

NORTHEAST PARENT AND CHILD SOCIETY, INC.

**Financial Statements as of
June 30, 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 8, 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, 2021, 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, 2021, 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)

Report on Summarized Comparative Information

We have previously audited Northeast Parent and Child Society, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated April 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 2021 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 2021 supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2020 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 2020 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 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, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 5,951,802	\$ 5,767,942
Accounts receivable, net	6,864,763	7,845,570
Due from affiliates	119,793	252,393
Investments	3,582,819	2,870,823
Prepaid expenses and inventory	<u>14,025</u>	<u>57,170</u>
Total current assets	<u>16,533,202</u>	<u>16,793,898</u>
INVESTMENTS, restricted	<u>696,103</u>	<u>620,927</u>
PROPERTY AND EQUIPMENT	<u>11,855,162</u>	<u>12,844,545</u>
OTHER ASSETS:		
Deposits	18,694	16,033
Beneficial interest in trusts	<u>2,026,124</u>	<u>1,672,533</u>
Total other assets	<u>2,044,818</u>	<u>1,688,566</u>
	<u>\$ 31,129,285</u>	<u>\$ 31,947,936</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	\$ -	\$ 314,413
Accounts payable	993,372	554,315
Due to affiliates	310,310	179,940
Accrued salaries and expenses	2,802,486	2,130,110
Refundable advances	276,495	302,195
Deferred revenue	-	341,767
Paycheck protection program	4,235,285	4,849,693
Capital lease obligations, current portion	413,856	435,031
Notes payable, current portion	-	500,000
Mortgages payable, current portion	55,822	55,198
Bonds payable, current portion	<u>330,497</u>	<u>310,497</u>
Total current liabilities	<u>9,418,123</u>	<u>9,973,159</u>
LONG-TERM LIABILITIES:		
Capital lease, net of current portion	2,017,562	2,431,418
Notes payable, net of current portion	-	500,000
Mortgages payable, net of current portion	473,418	687,418
Bonds payable, net of current portion	<u>8,099,408</u>	<u>8,410,656</u>
Total long-term liabilities	<u>10,590,388</u>	<u>12,029,492</u>
TOTAL LIABILITIES	<u>20,008,511</u>	<u>22,002,651</u>
NET ASSETS		
Without donor restrictions	8,922,731	8,131,761
With donor restrictions	<u>2,198,043</u>	<u>1,813,524</u>
TOTAL NET ASSETS	<u>11,120,774</u>	<u>9,945,285</u>
	<u>\$ 31,129,285</u>	<u>\$ 31,947,936</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, 2021
 (With Comparative Totals for 2020)

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:				
Program service fees	\$ 35,867,047	\$ -	35,867,047	\$ 36,581,981
Paycheck protection program	614,408	-	614,408	\$ -
Fundraising	131,965	-	131,965	86,571
Change in value of beneficial interest in trusts	-	353,591	353,591	7,005
Rent	360,417	-	360,417	277,687
Miscellaneous	365,657	-	365,657	497,607
Total support and revenue	37,339,494	353,591	37,693,085	37,450,851
EXPENSE:				
Program service	34,192,447	-	34,192,447	33,587,893
Management and general	2,675,342	-	2,675,342	2,906,086
Fundraising and non-operating	402,082	-	402,082	365,358
Total expense	37,269,871	-	37,269,871	36,859,337
OPERATING GAIN (LOSS)	69,623	353,591	423,214	591,514
NON-OPERATING REVENUE (EXPENSE):				
Investment income, net	718,547	30,928	749,475	111,692
Gain on disposition of property and equipment	2,800	-	2,800	28,775
Total non-operating revenue (expense)	721,347	30,928	752,275	140,467
CHANGES IN NET ASSETS	790,970	384,519	1,175,489	731,981
NET ASSETS - beginning of year	8,131,761	1,813,524	9,945,285	9,213,304
NET ASSETS - end of year	\$ 8,922,731	\$ 2,198,043	\$ 11,120,774	\$ 9,945,285

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, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,175,489	\$ 731,981
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Paycheck protection loan	(614,408)	-
Depreciation	849,726	863,573
Amortization of bond premium	(5,497)	(5,497)
Amortization of capital lease	435,031	457,289
Interest expense - bond issuance costs	19,249	23,548
Gain on disposition of property and equipment	(2,800)	28,775
Gains on investments	(693,522)	(18,479)
Change in value of beneficial interest in trusts	(353,591)	(7,005)
Provision for implicit price concessions	-	25,557
Changes in:		
Accounts receivable	980,807	278,705
Due from affiliate	132,600	(156,439)
Prepaid expenses and inventory	43,145	(210)
Accounts payable	332,568	25,771
Due to affiliate	130,370	63,342
Accrued salaries and expenses	672,376	(66,392)
Due to third parties	-	(83,279)
Refundable advances	(25,700)	40,873
Deferred revenue	(341,767)	(7,331)
Net cash flow from operating activities	<u>2,734,076</u>	<u>2,194,782</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(188,885)	(296,764)
Proceeds from sale of property and equipment	2,800	116,692
Purchase of investments	(596,904)	(2,991,487)
Proceeds from sale of investments	<u>500,593</u>	<u>2,971,986</u>
Net cash flow from investing activities	<u>(282,396)</u>	<u>(199,573)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of payment protection loan	-	4,849,693
Net proceeds (repayments on) line of credit	(314,413)	190,869
Repayment of bonds payable	(305,000)	(290,000)
Repayment of capital lease obligations	(435,031)	(457,289)
Repayment of notes payable	(1,000,000)	(500,000)
Repayment of mortgages payable	<u>(213,376)</u>	<u>(61,153)</u>
Net cash flow from financing activities	<u>(2,267,820)</u>	<u>3,732,120</u>
CHANGE IN CASH	183,860	5,727,329
CASH - beginning of year	<u>5,767,942</u>	<u>40,613</u>
CASH - end of year	<u>\$ 5,951,802</u>	<u>\$ 5,767,942</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	<u>\$ 524,757</u>	<u>\$ 579,448</u>
Purchase of property and equipment included in Accounts payable	<u>\$ 106,489</u>	<u>\$ -</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, 2021**
(With Comparative Totals for 2020)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising and Non-operating</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries	\$ 18,535,264	\$ 16,970	\$ 51,069	\$ 18,603,303	\$ 19,065,046
Employee health and retirement benefits	2,592,981	2,060	16,627	2,611,668	2,264,742
Payroll taxes	<u>1,806,144</u>	<u>2,422</u>	<u>5,215</u>	<u>1,813,781</u>	<u>2,037,398</u>
 Total compensation and benefits	 <u>22,934,389</u>	 <u>21,452</u>	 <u>72,911</u>	 <u>23,028,752</u>	 <u>23,367,186</u>
 Boarding home	 2,885,262	 -	 -	 2,885,262	 2,369,729
Charges from parent organization	-	2,481,370	-	2,481,370	2,702,220
Purchase of services	2,091,570	3,094	25,446	2,120,110	1,937,440
Allowances - uncollectible receivables	1,022,249	-	-	1,022,249	467,352
Rent	668,800	142,164	251,253	1,062,217	1,090,469
Depreciation and amortization	849,669	2,871	16,433	868,973	887,120
Auto and transportation	569,678	114	182	569,974	772,802
Insurance	556,557	-	204	556,761	559,236
Interest	490,270	4	2,505	492,779	557,938
Supplies and equipment	616,390	121	2,248	618,759	618,258
Utilities and property taxes	255,081	136	6,483	261,700	266,263
Publicity	251,805	-	-	251,805	86,390
Telecommunications	203,684	12,108	22,141	237,933	263,031
Systems and software	228,318	332	715	229,365	-
Food	221,376	-	-	221,376	257,437
Repair and maintenance	113,056	631	1,297	114,984	337,790
Recreation	56,801	-	-	56,801	91,832
Allowances - children & parents	41,494	-	-	41,494	36,351
Office supplies and expense	31,593	41	249	31,883	43,491
Staff development	25,468	-	-	25,468	28,160
Clothing	24,427	-	-	24,427	28,640
Legal and professional fees	16,226	-	6,594	22,820	15,853
Conferences and administrative expense	12,771	10,623	(6,666)	16,728	39,337
Bedding	10,425	-	-	10,425	5,892
Dues, licenses and permits	10,000	275	73	10,348	15,671
Postage and shipping	3,000	6	14	3,020	3,468
Subscription and publications	1,953	-	-	1,953	8,423
School expense	<u>135</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>896</u>
	 <u>\$ 34,192,447</u>	 <u>\$ 2,675,342</u>	 <u>\$ 402,082</u>	 <u>\$ 37,269,871</u>	 <u>\$ 36,858,675</u>

The accompanying notes are an integral part of these statements.

NORTHEAST PARENT AND CHILD SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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).

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

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, 2021 and 2020.

Investments

The Society records investments in equities, mutual funds, and debt securities at their fair value. Realized and unrealized gains and losses, net with investment fee, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

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

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 2021 and 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020, no amount was paid back to the funding agencies.

Debt Issuance Costs

Debt issuance costs are recognized as interest expense on straight-line basis over the periods of the related debt. The unamortized issuance costs were \$193,091 and \$212,340 at June 30, 2021 and 2020, respectively, and are netted against bonds payables on the statements of financial position. There were \$19,249 and \$23,548 of amortization expense for the years ended June 30, 2021 and 2020, respectively.

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 11.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Third-Party Reimbursement and Revenue Recognition (Continued)

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.

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 income and other non-operating items are classified as non-operating income or expense.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy (Continued)

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.

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 expense.

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.

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, 2020, 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>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 5,951,802	\$ 5,767,942
Accounts receivable, net	6,864,763	7,845,570
Investments	4,278,922	3,491,750
Beneficial interest in trusts	<u>2,026,124</u>	<u>1,672,533</u>
Total financial assets	19,121,611	18,777,795
Less: those unavailable for general expenditure due to:		
Long-term debt collateral	-	(2,400,000)
Donor restrictions	(2,198,043)	(1,813,524)
Debt service reserves	<u>(540,506)</u>	<u>(496,258)</u>
Total financial assets available	<u>\$ 16,383,062</u>	<u>\$ 14,068,013</u>

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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>2021</u>	<u>2020</u>
Investment Management Account:		
Fixed Income Funds	\$ 1,147,698	\$ 901,452
Common Stock	2,352,062	1,907,057
Cash Equivalents	<u>83,059</u>	<u>62,314</u>
Total investment management account	<u>3,582,819</u>	<u>2,870,823</u>
Restricted Gifts:		
Fixed Income Funds	49,854	39,307
Common Stock	102,738	82,803
Cash Equivalents	<u>3,005</u>	<u>2,559</u>
Total restricted gifts	<u>155,597</u>	<u>124,669</u>
DASNY Funding Project - Residence:		
U.S. Government	476,126	496,258
Fixed income	<u>64,380</u>	<u>-</u>
Total DASNY funding project	<u>540,506</u>	<u>496,258</u>
	<u>\$ 4,278,922</u>	<u>\$ 3,491,750</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 99,030	\$ 99,030
Buildings and improvements	21,259,624	21,082,024
Furniture, vehicles and equipment	2,757,612	2,686,955
Vehicles	544,342	549,070
Construction in progress	47,117	-
Less: accumulated depreciation	<u>(15,283,981)</u>	<u>(14,438,983)</u>
	<u>9,423,744</u>	<u>9,978,096</u>
Assets under capital lease	3,804,420	3,804,420
Less: accumulated amortization	<u>(1,373,002)</u>	<u>(937,971)</u>
	<u>\$ 11,855,162</u>	<u>\$ 12,844,545</u>

Depreciation and amortization expense was \$849,726 and \$863,573 for the years ended June 30, 2021 and 2020, 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 (2.25% at June 30, 2021) and expires May 31, 2022. There was no balance due as of June 30, 2021 and 2020, 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, 2021, the covenant was met.

The Society has a revolving equipment line-of-credit with KeyBank, totaling \$500,000, which expires on May 31, 2026. The line bears interest at 3.33% on June 30, 2021. There was outstanding balance of \$0 and \$314,413 due as of June 30, 2021 and 2020.

7. LONG-TERM DEBT

Notes Payable	<u>2021</u>	<u>2020</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. This loan was paid off as of June 30, 2021.	\$ -	\$ 1,000,000
Capital Lease Obligations		
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%.	2,431,418	2,866,449
Mortgage Notes Payable	<u>2021</u>	<u>2020</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% (2.60% at June 30, 2021).	\$ 172,986	\$ 212,906
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, 2021). Certain financial covenants apply to this note. These covenants were met as of June 30, 2021. Secured by property at Abbottsford Road, Schenectady, NY.	356,254	371,589
Mortgage note payable with Key Bank secured by real estate located at Park Avenue, Schenectady, NY, furniture and fixtures and assignments of rents and leases, paid off in 2021. Principal payments were due monthly with interest 3.37%.	-	70,982

7. LONG-TERM DEBT (Continued)

Mortgage note payable with Key Bank secured by real estate at Eastern Parkway, Schenectady, NY, furniture and fixtures and assignments of rents and leases, paid off in 2021. Principal payments were due monthly with interest 3.37%.

	-	87,139
	<u>529,240</u>	<u>742,616</u>
Total debt	2,960,658	4,609,065
Less current installments	<u>469,678</u>	<u>990,229</u>
Total, long-term debt, net	<u>\$ 2,490,980</u>	<u>\$ 3,618,836</u>

Principal payments due on notes, capitalized lease obligations and mortgaged property notes payable for the years subsequent to June 30, 2021 are as follows:

	<u>Mortgages and Loans Payable</u>	<u>Capital Lease Obligations</u>	<u>Total</u>
2022	\$ 55,822	\$ 509,600	\$ 565,422
2023	56,484	509,600	566,084
2024	57,166	509,600	566,766
2025	57,877	509,600	567,477
2026	32,004	509,600	541,604
Thereafter	<u>269,887</u>	<u>212,333</u>	<u>482,220</u>
	529,240	2,760,333	3,289,573
Less: Amount representing interest	<u>-</u>	<u>(328,915)</u>	<u>(328,915)</u>
	<u>\$ 529,240</u>	<u>\$ 2,431,418</u>	<u>\$ 2,960,658</u>

Tax Exempt Bonds Payable

In June of 2008, DASNY issued Series 2008 Bonds for a total of \$11,150,000. These bonds were issued as part Serial and part Term Bonds. The funds were used for the construction of a new Children's Home. Payment of principal and interest of these bonds is guaranteed by a municipal bond insurance policy issued by the State of New York Mortgage Agency (SONYMA).

The Series 2008 Bonds require an account control agreement by and among the residential provider, DASNY, the Trustee and the residential provider's bank. The agreement requires that allotments received from any school district, social service district or any other payor on accounts for residential services provided must be deposited into this account immediately upon receipt of such amounts. In addition, the provider is required to grant DASNY a security interest in the respective account. Each month an amount necessary to satisfy the provider's next due payment obligation will be automatically transferred to the Trustee to be utilized per the agreement. Monies on deposit in the account are available to the provider only after payment of amounts then due DASNY.

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>2021</u>	<u>2020</u>
Series Bonds: Maturing through June 1, 2028 with interest rates varying during these years beginning at 3.50% and ending at 5.00%.	\$ 2,625,000	\$ 2,930,000
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	8,530,000	8,835,000
Premium on Issuance of Bonds	<u>92,996</u>	<u>98,493</u>
Total Tax Exempt Bonds Payable	8,622,996	8,933,493
Less: Unamortized debt issuance costs	<u>193,091</u>	<u>212,340</u>
Bonds Payable, net	<u>\$ 8,429,905</u>	<u>\$ 8,721,153</u>

Annual maturities of bonds payable for the years succeeding June 30, 2021, are as follows:

2022	\$ 330,497
2023	345,497
2024	360,497
2025	375,498
2026	400,497
Thereafter	<u>6,810,510</u>
Total	<u>\$ 8,622,996</u>

Interest Expense

Interest expense on all obligations for the years ended June 30, 2021 and 2020, was \$492,779 and \$557,938, respectively, including amortization of debt issuance costs.

8. PAYCHECK PROTECTION PROGRAM

In April 2020, the Society entered into an agreement with a bank under the Paycheck Protection Program (PPP) and received \$4,849,693. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Society's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements in accordance with the requirements of the PPP Program.

The Society has elected to account for the PPP arrangement as a conditional contribution, and income is recorded as the conditions meeting the requirements for forgiveness are substantially met. Subsequent to year end, the Society applied for forgiveness of their Paycheck Protection Program loan and was approved in full by the SBA.

Through June 30, 2021, the Society determined that it administered the proceeds of its PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness for \$614,408 of the balance received under the PPP arrangement. This amount is recorded as Paycheck protection program grant revenue on the accompanying Statement of Activities. The remaining balance of \$4,235,285 is recorded as liability in the accompanying Statement of Financial Position at June 30, 2021.

8. PAYCHECK PROTECTION PROGRAM (Continued)

These estimates, while considered reasonable as of the date the financial statements were available to be issued, are subject to change based on the Society's administration of its PPP arrangement and future review.

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. The Society's contribution for the years ended June 30, 2021 and 2020 were \$1,081,156 and \$244,081, 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, 2021 and 2020, the Society amortized \$1,084 and \$1,007, respectively, of benefit, resulting in a balance of \$11,846 and \$12,930 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>2021</u>	<u>2020</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	44,099	13,171
Beneficial Interest in Perpetual Trusts *	<u>2,026,124</u>	<u>1,672,533</u>
	<u>\$ 2,198,043</u>	<u>\$ 1,813,524</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, 2021

	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	<u>Total</u>
Money Markets	\$ 86,064	\$ -	\$ -	\$ 86,064
Common Stock	2,454,800	-	-	2,454,800
Mutual Funds	1,197,552	-	-	1,197,552
Government Debt Securities	-	540,506	-	540,506
Beneficial Interests in Trusts	-	2,026,124	-	2,026,124
	<u>\$ 3,738,416</u>	<u>\$ 2,566,630</u>	<u>\$ -</u>	<u>\$ 6,305,046</u>

June 30, 2020

	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <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>

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 \$2,675,345 and \$2,895,412 in fees to Northern Rivers Family Services, Inc. during the years ended June 30, 2021 and 2020, 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 \$196,378 and \$195,548, for the years ended June 30, 2021 and 2020, respectively.

Parsons Child and Family Center

The Society 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, 2021 and 2020.

13. RELATED PARTIES (Continued)

The Society also charged rent to Parsons Child and Family Center in the amount of \$358,012 and \$275,327, for the years ended June 30, 2021 and 2020, respectively. These amounts are included in rent income in the accompanying statement of activities.

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

	<u>2021</u>	<u>2020</u>
<u>Due From Related Party:</u>		
Northern Rivers Family Services, Inc.	\$ 35,036	\$ 164,750
Parson Child and Family Center	82,169	87,643
Unlimited Potential	<u>2,588</u>	<u>-</u>
	<u>\$ 119,793</u>	<u>\$ 252,393</u>
<u>Due To Related Party:</u>		
Northern Rivers Family Services, Inc.	\$ 39,673	\$ 35,072
Parson Child and Family Center	270,188	144,868
Unlimited Potential	<u>449</u>	<u>-</u>
Total	<u>\$ 310,310</u>	<u>\$ 179,940</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 \$2,735 and \$91,077 for 2021 and 2020, 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.

14. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases

The Society leases various equipment, vehicles and space under non-cancellable operating leases. At June 30, 2021 the minimum rental commitment under these operating leases have remaining terms in excess of one year is as follows:

2022	\$	667,676
2023		635,563
2024		641,178
2025		663,906
2026		<u>665,041</u>
Total	\$	<u>3,273,364</u>

Total rent expense for the years ended June 30, 2021 and 2020 was \$1,062,217 and \$1,090,467, respectively.

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 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

Subsequent events have been evaluated through November 8, 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, 2021
(With Comparative Totals for 2020)**

	2021									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
REVENUE	\$ 8,313,744	\$ 10,320,028	\$ 4,398,828	\$ 4,261,875	\$ 2,481,365	\$ 14,590	\$ 7,026,677	\$ 12,110	\$ 1,616,143	\$ 38,445,360	\$ 36,914,561
FUNCTIONAL EXPENSES:											
Salaries	\$ 4,911,168	\$ 2,339,822	\$ 2,553,668	\$ 3,050,167	\$ 1,433,137	\$ 21,411	\$ 4,225,891	\$ 16,970	\$ 51,069	\$ 18,603,303	\$ 19,065,046
Employee Health and Retirement Benef	664,599	339,036	362,940	416,873	193,278	2,940	613,315	2,060	16,627	2,611,668	2,264,742
Payroll Taxes	504,835	225,946	248,603	262,370	124,021	2,571	437,798	2,422	5,215	1,813,781	2,037,398
Total compensation and benefits	6,080,602	2,904,804	3,165,211	3,729,410	1,750,436	26,922	5,277,004	21,452	72,911	23,028,752	23,367,186
Allowances - children	13,170	-	-	-	-	-	27,756	-	-	40,926	36,351
Allowances - parents	543	-	-	-	-	-	25	-	-	568	662
Allowances - uncollectible receivables	212,634	305,433	153,694	353,155	(189)	-	(2,478)	-	-	1,022,249	467,352
Auto and transportation	14,283	165,816	51,350	315,690	788	4,894	16,857	114	182	569,974	772,802
Bedding	9,555	-	-	-	-	-	870	-	-	10,425	5,892
Boarding home	-	2,885,262	-	-	-	-	-	-	-	2,885,262	2,369,729
Charges from parent organizations	-	-	-	-	-	-	-	2,481,370	-	2,481,370	2,702,220
Clothing	24,427	-	-	-	-	-	-	-	-	24,427	28,640
Conferences and administrative expens	(10,622)	41,177	3,727	(1,456)	(8,144)	(482)	(11,429)	10,623	(6,666)	16,728	39,337
Dues, licenses and permits	2,052	304	288	2,275	833	-	4,248	275	73	10,348	15,671
Food	217,087	-	2,402	1,000	-	-	887	-	-	221,376	257,437
Insurance	301,311	49,221	22,061	30,965	37,768	-	115,231	-	204	556,761	559,236
Interest	456,975	6,163	4,140	3,607	653	-	18,732	4	2,505	492,779	557,938
Legal and professional fees	6,888	335	-	815	-	-	8,188	-	6,594	22,820	15,853
Office supplies and expense	9,381	4,390	2,089	2,403	4,571	19	8,740	41	249	31,883	43,491
Postage and shipping	744	1,289	108	101	138	-	620	6	14	3,020	3,468
Publicity	88	225,586	162	-	25,969	-	-	-	-	251,805	86,390
Purchase of health services	83,452	254,007	3,000	-	95,949	-	-	-	-	436,408	226,527
Purchase of services - other	382,837	229,616	158,968	254,070	284,515	2,003	343,153	3,094	25,446	1,683,702	1,710,913
Recreation	31,005	373	1,949	856	-	-	22,618	-	-	56,801	91,832
Rent	-	128,240	160,869	125,961	116,262	1,345	-	139,870	246,406	918,953	899,531
Rent - furnishings and equipment	18,912	10,067	11,357	8,715	5,313	82	11,752	2,294	4,847	73,339	79,974
Rent - vehicles	-	9,456	-	-	-	-	60,469	-	-	69,925	110,964
Repair and Maintenance	5,937	3,851	3,326	11,530	21,672	39	15,670	552	1,126	63,703	295,503
Repair and Maintenance - vehicles	23,461	2,602	1,590	127	76	4	23,171	79	171	51,281	42,287
School expense	74	-	61	-	-	-	-	-	-	135	896
Staff development	7,360	2,780	-	9,449	187	-	5,692	-	-	25,468	28,160
Subscription and publications	463	1,254	-	-	204	-	32	-	-	1,953	8,423
Supplies and equipment	254,024	50,501	20,105	18,008	5,352	1,314	89,349	121	2,209	440,983	498,136
Supplies and equipment - medical	50,260	123,630	293	311	394	-	2,849	-	39	177,776	120,122
System and software	50,925	70,933	1,153	24,452	26,787	98	53,970	332	715	229,365	-
Telecommunications	41,193	42,310	36,271	33,542	15,922	202	34,244	12,108	22,141	237,933	263,031
Utilities and property taxes	114,843	32,405	19,693	13,051	130	172	74,787	136	6,483	261,700	266,263
Depreciation and amortization	611,125	22,871	15,090	10,810	2,106	12	187,655	2,871	16,433	868,973	887,120
Total operating expenses	\$ 9,014,989	\$ 7,574,676	\$ 3,838,957	\$ 4,948,847	\$ 2,387,692	\$ 36,624	\$ 6,390,662	\$ 2,675,342	\$ 402,082	\$ 37,269,871	\$ 36,859,337
Operating gain (loss)	\$ (701,245)	\$ 2,745,352	\$ 559,871	\$ (686,972)	\$ 93,673	\$ (22,034)	\$ 636,015	\$ (2,663,232)	\$ 1,214,061	\$ 1,175,489	\$ 55,224

The accompanying notes are an integral part of these schedules.