue for services provided to approved individuals from third-party agencies, primarily the New York State Department of Health, the New York State Office of Children and Family Services, New York Office of Mental Health, and the New York State Education Department. Operating revenue is recognized at amounts that reflects the consideration to which they expect to be entitled in exchange for providing residential and educational services. These amounts are due from third-party payors (including state and local government agencies and school districts) based upon tentative rates and they include variable consideration retroactive revenue adjustments due to settlement of audits, reviews and investigations. These rates are initially estimated based upon prior historical costs. These initial rates are subsequently adjusted to actual based upon the filing of cost reports.

Revenue is recognized when the Society satisfies their performance obligations under contracts by transferring services to clients at a point in time. The Society's performance obligations are to provide residential, educational, and therapeutic services. The transaction price is based on established charges for services provided determined using the output method. These rates are determined by allowable expenditures in rate setting periods. The reimbursement rate may also change after the cost report is audited by funding sources. The Society's policy is to recognize retroactive rate adjustments and audit settlements, if any, in the period in which they are finalized by the funding sources.

Prior to the adoption of ASC 606, the Society provided an allowance for doubtful accounts based on review of the individual's ability to pay for services provided. Amounts due from third party payors were written off when they were determined to be uncollectible.

After adoption of ASC 606, the Society reviews individual contracts at the time of performance, in order to determine estimated uncollectable accounts due from third party payors and records these implicit price concessions as a direct reduction to revenue. Estimates of implicit price concessions are determined based on historical collection experience using a portfolio approach as a practical expedient to account for the contracts as a collective group.

### **Statement of Activities**

The statement of activities is divided into operating and non-operating components. All revenue and expenses directly associated with the day-to-day operations are included in income or loss from operations. Contributions, bequests, investment gains and losses and other non-operating items are classified as non-operating income or expense.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Contributions**

The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If restricted support is received and used in the same year, it is reported as net assets without donor restrictions.

The Society reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Society reports donor restricted contributions as unrestricted support provided that the restrictions are met in the same year the contributions are received.

### **Donated Materials and Services**

Donated materials and supplies are recorded as contributions at estimated fair value at the date of gift. The Society receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. The value of the services have not been reflected in these financial statements because they do not meet the criteria for recognition.

### **Fair Value Measurement – Definition and Hierarchy**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodology used for the Society's assets measured at fair value is to value the investments at quoted market prices on the last business day of the fiscal year.

The Society has financial instruments in the accompanying financial statements, including cash and equivalents and investments including money market funds, debt securities, equities, mutual funds, and beneficial interest in perpetual trusts. The carrying value of cash and equivalents, and investments in equities, and mutual funds notes are a reasonable approximation of fair value due to the short-term nature of the instruments and are considered to be a level 1 measurement. The fair value of the corporate debt securities, and beneficial interest in perpetual trusts are determined to be a level 2 measurement using the market approach as the carrying amount of these investments approximates fair value based on the value of similar assets at which the Society could invest.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Functional Allocation of Expenses

The Society's directly identifiable expenses related to a singular program or supporting service are charged fully and directly. Expenses related to more than one program or supporting service are charged as such using specific allocation methods. Fringe benefit expenses are charged to departments based on actual salary expenses, occupancy related expenses are charged to departments based on square footage, and parent organization charges from Northern Rivers are charged to departments based on a ratio value of applicable revenue.

### Income Taxes

The Society is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Society qualifies for charitable contribution deductions and has been classified as an organization other than a private foundation.

### Reclassifications

Certain reclassifications have been made to the 2019 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

### Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional allocation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements as of and for the year ended June 30, 2019, from which the summarized information was derived.

## 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Society is substantially supported by grants and support from New York State funding sources. The following reflects the Society's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 5,767,942	\$ 40,613
Accounts receivable, net	7,845,570	8,149,832
Investments	3,491,750	3,453,770
Beneficial interest in trusts	<u>1,672,533</u>	<u>1,665,528</u>
Total financial assets	18,777,795	13,309,743
Less: those unavailable for general expenditure due to:		
Long-term debt collateral	(2,400,000)	(2,400,000)
Donor restrictions	(1,813,524)	(1,804,017)
Debt service reserves	<u>(496,258)</u>	<u>(486,034)</u>
 Total financial assets available	 <u>\$ 14,068,013</u>	 <u>\$ 8,619,692</u>

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. The ability to meet cash needs is highly dependent on funding from government agencies and the timely collection of accounts receivable. The Society has designed procedures to bill and collect from these payors as quickly as possible, however, this can sometimes be difficult to predict.

Should the Society need to, they can manage vendor relationships to extend payment terms, utilize their available line-of-credit, or request support from one of their related parties.

#### 4. INVESTMENTS

A summary of investments measured at fair value at June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Investment Management Account:		
U.S. Government and Agencies	\$ -	\$ 100,441
Fixed Income Funds	901,452	1,173,687
Common Stock	1,907,057	992,483
Equity Funds	-	485,950
Cash Equivalents	<u>62,314</u>	<u>92,953</u>
Total investment management account	<u>2,870,823</u>	<u>2,845,514</u>
Restricted Gifts:		
Fixed Income Funds	39,307	50,679
Common Stock	82,803	-
Equity Funds	-	68,694
Cash Equivalents	<u>2,559</u>	<u>2,849</u>
Total restricted gifts	<u>124,669</u>	<u>122,222</u>
DASNY Funding Project - Residence:		
U.S. Government	496,258	484,313
Cash Management Funds	<u>-</u>	<u>1,721</u>
Total DASNY funding project	<u>496,258</u>	<u>486,034</u>
	<u>\$ 3,491,750</u>	<u>\$ 3,453,770</u>

#### 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 99,030	\$ 99,030
Buildings and improvements	21,082,024	21,260,923
Furniture, vehicles and equipment	2,686,955	2,640,894
Vehicles	549,070	339,742
Construction in progress	-	27,686
Less: accumulated depreciation	<u>(14,438,983)</u>	<u>(13,677,903)</u>
	<u>9,978,096</u>	<u>10,690,372</u>
Assets under capital lease	3,804,420	3,804,420
Less: accumulated amortization	<u>(937,971)</u>	<u>(480,682)</u>
	<u>\$ 12,844,545</u>	<u>\$ 14,014,110</u>

Depreciation and amortization expense was \$863,573 and \$842,466 for the years ended June 30, 2020 and 2019, respectively.

#### 6. LINE OF CREDIT

The Society has a revolving line-of-credit with Key Bank, totaling approximately \$3,000,000. The line bears interest at prime (3.25% at June 30, 2020) and expires May 31, 2021. There was no balance outstanding on this line of credit as of June 30, 2020 and 2019. In accordance with the terms of the security agreement, the Society is required to provide their financial statements within 120 days from year end. As of June 30, 2020, the covenant was met.

## 6. LINE OF CREDIT (Continued)

The Society has a revolving line-of-credit with Key Bank, totaling approximately \$1,000,000. The line bears interest at prime (1.68% at June 30, 2020) and expires May 31, 2021. There was a balance due of \$314,413 and \$123,544 as of June 30, 2020 and 2019, respectively. In accordance with the terms of the security agreement, the Society is required to provide their financial statements within 120 days from year end. As of June 30, 2020, the covenant was met.

## 7. LONG-TERM DEBT

<b>Notes Payable</b>	<u>2020</u>	<u>2019</u>
Term loan with NBT Bank. Interest at one-month LIBOR plus 1.5%. Equal payments through maturity, December 31, 2021. Secured by approximately \$2.4M of investment securities held at NBT. Certain financial covenants apply to this note. Those covenants were met as of June 30, 2020.	\$ 1,000,000	\$ 1,500,000
<b>Capital Lease Obligations</b>		
Present value of net minimum principal lease payments under a capital lease held by the Society, with an unrelated third party, interest at 2.5%.	2,866,449	3,323,738
<b>Mortgage Notes Payable</b>		
	<u>2020</u>	<u>2019</u>
Mortgage agreement with Citizens Bank secured by real property located at Genium Plaza, Schenectady, NY. The rate of interest is computed at the floating one-month LIBOR plus 1.91%. Principal payments in the amount of \$3,327 will be paid in addition to interest at a floating one-month LIBOR plus 1.91% (2.68% at June 30, 2020).	\$ 212,906	\$ 252,826
Mortgage note payable with Citizens Bank secured by real estate, due July 2022. Principal payments are due monthly with interest based on a 30 day LIBOR rate plus 1.65% (3.99% at June 30, 2020). Certain financial covenants apply to this note. These covenants were met as of June 30, 2020. Secured by property at Abbottsford Road, Schenectady, NY.	371,589	386,277





## 7. LONG-TERM DEBT (Continued)

The following summarizes the outstanding bonds at June 30:

Dormitory Authority of the State of New York Services 2008 A-1 Bonds:

	<u>2020</u>	<u>2019</u>
Series Bonds: Maturing through June 1, 2028 with interest rates varying during these years beginning at 3.50% and ending at 5.00%.	\$ 2,930,000	\$ 3,220,000
Term Bond: 5.00% due June 1, 2038	2,560,000	2,560,000
Term Bond: 5.00% due June 1, 2038	<u>3,345,000</u>	<u>3,345,000</u>
Total Dormitory Authority Bonds	8,835,000	9,125,000
Premium on Issuance of Bonds	<u>98,493</u>	<u>103,990</u>
Total Tax Exempt Bonds Payable	8,933,493	9,228,990
Less: Unamortized debt issuance costs	<u>212,340</u>	<u>235,888</u>
Bonds Payable, net	<u>\$ 8,721,153</u>	<u>\$ 8,993,102</u>

Annual maturities of bonds payable for the years succeeding June 30, 2020, are as follows:

2021	\$ 310,497
2022	330,497
2023	345,497
2024	360,497
2025	375,498
Thereafter	<u>7,211,007</u>
Total	<u>\$ 8,933,493</u>

### Interest Expense

Interest expense on all obligations for the years ended June 30, 2020 and 2019, was \$557,939 and \$600,300, respectively, including amortization of debt issuance costs.

## 8. PAYCHECK PROTECTION LOAN

In April 2020, the Society entered into an unsecured promissory note payable to a bank in the amount of \$4,849,693. The note was entered in by the Society as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing to be forgiven to the extent the Society meets defined requirements related to expenditure of the funds and management of the Society personnel complement. Through the date the financial statements were available to be issued, the Society is unable to determine the amount of potential loan forgiveness. If no forgiveness is granted, the terms of this agreement require the Society to make monthly principle payments of approximately \$202,000, including 1%.

## 9. RETIREMENT PLAN

The Society participates in the Northern Rivers Family Service's 401(K) Plan, a related party (see Note 12). The plan covers substantially all full-time employees of the Society that are 18 years of age and older with no years of service requirement. Employees who contribute to the plan and have met eligibility requirements are eligible for the Society's matching contribution that is discretionary up to 2% of an employee's compensation. The Society may also provide a discretionary contribution on behalf of employees meeting eligibility requirements. Pension costs for the year ended June 30, 2020 and 2019 were \$244,081 and \$475,612, respectively.

## 10. POST-RETIREMENT BENEFIT

During the year ended June 30, 2002, the Society approved a lifetime post-retirement benefit for its former Executive Director and spouse. The Society will provide a benefit for health and dental insurance equal to 50% of the cost. These benefits will be coordinated with Medicare benefits and any other federal health care. The benefits commenced July 1, 2003. An accrual of \$31,695 was made at June 30, 2003 to establish the estimated present value of these future benefit obligations. For accrual measurement purposes, a 10% annual rate of increase in the per capita cost of health care was assumed for the benefit period. In addition, an 8% projected discount factor was utilized for the present value computation. The benefit is unfunded. During the year ended June 30, 2020 and 2019, the Society amortized \$1,007 and \$1,241, respectively, of benefit, resulting in a balance of \$12,930 and \$13,937 for the present value of this future benefit obligation, which has been recorded as a liability in these financial statements.

## 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Income from these funds may be utilized for the benefit of the Organization *	\$ 11,974	\$ 11,974
Income from these funds is restricted to scholarships for children or parents of children enrolled in Northeast Parent and Child Society, Inc. programs *	115,846	115,846
Restricted investment income	13,171	10,669
Beneficial Interest in Perpetual Trusts *	<u>1,672,533</u>	<u>1,665,528</u>
	<u>\$ 1,813,524</u>	<u>\$ 1,804,017</u>

\* Net assets with donor restriction in perpetuity

## 12. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at:

June 30, 2020

	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Money Markets	\$ 64,873	\$ -	\$ -	\$ 64,873
Common Stock	1,989,860	-	-	1,989,860
Mutual Funds	940,759	-	-	940,759
Government Debt Securities	-	496,258	-	496,258
Beneficial Interests in Trusts	-	1,672,533	-	1,672,533
	<u>\$ 2,995,492</u>	<u>\$ 2,168,791</u>	<u>\$ -</u>	<u>\$ 5,164,283</u>

June 30, 2019

	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Money Markets	\$ 97,523	\$ -	\$ -	\$ 97,523
Common Stock	992,483	-	-	992,483
Mutual Funds	1,779,010	-	-	1,779,010
Government Debt Securities	-	584,754	-	584,754
Beneficial Interests in Trusts	-	1,665,528	-	1,665,528
	<u>\$ 2,869,016</u>	<u>\$ 2,250,282</u>	<u>\$ -</u>	<u>\$ 5,119,298</u>

## 13. RELATED PARTIES

### **Northern Rivers Family Services, Inc.**

Northern Rivers Family Services, Inc. (the Organization) is the sole corporate member of the Society. The Organization provides Executive, Finance, HR, Communications, Quality Management, IT, Strategic Planning, and Development.

Generally, all intercompany loans are non-interest bearing and payment is expected within 12-36 months, unless otherwise arranged. Intercompany loans are typically paid back within 30 days.

The Society paid \$2,895,412 and \$3,523,449 in fees to Northern Rivers Family Services, Inc. during the years ended June 30, 2020 and 2019, respectively. Northern Rivers Family Services also paid rent to the Society for occupancy, equipment, telecommunications, and maintenance related services. The Society charged rent to Northern Rivers Family Services, Inc. in the amount of \$195,548 and \$238,882, for the years ended June 30, 2020 and 2019, respectively.

### **Parsons Child and Family Center**

The Center is related through common control to Parsons Child and Family Center (Center).

Generally, all intercompany loans are non-interest bearing and payment is expected within 12-36 months, unless otherwise arranged.

The Society recorded expenses of \$125,000 for training services provided by Parsons Child and Family Center during both the years ended June 30, 2020 and 2019.

The Society also charged rent to Parsons Child and Family Center in the amount of \$275,327 and \$281,462, for the years ended June 30, 2020 and 2019, respectively. These amounts are included in rent income in the accompanying statement of activities. The Society contracts with Parsons to provide waiver services. The Society paid \$0 and \$227,341 to Parsons for these services for the years ended June 30, 2020 and 2019, respectively.

### 13. RELATED PARTIES (Continued)

The balances due to and from related parties consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
<b><u>Due From Related Party:</u></b>		
Northern Rivers Family Services, Inc.	\$ 164,750	\$ 40,951
Parson Child and Family Center	<u>87,643</u>	<u>55,003</u>
	<u>\$ 252,393</u>	<u>\$ 95,954</u>
<b><u>Due To Related Party:</u></b>		
Northern Rivers Family Services, Inc.	\$ 35,072	\$ 28,843
Parson Child and Family Center	<u>144,868</u>	<u>87,755</u>
Total	<u>\$ 179,940</u>	<u>\$ 116,598</u>

### 14. COMMITMENTS AND CONTINGENCIES

#### **Self-Funded Unemployment Insurance**

The Society's Unemployment Compensation Insurance program is self-funded. Unemployment benefits that separated employees receive are determined by New York State statute and are administered by New York State Department of Labor (NYSDOL). The Society is billed quarterly by NYSDOL for benefits paid to former employees. Unemployment is budgeted annually based on prior year results. The Society incurred costs of \$91,077 and \$58,105 for 2020 and 2019, respectively.

#### **Reimbursement Rates**

The Society files financial reports annually with various New York State departments to report operating revenues, costs, statistical and other operating data. This information is utilized by the rate setting units to evaluate and adjust historical rates and to set future reimbursement rates. In addition, reimbursement rates are subject to audit by the New York State departments which provide funding. The potential financial impact of this process cannot be readily determined; therefore, no future obligation has been recognized in these financial statements.

#### **Operating Leases**

The Society leases various equipment, vehicles and space under non-cancellable operating leases. At June 30, 2020 the minimum rental commitment under these operating leases have remaining terms in excess of one year is as follows:

2021	\$ 842,312
2022	607,653
2023	546,391
2024	546,391
2025	<u>546,391</u>
Total	<u>\$ 3,089,138</u>

Total premises rent expense for the years ended June 30, 2020 and 2019 was \$1,090,467 and \$1,189,611, respectively.

## **14. COMMITMENTS AND CONTINGENCIES (Continued)**

### **Child Victims Act**

On February 14, 2019, New York State signed into law the Child Victims Act (CVA), which became effective August 14, 2019. This legislation provides for the following:

- extends New York State's statute of limitations for child abuse claims,
- allows for criminal charges against sexual abusers of children until their victims turn 28 years of age, vs. the previous law which provided that right up to age 23,
- allows for civil actions against abusers, and institutions where they were abused, until their victims turn 55, and
- opens a one-year window beginning on the effective date of August 14, 2019, permitting any victim of child abuse to take civil action, regardless of when the abuse occurred.

As a result of the passage of the CVA, through the date of this report, the Society has been notified or become aware of abuse related claims that have been or are likely to be filed against it. Aggregate demands for damages from these claims cannot be estimated at this time. During the timeframe of the alleged abuses the Society had a combination of commercial insurance coverage and self-insurance programs.

At present, the Society is not certain as to the amount of commercial coverage available to assist it in meeting its obligations for these matters. Accordingly, it is possible that the ultimate resolution of any litigation could have a material adverse impact on the Society's results of operations, liquidity, and financial position. In addition, it is reasonably possible that the ultimate number of lawsuits and/or claims could increase, and therefore any additional exposure cannot be predicted at this time.

### **COVID-19**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Society and its future results and financial position is not presently determinable.

## **15. SUBSEQUENT EVENTS**

In September 2020, the Society received \$716,064 as part of the CARES Act Provider Relief Funds to be used for healthcare-related expenses or lost revenue due to COVID-19. These funds are not to be repaid, assuming the Center complies with the terms and conditions.

As of June 30, 2020, \$346,867 of these funds were recognized into revenue related to expenses incurred through year end relating to COVID-19 and is within miscellaneous income on the statement of activities and changes in net assets.

Subsequent events have been evaluated through April 14, 2021, which is the date the financial statements were available to be issued.

NORTHEAST PARENT AND CHILD SOCIETY, INC.

Schedule I

**SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**  
(With Comparative Totals for 2019)

	2020										
	Residential Care	Family Foster Care	Prevention Services	Case Management Services	Behavioral Health Services	Respite Services	Education Services	Management And General	Fundraising and Non-Operating	Total	2019
REVENUE	\$ 10,263,795	\$ 7,359,543	\$ 4,559,163	\$ 5,041,760	\$ 2,042,737	\$ 31,578	\$ 7,040,867	\$ 4,203	\$ 570,915	\$ 36,914,561	\$ 36,926,080
FUNCTIONAL EXPENSES:											
Salaries	\$ 5,247,507	\$ 2,116,356	\$ 2,515,222	\$ 3,455,427	\$ 1,308,702	\$ 31,917	\$ 4,385,443	\$ -	\$ 4,472	\$ 19,065,046	\$ 18,120,865
Employee Health and Retirement Benefits	621,706	246,291	300,643	409,829	170,957	3,698	511,004	-	614	2,264,742	2,555,257
Payroll Taxes	595,860	216,823	279,773	320,850	126,266	4,213	492,916	-	697	2,037,398	1,917,958
Total compensation and benefits	6,465,073	2,579,470	3,095,638	4,186,106	1,605,925	39,828	5,389,363	-	5,783	23,367,186	22,594,080
Allowances - children	17,068	-	8	-	13	-	19,262	-	-	36,351	53,182
Allowances - parents	592	-	70	-	-	-	-	-	-	662	2,974
Allowances - uncollectible receivables	28,018	2,582	-	94,333	150,118	21,370	170,931	-	-	467,352	350,020
Auto and transportation	22,835	222,742	93,406	364,533	1,781	44,453	22,811	186	55	772,802	972,423
Bedding	5,892	-	-	-	-	-	-	-	-	5,892	7,603
Boarding home	45	2,369,684	-	-	-	-	-	-	-	2,369,729	2,511,558
Charges from parent organizations	-	-	-	-	-	-	-	2,702,220	-	2,702,220	3,285,039
Clothing	28,462	-	178	-	-	-	-	-	-	28,640	25,983
Conferences and administrative expense	1,559	14,186	(2,392)	43,194	964	(102)	(3,821)	24	(14,275)	39,337	111,885
Dues, licenses and permits	544	108	(4)	5,117	4,896	1	4,733	275	1	15,671	28,120
Food	253,129	-	4,308	-	-	-	-	-	-	257,437	260,934
Insurance	293,777	50,206	21,998	38,157	36,905	11	117,549	-	633	559,236	508,256
Interest	489,226	15,245	10,720	12,354	2,857	1	27,533	-	2	557,938	600,300
Legal and professional fees	5,889	290	-	-	200	-	-	-	9,474	15,853	5,171
Office supplies and expense	12,872	5,078	4,401	7,693	5,502	42	7,386	145	372	43,491	59,332
Postage and shipping	85	1,783	159	746	311	-	384	-	-	3,468	3,786
Publicity	14,823	45,665	1,583	1,801	22,233	-	285	-	-	86,390	131,966
Purchase of health services	99,380	38,535	-	-	88,612	-	-	-	-	226,527	164,881
Purchase of services - other	552,387	152,860	134,302	185,128	229,203	2,514	314,192	24,740	115,587	1,710,913	2,012,450
Recreation	46,500	586	5,687	7,619	-	-	31,440	-	-	91,832	135,439
Rent	-	138,287	173,083	95,092	118,041	1,739	-	155,600	217,689	899,531	888,328
Rent - furnishings and equipment	20,686	10,236	11,649	10,176	5,840	146	14,718	3,125	3,398	79,974	87,731
Rent - vehicles	14,849	32,228	3,418	-	-	-	60,469	-	-	110,964	213,554
Repair and Maintenance	102,180	57,241	8,716	32,651	31,894	680	60,154	1,608	379	295,503	77,158
Repair and Maintenance - vehicles	17,957	543	4,131	172	-	12	19,453	-	19	42,287	63,426
School expense	896	-	-	-	-	-	-	-	-	896	1,402
Staff development	11,372	952	-	4,895	-	-	10,941	-	-	28,160	39,747
Subscription and publications	1,648	-	178	143	-	-	6,454	-	-	8,423	15,011
Supplies and equipment	275,182	17,989	18,507	29,161	6,339	2,298	147,458	971	231	498,136	400,832
Supplies and equipment - medical	66,274	49,500	598	1,029	335	96	2,145	145	-	120,122	84,719
Telecommunications	43,297	45,049	41,226	45,306	16,422	300	39,935	13,129	18,367	263,031	264,997
Utilities and property taxes	115,299	29,389	20,151	17,337	2,472	176	78,469	-	2,970	266,263	261,864
Depreciation and amortization	613,437	21,160	15,773	21,431	2,691	15	204,022	3,918	4,673	887,120	866,013
Total operating expenses	\$ 9,621,233	\$ 5,901,594	\$ 3,667,492	\$ 5,204,174	\$ 2,333,554	\$ 113,580	\$ 6,746,266	\$ 2,906,086	\$ 365,358	\$ 36,859,337	\$ 37,090,164
Operating gain (loss)	\$ 642,562	\$ 1,457,949	\$ 891,671	\$ (162,414)	\$ (290,817)	\$ (82,002)	\$ 294,601	\$ (2,901,883)	\$ 205,557	\$ 55,224	\$ (164,084)

The accompanying notes are an integral part of these schedules.