NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

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

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 8, 2021

To the Board of Directors of
Northern Rivers Family Services, Inc. and Affiliates:

We have audited the accompanying consolidated financial statements of Northern Rivers Family Services, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, consolidated statement of functional expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northern Rivers Family Services, Inc. and Affiliates as of June 30, 2021, and the consolidated 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.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Summarized Comparative Information
We have previously audited the consolidated financial statements of Northern Rivers Family Services, Inc. and Affiliates as of June 30, 2020, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our reported 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 consolidated 2021 financial statements as a whole. The supplementary information in Schedule I, II and III 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and 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 consolidated financial statements as a whole.

Bonadio & Co., LLP

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash	$ 18,325,413	$ 15,543,293
Accounts receivable, net	13,699,811	15,850,320
Current pledges receivable	38,719	90,954
Investments	11,034,847	8,840,323
Prepaid expenses and inventory	407,780	270,463
Total current assets	43,506,570	40,595,353
INVESTMENTS, restricted	5,990,987	4,874,038
PROPERTY AND EQUIPMENT, net	31,338,711	32,173,186
OTHER ASSETS:		
Other assets	36,309	33,648
Beneficial interest in trusts	2,026,124	1,672,533
Long-term pledges receivable	146,929	234,323
Investment in CHHUNY and UPP	886,161	886,161
Total other assets	3,095,523	2,826,665
	$ 83,931,791	$ 80,469,242
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	$ 67,564	$ 656,253
Accounts payable	2,718,227	1,146,219
Accrued salaries and expenses	7,756,404	5,845,139
Paycheck protection program	11,372,872	13,055,261
Refundable advances	1,944,002	1,818,781
Deferred revenue, current	81,058	341,767
Long-term debt, current	1,117,544	1,915,341
Total current liabilities	25,057,671	24,778,761
LONG-TERM LIABILITIES:		
Long-term debt	20,712,561	22,901,220
Accrued post-retirement benefits	1,253,032	1,388,309
Liability for pension benefits	8,706,928	15,729,923
Total long-term liabilities	30,672,521	40,019,452
TOTAL LIABILITIES	55,730,192	64,798,213
NET ASSETS		
Without donor restrictions	20,628,456	9,357,840
With donor restrictions	7,573,143	6,313,189
TOTAL NET ASSETS	28,201,599	15,671,029
	$ 83,931,791	$ 80,469,242

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Program service fees	$ 86,768,303	$ -	$ 86,768,303	$ 88,452,237
Fundraising	686,708	-	686,708	825,529
Change in value of beneficial interests in trusts	-	353,591	353,591	7,005
Paycheck protection program	1,682,389	-	1,682,389	-
Miscellaneous	2,814,078	-	2,814,078	1,288,220
Net assets released from restrictions	180,859	(180,859)	-	-
Total support and revenue	92,132,337	172,732	92,305,069	90,572,991
EXPENSES:				
Program services	78,881,433	-	78,881,433	74,805,572
Management and general	9,106,790	-	9,106,790	9,025,401
Fundraising and non-operating	1,735,734	-	1,735,734	1,058,802
Total expenses	89,723,957	-	89,723,957	84,889,775
OPERATING GAIN (LOSS)	2,408,380	172,732	2,581,112	5,683,216
NON-OPERATING GAIN (LOSS):				
Investment income, net	2,201,258	1,087,222	3,288,480	507,030
Loss on sale of property and equipment	(194,017)	-	(194,017)	(81,213)
State paid depreciation	(168,000)	-	(168,000)	(126,000)
Equity transfer - Unlimited Potential	-	-	-	711,939
Actuarial (loss) gain arising during period	7,022,995	-	7,022,995	(5,313,045)
Total non-operating gain (loss)	8,862,236	1,087,222	9,949,458	(4,301,289)
CHANGE IN NET ASSETS	11,270,616	1,259,954	12,530,570	1,381,927
NET ASSETS - beginning of year	9,357,840	6,313,189	15,671,029	14,289,102
NET ASSETS - end of year	$ 20,628,456	$ 7,573,143	$ 28,201,599	$ 15,671,029

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 12,530,570	$ 1,381,927
Adjustments to reconcile change in net assets to		
net cash provided (used) by operating activities		
Actuarial losses arising during period	(7,022,995)	5,313,045
Paycheck protection program	(1,682,389)	-
Depreciation and amortization	2,333,843	2,157,143
Amortization of capital lease	435,031	457,289
Interest expense - bond issuance costs and bond premium	17,389	23,548
Loss on sale of property and equipment	194,017	138,763
Loss (gain) loss on investments	(3,050,869)	55,960
Implicit price concessions	-	25,557
Change in value of beneficial interest in trusts	(353,591)	(7,005)
Equity transfer	-	(711,939)
Stock donation	(12,280)	-
Changes in:		
Accounts receivable	2,150,509	1,785,624
Prepaid expenses and inventory	(137,317)	13,777
Pledges receivable	139,629	(31,851)
Accounts payable	1,213,198	(910,139)
Accrued salaries and expenses	1,911,264	(990,221)
Deferred grant revenue	(260,709)	(3,709,389)
Due to third party payors	-	(83,279)
Refundable advances	125,221	(1,393,194)
Liability for pension and post retirement benefits	(135,277)	(134,416)
Net cash flow from operating activities	8,395,244	3,381,200
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase for property and equipment	(1,772,402)	(6,369,752)
Proceeds from sale of property and equipment	2,800	116,692
Proceeds from sale of investments	549,865	12,732,717
Purchase of investments	(800,853)	(13,055,276)
Investment in CHHUNY and UP	-	-
Net cash flow from investing activities	(2,020,590)	(6,575,619)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds of line of credit	(588,689)	532,709
Net proceeds (repayment) of notes payable	(1,685,836)	12,013,666
Payments on capital leases obligations	(435,031)	(457,289)
Proceeds from capital leases	446,222	5,403,224
Payments on debt issurance cost	(261,857)	-
Repayment of bonds payable	(305,000)	(290,000)
Repayment of mortgages payable	(762,343)	(142,519)
Net cash flow from financing activities	(3,592,534)	17,059,791
CHANGE IN CASH	2,782,120	13,865,372
CASH - beginning of year	15,543,293	1,677,921
CASH - end of year	$ 18,325,413	$ 15,543,293
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 776,547	$ 692,161
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Purchase of property and equipment included in accounts payable	$ 372,269	$ 13,459

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program	Management & General	Fundraising & Non-Operating	Total
Salaries	$ 47,102,627	$ 5,017,614	$ 219,386	$ 52,339,627
Employee health and retirement benefits	7,103,930	1,203,297	914,090	9,221,317
Payroll Taxes	4,412,629	9,703	6,624	4,428,956
Total compensation and benefits	58,619,186	6,230,614	1,140,100	65,989,900
Purchase of services	3,826,336	281,459	125,966	4,233,761
Boarding home	3,758,873	-	-	3,758,873
Depreciation and amortization	1,896,118	250,739	18,986	2,165,843
Allowances- uncollectible receivables	2,064,568	-	3,100	2,067,668
Rent	990,671	741,561	293,063	2,025,295
Supplies and equipment	1,709,143	82,738	26,148	1,818,029
Insurance	1,267,016	88,754	1,650	1,357,420
Systems and software	413,060	711,841	21,615	1,146,516
Interest	761,611	3,296	2,546	767,453
Food	617,707	2	-	617,709
Utilities and property taxes	540,343	65,757	8,442	614,542
Telecommunications	455,856	80,838	25,684	562,378
Publicity	400,701	28,168	107	428,976
Auto and transportation	318,258	8,470	445	327,173
Conferences and administrative expense	206,297	40,458	30,802	277,557
Legal and professional fees	64,271	179,938	3,775	247,984
Repair and maintenance	243,683	(9,185)	1,546	236,044
Staff development	108,773	95,287	7,016	211,076
Dues, licenses and permits	48,033	157,277	664	205,974
Recreation	111,023	2,739	12,250	126,012
In-Kind expense	127,069	-	-	127,069
Office supplies and expense	90,632	18,717	8,956	118,305
Allowances- children & parents	58,220	-	-	58,220
Postage and shipping	53,968	2,519	2,320	58,807
Clothing	53,395	-	-	53,395
Discrectionary funds	39,450	-	-	39,450
Background checks	-	35,460	-	35,460
Bedding	25,198	-	28	25,226
Subscription and publications	8,437	9,343	525	18,305
Sales tax	1,788	-	-	1,788
School expense	1,749	-	-	1,749
	$ 78,881,433	$ 9,106,790	$ 1,735,734	$ 89,723,957

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program	Management & General	Fundraising & Non-Operating	Total
Salaries	$ 46,236,718	$ 5,279,393	$ 183,240	$ 51,699,351
Employee health and retirement benefits	5,753,062	1,125,370	35,889	6,914,321
Payroll Taxes	4,685,092	6,863	907	4,692,862
Total compensation and benefits	56,674,872	6,411,626	220,036	63,306,534
Purchase of services	2,747,745	797,498	338,370	3,883,613
Boarding home	3,004,650	-	-	3,004,650
Rent	1,747,520	665,812	232,302	2,645,634
Auto and transportation	1,426,594	16,463	1,536	1,444,593
Depreciation and amortization	1,739,356	191,605	132,470	2,063,431
Supplies and equipment	1,456,259	28,117	2,418	1,486,794
Insurance	1,169,790	73,965	1,846	1,245,601
Interest	670,891	5,404	67	676,362
Repair and maintenance	629,692	118,773	18,880	767,345
Food	665,894	-	96	665,990
Telecommunications	518,484	52,112	19,481	590,077
Utilities and property taxes	536,693	47,934	4,015	588,642
Conferences and administrative expense	(13,128)	68,580	32,056	87,508
Publicity	156,402	67,091	18,260	241,753
Dues, licenses and permits	65,017	199,501	822	265,340
Allowances- uncollectible receivables	846,907	-	8,979	855,886
Recreation	182,050	-	8,725	190,775
Legal and professional fees	9,167	186,855	8,920	204,942
In-Kind expense	140,399	-	-	140,399
Office supplies and expense	114,726	15,589	1,919	132,234
Staff development	103,411	8,415	3,253	115,079
Discrectionary funds	39,373	-	-	39,373
Background checks	-	62,044	-	62,044
Clothing	66,753	-	-	66,753
Subscription and publications	19,615	5,587	65	25,267
Postage and shipping	64,871	2,430	4,286	71,587
Bedding	11,199	-	-	11,199
Camp fees	7,920	-	-	7,920
School expense	2,300	-	-	2,300
Sales tax	150	-	-	150
	$ 74,805,572	$ 9,025,401	$ 1,058,802	$ 84,889,775

1. NATURE OF OPERATIONS

Northern Rivers Family Services, Inc. (Organization) is a New York State not-for-profit corporation to manage the combined operations of its affiliates Parsons Child and Family Center, Northeast Parent and Child Society, Inc. and Unlimited Possibilities, Inc. Northern Rivers Family Services, Inc. is the sole corporate member of Parsons Child and Family Center, Northeast Parent and Child Society, Inc. and Unlimited Possibilities, Inc.

Parsons Child and Family Center (the Center) is a New York not-for-profit corporation. The Center was formed to serve the special needs of children in the Capital Region of New York State. The Center promotes healthy families by providing necessary support through a wide range of educational, residential, and clinical services. The Center receives significant support for program operations from New York State directly and indirectly through local municipalities.

Northeast Parent and Child Society, Inc. (the Society) is a New York not-for-profit corporation. The Society 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 receives significant support for program operations from New York State directly and indirectly through local municipalities.

Unlimited Possibilities, Inc. (UP) is a non-profit organization operating under the laws of the State of New York. The Organization provides vocational and rehabilitation programs which address the population of adult mentally ill, and those having developmental and physical disabilities in Saratoga County, New York. The Organization became affiliated with Northern Rivers Family Services, Inc. on July 1, 2019.

Basis of Accounting
The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Principals of Consolidation
The accompanying consolidated financial statements include the accounts of Northern Rivers Family Services, Inc., the Center, the Society, and UP collectively referred to as the Organization. All significant inter-organization transactions and balances have been eliminated in the consolidation.

Use of Estimates
The preparation of the consolidated 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 consolidated financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. 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 Organization's cash balances may at times exceed federally insured limits. The Organization 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Organization'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 $750,000 and $650,000 as of June 30, 2021 and 2020, respectively.

Pledges Receivable

Contributions are recorded as support when pledges are made. All contributions are available for unrestricted use, unless specifically restricted by the donor.

Contributions received with donor-imposed restrictions that are met in the same reporting period are classified as unrestricted revenue. A receivable is recorded to the extent that a pledge has been made, but cash has not been collected. Management has determined that an allowance for uncollectible pledges is not necessary at June 30, 2021 and 2020.

Investments

The Organization 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 lease 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 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.

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 are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Long-Lived Assets

The Organization 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 and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2021 and 2020.

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 permanently restricted fund class.

Refundable Advances

The Society and Center receive 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $451,311 and $212,340 at June 30, 2021 and 2020, respectively, and are netted against long-term debt on the consolidated statements of financial position. There were $22,886 and $23,548 of amortization expense for the years ended June 30, 2021 and 2020, respectively.

Financial Reporting

The Organization 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 Organization's operating activities and are not subject to donor-imposed stipulations.

Net assets with donor restrictions represent donor-imposed restrictions that permit the Organization to use up or expend the donated assets as specified. This classification of net assets includes the beneficial interest in perpetual trust as noted above. This temporary restriction is satisfied by the passage of time or by actions of the Organization. See information about these restrictions in Note 13.

Statement of Activities

The consolidated 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.

Contributions

The Organization 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 restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions. If net assets with donor restrictions are received and earned in the same year, it is reported as net assets without donor restriction.

Contributions

The Organization reports gifts of land, buildings, and equipment as net assets without donor restriction 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 net assets with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization reports donor restricted contributions as net assets without donor restriction provided that the restrictions are met in the same year the contributions are received.

The Center is named beneficiary in a revocable trust whereby at the death of the last surviving child the trust will terminate and the balance, if any, of the trust funds at the future date shall be paid to the Center. Under U.S. GAAP, revocable trusts are considered conditional promises-to-give and are not recorded in the beneficiary's financial statements; therefore, no amounts relating to the revocable trust have been reflected in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Third-Party Reimbursement and Revenue Recognition
The Center, Society and UP 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, educational, therapeutic, and other 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 Organization satisfies their performance obligations under contracts by transferring services to clients at a point in time. The Organization'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 Organization'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 Organization 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.

Donated Materials and Services
Donated materials and supplies are recorded as contributions at estimated fair value at the date of gift. The Organization 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 Organization'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 Organization has financial instruments in the accompanying consolidated 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 Organization could invest.

Functional Allocation of Expenses

The Organization'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.

Income Taxes

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

Reclassifications

Certain reclassifications have been made to the 2020 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 consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated 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 Organization is substantially supported by contributions. The Center and Society is substantially supported by grants and support from New York State funding sources. The following reflects the Organization's financial assets as of the consolidated 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:

	2021	2020
Financial assets:		
Cash	$ 18,325,413	$ 15,543,293
Accounts receivable, net	13,699,811	15,850,320
Pledges receivable	38,719	325,277
Investments	17,025,834	13,714,361
Beneficial interest in trusts	2,026,124	1,672,533
Total financial assets	51,115,901	47,105,784
Less: those unavailable for general expenditure due to:		
Donor restrictions	(7,573,143)	(6,313,189)
Reserves held for mortgage payable	-	(4,600,000)
Debt service reserves	(540,506)	(584,086)
Total financial assets available	$ 43,002,252	$ 35,608,509

As part of the Organization'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 and pledges receivable. The Organization has designed procedures to bill and collect from these payors as quickly as possible, however, this can sometimes be difficult to predict.

4. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give which have been made by donors, but not yet received by the Organization. The Organization has reviewed for collectability and has determined that no allowance for uncollectible pledges is warranted. Total unconditional promises to give were as follows at June 30:

	2021	2020
Pledges receivable	$ 191,736	$ 330,801
Amounts due in		
Less than one year	38,719	90,954
One to five years	153,017	239,847
	191,736	330,801
Less: Discount to present value	(6,088)	(5,524)
Pledges receivable, net	$ 185,648	$ 325,277

5. INVESTMENTS

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

	2021	2020
Cash equivalents	$ 380,809	$ 293,603
Debt securities	904,094	3,144,567
Equities	13,638,751	8,749,426
Mutual funds	2,102,180	1,526,765
Total	$ 17,025,834	$ 13,714,361

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2021	2020
Land	$ 140,530	$ 140,530
Building and improvements	52,839,781	46,599,055
Furniture, vehicles and equipment	8,739,818	7,752,572
Less: Accumulated depreciation	(33,199,892)	(31,028,373)
Construction in progress	387,056	5,842,953
Total	$ 28,907,293	$ 29,306,737
Assets under capital lease	$ 3,804,420	$ 3,804,420
Less: accumulated amortization	(1,373,002)	(937,971)
	$ 31,338,711	$ 32,173,186

Depreciation expense, excluding state paid depreciation of $168,000 and $126,000 for the years ended June 30, 2021 and 2020, was $2,165,843 and $2,189,432 for the years ended June 30, 2021 and 2020, respectively.

7. LINE OF CREDIT

The Organization has a revolving line-of-credit with KeyBank, totaling $500,000, which expires on May 31, 2022. The line bears interest at LIBOR floor of 0.5% and 1.75% spread (2.25% at June 30, 2021). There was no outstanding balance as of June 30, 2021 and 2020.

The Organization, the Center and the Society, each has a revolving equipment line-of-credit with KeyBank, in amount of $500,000 each, which expires on May 31, 2026. The line bears interest at 3.33% on June 30, 2021. There was no outstanding balance as of June 30, 2021. There was a balance due of $629,253 as of June 30, 2020.

The Society has a revolving line-of-credit with Key Bank, totaling approximately $3,000,000, which expires May 31, 2022. The line bears interest at LIBOR floor of 0.5% and 1.75% spread (2.25% at June 30, 2021). There was a balance of $0 at 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 Society determined the covenant was met.

7. LINE OF CREDIT (Continued)

The Center has a revolving line-of-credit with KeyBank, totaling $3,500,000, which expires on May 31, 2022. The line bears interest at LIBOR floor of 0.5% and 1.75% spread (2.25% at June 30, 2021). There was no outstanding balance as of June 30, 2021 and 2020. In accordance with the terms of the security agreement, the Center is required to provide their financial statements within 120 days from year end. As of June 30, 2021, the Center determined the covenant was met.

UP has an on-demand line-of-credit from Adirondack Trust Bank for $250,000, with interest at prime (2.75% at June 30, 2021). All borrowings under this line-of-credit are secured by a first security interest in all inventory, accounts receivable, and furniture and equipment. There was an outstanding balance of $67,564 and $ - at June 30, 2021 and 2020.

8. PAYCHECK PROTECTION LOAN

In April 2020, the Organization entered into an agreement with a bank under the Paycheck Protection Program (PPP) and received $13,055,261. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Organization'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 Organization 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 Organization applied for forgiveness of their Paycheck Protection Program loan and was approved in full by the SBA.

Through June 30, 2021, the Organization 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 $1,682,389 of the balance received under the PPP arrangement. This amount is recorded as Paycheck protection program revenue on the accompanying consolidated Statement of Activities. The remaining balance of $11,372,872 is recorded as liability in the accompanying consolidated Statement of Financial Position at June 30, 2021. These estimates, while considered reasonable as of the date the financial statements were available to be issued, are subject to change based on the Organization's administration of its PPP arrangement and future review.

9. LONG-TERM DEBT

Long-term debt at June 30 consists of the following:

	2021	2020
Northern Rivers Family Services, Inc.:		
Capital lease with Key Equipment Finance, secured by equipment. Installments of $9,736, including 4.98% interest, are payable monthly. Final payment March 2021.	$ -	85,836
Total Northern Rivers Family Services, Inc.	-	85,836

9. LONG-TERM DEBT

Long-term debt at June 30 consists of the following:

Parsons Child and Family Center:

Term loan with NBT, interest at one-month LIBOR plus 1.50%. 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. Paid off as of June 30, 2021.	$ -	$ 600,000
Mortgage payable with NBT Bank, due in monthly installments of $4,489, including interest at 4.74%, secured by real property at 125 Bigelow Ave., Schenectady, N.Y. Paid off as of June 30, 2021.	-	383,071
Mortgage payable - Miriam House, New York State Dormitory Authority, due in annual installments on December 1 of $69,160 including interest at 5.28%, secured by real property at 64 Academy Road, Albany, NY. Final payment due June 2026.	312,706	363,426
Mortgage payable with Saratoga National Bank, with regular monthly payments of $29,411 including interest at 4.99%, began on April 2021, secured by real property at 56 Academy Road, Albany, N.Y. Final payment due December 2033. The Center must maintain a debt service coverage ratio of not less than 1.20:1.00. The Center determined the covenant was met as of June 30, 2021.	4,931,865	4,658,565
Mortgage payable with SEFCU, with regular monthly payments of $25,565, including interest equal to the Prime Rate minus 1.5%, with a floor of 2.75%, began on February 2021, secured by real property at 58 Academy Road, Albany, N.Y. Final payment due Janurary 2031. The Center must maintain a debt service coverage ratio of not less than 1.20:1.00. The Center determined the covenant was met as of June 30, 2021.	5,453,191	5,395,445
Total Parsons Child and Family Center	10,697,762	11,400,507

9. LONG-TERM DEBT (Continued)

Northeast Parent and Child Society, Inc.:

Term loan with NBT. 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
Present value of net minimum principal lease payments under a capital lease held by the Society, with an unrelated third party, interest at 2.50%.	2,431,418	2,866,449
Mortgage agreement with Citizens Bank secured by property at Gonium Plaza, Schenectady, NY. The rate of interest is computed at the floating one-month LIBOR plus 1.91% (2.60% at June 30, 2021). Principal payments in the amount of $3,327 will be paid in addition to interest at the aforesaid rate. Final payment is due November 2025.	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, 2020. 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 are due monthly with interest of 3.37%.	-	70,982
Mortgage note payable secured by real estate at Eastern Parkway, Schenectady, NY, furniture and fixtures and assignments of rents and leases, paid off in 2021. Principal payments are due monthly with interest of 3.37%.	-	87,139
Bonds payable, Dormitory Authority of the State of New York, Series 2008 A-1 Bonds, varying interest ranging from 3.5% to 5.00% through June 1, 2038. See "Tax Exempt Bonds Payable" below.	8,622,996	8,933,493
Total Northeast Parent and Child Society, Inc.	11,583,654	13,542,558

9. LONG-TERM DEBT (Continued)

Total long-term debt	22,281,416	25,028,901
Less: Unamortized debt issuance costs	451,311	212,340
	21,830,105	24,816,561
Less: Current portion of long-term debt	1,117,544	1,915,341
Long-term debt, net of current installments	$ 20,712,561	$ 22,901,220

Future minimum payments on long term debt are due as follows for the years ending June 30:

	Mortgages and Loans Payable	Capital Lease Obligations	Total
2022	$ 703,688	$ 509,600	$ 1,213,288
2023	732,175	509,600	1,241,775
2024	760,208	509,600	1,269,808
2025	790,893	509,600	1,300,493
2026	786,057	509,600	1,295,657
Thereafter	16,076,977	212,333	16,289,310
Total	19,849,998	2,760,333	22,610,331
Less: Amount representing interest	-	(328,915)	(328,915)
	$ 19,849,998	$ 2,431,418	$ 22,281,416

The Organization incurred interest expense on all obligations of $767,453 and $676,363 for the years ended June 30, 2021 and 2020, respectively, including amortization of debt issuance costs.

Tax Exempt Bonds Payable

In June of 2008, DASNY issued Series 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 used by the Society. 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.

9. LONG-TERM DEBT (Continued)

Tax Exempt Bonds Payable (Continued)

The following summarizes the outstanding bonds at June 30:

	2021	2020
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	3,345,000	3,345,000
Total Dormitory Authority Bonds	8,530,000	8,835,000
Premium on Issuance of Bonds	92,996	98,493
Total Tax Exempt Bonds Payable	8,622,996	8,933,493
Less: Unamortized debt issuance costs	193,091	212,340
Bonds Payable, net	$ 8,429,905	$ 8,721,153

10. RETIREMENT PLANS

Defined Contribution Plan

The Organization sponsors a 401(K) plan, the Northern Rivers Family Service's 401(K) Plan. The plan covers substantially all full-time employees of the Center and 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 Center's and Society's matching contribution that is discretionary up to 2% of an employee's compensation. The Center and Society may also provide a discretionary contribution on behalf of employees meeting eligibility requirements after fiscal year-end. The Organization's contribution to the plan for the years ended June 30, 2021 and 2020 were $2,670,453 and $532,729, respectively.

UP Simple IRA

UP has a simple IRA plan and will match employee contributions up to 3% of total annual compensation. Simple IRA expense was $17,735 and $12,200 for the years ended June 30, 2021 and 2020, respectively.

Defined Benefit Plan

The Center also has a defined benefit pension plan covering substantially all employees hired before July 1, 2012. The benefits are based on years of service and employees' compensation. Contributions to the Plan are intended to provide for benefits attributed to service to date and those expected to be earned in the future. The Plan was amended to close the Plan to new entrants and to discontinue benefit accruals effective June 30, 2013.

The Plan's measurement date is June 30. Amounts are estimated based on actuarial assumptions. It is at least reasonably possible that these estimates could change in the near term.

10. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

The following sets forth the funded status of the Plan:

	2021	2020
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 42,775,341	$ 40,225,915
Service cost	-	-
Interest cost	1,092,918	1,337,160
Actuarial gains	(967,288)	4,735,796
Benefits paid	(2,867,866)	(3,523,530)
Benefit obligation at end of year	$ 40,033,105	$ 42,775,341
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 27,045,418	$ 29,809,037
Actual return on plan assets	5,698,625	309,911
Employer contributions	1,450,000	450,000
Benefits paid	(2,867,866)	(3,523,530)
Fair value of plan assets at end of year	$ 31,326,177	$ 27,045,418
Funded status:		
(Under) funded status of the plan	$ 8,706,928	$ 15,729,923

Financial Statement Recognition

As of June 30, 2021 and 2020, the following amounts were recognized in the statement of financial position:

	2021	2020
As a non-current liability	$ 8,706,928	$ 15,729,923

As of June 30, 2021 and 2020, the following amounts were recognized in the statement of activities:

	2021	2020
Net periodic pension costs	$ 787,274	$ 1,284,719
Gains other than net periodic pension costs	$ 6,360,269	$ (4,495,995)

10. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)
Unamortized Items

As of June 30, 2021 and 2020, the following items included in plan net assets had not yet been recognized as a component of benefit expense:

	2021	2020
Transition obligation/(asset)	$ -	$ -
Prior service cost	-	-
Gains/(Losses)	(8,681,899)	(15,042,168)
Total unamortized items	$ (8,681,899)	$ (15,042,168)

The expected effect of unamortized items on net assets without donor restriction in the next fiscal year is as follows:

Transition obligation/(asset)	$ -
Prior service cost	-
(Gains)/Losses	600,000
Total unamortized items	$ 600,000

Assumptions

The following table summarizes the assumptions used by the consulting actuaries and the related benefit cost information. The weighted – average assumptions used as of June 30, 2021 and 2020:

	2021	2020
Discount rate	2.74%	2.66%
Expected long-term return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A

Determination of Investment Policy

The Plan's investment policy is designed for a moderate risk tolerance with a long-term investment horizon. The allowable investments are considered to be cash and equivalents, mutual funds, commingled funds, collective trusts and exchange traded funds. The asset mix will be actively managed and, therefore, will vary from time to time depending primarily on investment conditions and outlook.

The Plan will diversify its investment portfolio to avoid incurring unreasonable risks. Investment maturities should be scheduled to coincide with projected cash flow requirements.

10. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

The Plan uses a benchmark comprised of a weighted average of several publicly published indexes with performance criteria that the total portfolio's investment returns are expected to outperform the Plan's benchmark over a complete market cycle (generally considered three to five years).

Plan Assets

The pension plan's weighted-average asset allocations as of June 30, 2021 and 2020, by asset category are as follows:

	2021		2020	
Money market funds	$ 344,473	1.10%	$ 514,256	1.90%
Bond funds	10,275,150	32.80%	8,543,589	31.59%
Equity funds	20,706,554	66.10%	17,987,573	66.51%
Total	$ 31,326,177	100%	$ 27,045,418	100%

The fair value of the Plan's assets at June 30, 2021 and 2020 was as follows:

June 30, 2021	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 344,473	$ -	$ -	$ 344,473
Equity funds	20,706,554	-	-	20,706,554
Bond funds	-	10,275,150	-	10,275,150
Total Investments	$ 21,051,027	$ 10,275,150	$ -	$ 31,326,177

June 30, 2020	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 514,256	$ -	$ -	$ 514,256
Equity funds	17,987,573	-	-	17,987,573
Bond funds	-	8,543,589	-	8,543,589
Total Investments	$ 18,501,829	$ 8,543,589	$ -	$ 27,045,418

Contributions

The Center contributed $1,450,000 and $450,000 during the years ending June 30, 2021 and 2020, respectively.

10. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)
Expected Future Benefit Payments

The following are the expected future benefit payments:

2022	$ 1,739,609
2023	2,128,038
2024	2,017,697
2025	1,596,854
2026	1,314,741
2027-2031	10,655,540
	$ 19,452,479

Expected Long-Term Rate of Return on Plan Assets Assumption
The expected long-term rate of return on plan assets assumption of 6.00% was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection of Economic Assumptions for Measuring Pension Obligations. Based on the Center’s investment policy for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30-year period rolling averages.

11. 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 at June 30, 2021 and 2020, respectively for the present value of this future benefit obligation, which has been recorded as a liability in these consolidated financial statements.

The Center provides a post-retirement benefit to all retirees hired before April 1, 1995 who reach retirement with unused sick leave. The Center converts the amount of the employee’s sick bank at the time of retirement multiplied by their rate of pay to determine the amount of the benefit the employee is eligible for. Eligible retirees are provided a quarterly cash payment of $1,500 and payment will continue until the exhaustion of the employee’s calculated maximum post retirement benefit. The benefit cannot be paid to spouses or beneficiaries. The plan is unfunded. The Plan’s measurement date is June 30. Prior to July 1, 2018, eligible retirees also had the option to take health insurance provided by the Center. This is no longer an available option.

11. POST-RETIREMENT BENEFIT (Continued)

Amounts are estimated on a maximum calculation of 130 sick days multiplied by the frozen pay rate at June 30, 2018. The liability will be adjusted down as staff leave the Center prior to retirement or receive a benefit that is less than the maximum calculation. Amounts are estimated based on actuarial assumptions for the year ended June 30, 2018. Since the maximum benefit as of July 1, 2018 does not allow insurance coverage, an actuarial report is no longer required.

The following table sets forth the change in accumulated postretirement benefit obligation recorded for the Center in the consolidated statement of financial position at June 30, 2021 and 2020:

	2021	2020
Accumulated postretirement benefit obligation at beginning of year	$ 1,388,309	$ 1,522,725
Benefits paid / employer contributions	(135,277)	(134,416)
Loss due to benefit change	-	-
Accumulated postretirement benefit obligation at end of year	$ 1,253,032	$ 1,388,309

12. ENDOWMENT

The Center has received both net assts with time and purpose restrictions and net assets with perpetuity restriction consisting of various funds set up to support the Center's long-term strategic needs. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The following is an abstract of the Center's Board of Directors' Endowment Fiscal Policies:

Interpretation of Relevant Law
Management has interpreted the applicable provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) to mean that the classification of appreciation of endowment gifts beyond the original gift amount follows the donor's restrictions regarding the use of the related income; i.e. interest and dividends.

Return Objectives and Risk Parameters
The primary purpose of endowment investment and spending policies at Parsons Child and Family Center is to preserve the real (inflation adjusted) purchasing power of endowment assets while providing a prudent, predictable, stable and constant (in real terms) stream of spendable revenues for current use. The policies, if successfully implemented, should result in endowment growth and enhancement of financial resources. The goal of the investment program is to obtain a long-term average annual total return equal to or greater than the sum of the long-term rate of inflation as measured by the Consumer Price Index plus the long-term average annual endowment spending rate. Total return is defined as the sum of dividends, interest, realized and unrealized gains or losses less investment management fees and expenses. The investment policies assume endowment gifts will be used to increase rather than maintain the real purchasing power of endowment assets.

12. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives

The investment policies aimed to generate maximum total return from endowment assets should be balanced against acceptable levels of risk to avoid significant short-term losses. Funds invested in individual fixed income securities shall be rated no less than investment grade, “BBB” by Moody’s and/or Standard and Poor’s. Split ratings shall be considered the lower of the two ratings. Funds in below investment grade issues must be held in mutual funds with an average rating of no less than “BB” and shall not exceed more than 10% of the portfolio. Individual equity investments shall be limited to no more than 5% in any one name and be limited to generally large cap names. Up to 15% of the portfolio may be invested in international mutual funds.

The long-term asset mix goal of the endowment fund can range from 50% to 70% in equity investments and 50% to 30% in fixed income and/or cash equivalent investments. This range should provide certain flexibility to over or underweight investment categories while still maintaining quantifiable guidelines. The asset mix will be actively managed and, therefore, will vary from time to time depending primarily on investment conditions and outlook.

The investment goals require discipline and prudent management and can be accomplished effectively utilizing independent professionals selected and monitored by the Finance Committee in conjunction with the Board of Directors.

Allocation of Investment Returns

For those endowment funds which are invested in their own individually identified cash, securities, or other assets, changes in the current value of the cash, securities or other assets, are applied directly to the identified endowment fund. For those endowment funds which are pooled together and invested in identified pools of cash, securities, or other assets, changes in the current value of the cash, securities or other assets, are allocated proportionately amongst the identified endowment funds, based on the current value of each endowment fund as a percentage of the total of all of the funds invested in the pool.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Beginning with each fiscal year, the annual endowment income to be budgeted for current operations should not exceed 5% of the weighted average market value of the unrestricted endowment assets at the end of each of the three preceding calendar years. The most recent year should be weighted three times; the second year, two times; and third year, once.

Endowment income used to meet the requirements of the spending plan can come from any combination of income generated and capital gains realized. Income earned beyond the spending plan and not utilized for current operations will become a part of the corpus of the endowment. In periods where total yield is less than the 5% necessary to meet a spending plan, it may be necessary to liquidate investments to meet the 5% requirement. Disbursements of the spending plan should be made in monthly installments.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or law requires the fund to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2021 and 2020.

12. ENDOWMENT (Continued)

Funds with Deficiencies (Continued)
For fiscal year ended June 30, 2021, the Center had the following endowment-related activities:

Endowment Net Assets, Beginning of year	$ 4,340,939
Interest and dividend income	79,730
Net realized and unrealized loss on investments	976,564
Contributions, legacies, and bequests	-
Amounts appropriated for expenditure	(22,133)
Endowment Net Assets, End of Year	$ 5,375,100

For fiscal year ended June 30, 2020, the Center had the following endowment-related activities:

Endowment Net Assets, Beginning of year	$ 4,191,339
Interest and dividend income	306,249
Net realized and unrealized gains (losses) on investments	(155,448)
Contributions, legacies, and bequests	-
Amounts appropriated for expenditure	(1,201)
Endowment Net Assets, End of Year	$ 4,340,939

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consist of various purpose restrictions. At June 30, 2021 and 2020, the purpose restrictions are primarily for building or the maintenance of various buildings and programs as described by the investment fund titles noted below. These net assets will be released from restriction when the funds have been spent in accordance with donor restrictions. The following summarizes restricted net assets at June 30:

	2021	2020
Restricted by purpose or time:		
Greenhouse Fund	$ 572,244	$ 466,930
Jacob Fund	626	7,642
Bryant Fund	79,589	80,185
Lathrop Fund	1,703,874	1,328,228
Stein Library Fund	48,337	35,054
J.K. Miller Fund	440,971	329,924
Sidney Albert Institute	689,603	507,624
Joanne Malick Fund	130,975	94,048
Charbonneau Fund	6,743	3,786
Puels Fund	431,797	343,597
Margaret D. Griffel Trust	198,168	71,748
Capital campaign	-	158,726
Other Miscellaneous donor imposed restrictions	44,099	13,171
Total	$ 4,347,026	$ 3,440,663

13. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	2021	2020
Restricted Corpus:		
Parsons Fund	$ 139,826	$ 139,826
Lathrop Fund	135,000	135,000
Stein Library Fund	16,831	16,831
J.K. Miller Fund	102,515	102,515
Sidney Albert Institute	201,520	201,520
Joanne Malick Fund	50,000	50,000
Charbonneau Fund	6,107	6,107
Margaret D. Griffel Trust	420,374	420,374
Beneficial Interest in Perpetual Trusts	2,026,124	1,672,533
Scholarship and Other	127,820	127,820
Total	$ 3,226,117	$ 2,872,526

14. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at June 30, 2021:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money Markets	$ 380,809	$ -	$ -	$ 380,809
Equities	13,638,751	-	-	13,638,751
Mutual Funds	2,102,180	-	-	2,102,180
Government Debt Securities	-	904,094	-	904,094
Beneficial Interests in Trusts	-	2,026,124	-	2,026,124
Total Investments	$ 16,121,740	$ 2,930,218	$ -	$ 19,051,958

The following are measured at fair value on a recurring basis at June 30, 2020:

	Inputs	Inputs	Inputs	Total
Money Markets	$ 293,602	$ -	$ -	$ 293,602
Equities	8,749,427	-	-	8,749,427
Mutual Funds	1,526,765	-	-	1,526,765
Government Debt Securities	-	3,144,567	-	3,144,567
Beneficial Interests in Trusts	-	1,672,533	-	1,672,533
Total Investments	$ 10,569,794	$ 4,817,100	$ -	$ 15,386,894

15. COMMITMENTS AND CONTINGENCIES

Self-Funded Unemployment Insurance

The Organization'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 Organization is billed quarterly by NYSDOL for benefits paid to former employees. Unemployment is budgeted annually based on prior year results. The Organization incurred costs of $3,723 and $201,533 for the years ended June 30, 2021 and 2020, respectively.

Reimbursement Rates

The Center and the Society file 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 the consolidated financial statements.

Operating Leases

The Center and 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	$ 901,309
2023	788,838
2024	725,028
2025	725,028
2026	906,340
Thereafter	110,711
Total	$ 4,157,254

Rental expense for the years ending June 30, 2021 and 2020 was 2,025,295 and $2,645,634, respectively.

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 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 Organization and its future results and financial position is not presently determinable.

15. 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 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 Organization 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 Organization had a combination of commercial insurance coverage and self-insurance programs.

At present, the Organization 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 Organization'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.

16. INVESTMENT IN CHHUNY, LLC

As of June 30, 2021 and 2020, the Organization had a 5.3 percent interest in CHHUNY, LLC, a New York limited liability company, which it accounts for using the equity method. CHHUNY, LLC is a NYS DOH approved children's health home whose mission is to provide quality and coordinated health care management to children and youth in upstate New York.

Under the terms of the operating agreement, the Organization was allocated 5.3% of the company's June 30, 2021 and 2020, net gain (loss).

The following is a summary of selected financial information from the financial statements of CHHUNY, LLC as of and for the years ended June 30, 2021 and 2020:

	2021	2020
Total Assets	$ 2,734,471	$ 8,365,295
Total Liabilities	(1,561,895)	(8,193,388)
Partners' Capital	$ 1,172,576	$ 171,907
Revenue	$ 2,646,020	$ 1,990,367
Expenses	(1,696,379)	(2,076,666)
Net Gain (Loss)	$ 949,641	$ (86,299)

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 8, 2021, which is the date the financial statements were available to be issued.

NORTHERN RIVERS FAMILY SERVICES, INC.

Schedule I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

	Northern Rivers Family Services, Inc.	Northeast Parent and Child Society, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
ASSETS							
CURRENT ASSETS:							
Cash	$ 3,084,241	$ 5,951,802	$ 9,288,528	842	18,325,413	$ -	$ 18,325,413
Accounts receivable, net	325	6,864,763	6,663,073	171,650	13,699,811	-	13,699,811
Current pledges receivable	38,719	-	-	-	38,719	-	38,719
Prepaid expenses and inventory	363,669	14,025	22,705	7,381	407,780	-	407,780
Due from affiliates	631,410	119,793	90,612	449	842,264	(842,264)	-
Investments	-	3,582,819	7,452,028	-	11,034,847	-	11,034,847
Total current assets	4,118,364	16,533,202	23,516,946	180,322	44,348,834	(842,264)	43,506,570
INVESTMENTS, restricted	-	696,103	5,294,884	-	5,990,987	-	5,990,987
PROPERTY AND EQUIPMENT	855,981	11,855,162	18,578,431	49,137	31,338,711	-	31,338,711
OTHER ASSETS							
Escrow account	-	-	17,615	-	17,615	-	17,615
Deposits	-	18,694	-	-	18,694	-	18,694
Beneficial interests in trusts	-	2,026,124	-	-	2,026,124	-	2,026,124
Long-term pledges receivable	146,929	-	-	-	146,929	-	146,929
Investment in CHHUNY and UPP	30,000	-	-	856,161	886,161	-	886,161
Total other assets	176,929	2,044,818	17,615	856,161	3,095,523	-	3,095,523
TOTAL ASSETS	$ 5,151,274	$ 31,129,285	$ 47,407,876	$ 1,085,620	$ 84,774,055	$ (842,264)	$ 83,931,791

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
JUNE 30, 2021

	Northern Rivers Family Services, Inc.	Northeast Parent and Child Society, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Line of credit	$ -	$ -	$ -	$ 67,564	$ 67,564	$ -	$ 67,564
Accounts payable	974,992	993,372	698,526	51,337	2,718,227	-	2,718,227
Accrued salaries and expenses	733,122	2,802,486	4,168,082	52,714	7,756,404	-	7,756,404
Due to affiliate	84,265	310,310	439,970	7,719	842,264	(842,264)	-
Refundable advances	-	276,495	1,667,507	-	1,944,002	-	1,944,002
Paycheck protection program	1,143,964	4,235,285	5,875,451	118,172	11,372,872	-	11,372,872
Deferred revenue	81,058	-	-	-	81,058	-	81,058
Capital lease obligations, current	-	413,856	-	-	413,856	-	413,856
Mortgages payable, current	-	55,822	317,369	-	373,191	-	373,191
Bonds payable, current	-	330,497	-	-	330,497	-	330,497
Total current liabilities	3,017,401	9,418,123	13,166,905	297,506	25,899,935	(842,264)	25,057,671
LONG-TERM LIABILITIES							
Capitalized lease obligations	-	2,017,562	-	-	2,017,562	-	2,017,562
Mortgages payable	-	473,418	10,122,173	-	10,595,591	-	10,595,591
Bonds payable	-	8,099,408	-	-	8,099,408	-	8,099,408
Accrued post-retirement benefits	-	-	1,253,032	-	1,253,032	-	1,253,032
Liability for pension benefits	-	-	8,706,928	-	8,706,928	-	8,706,928
Total long-term liabilities	-	10,590,388	20,082,133	-	30,672,521	-	30,672,521
					-		
TOTAL LIABILITIES	3,017,401	20,008,511	33,249,038	297,506	56,572,456	(842,264)	55,730,192
NET ASSETS							
Without donor restrictions	2,133,873	8,922,731	8,783,738	788,114	20,628,456	-	20,628,456
With donor restrictions	-	2,198,043	5,375,100	-	7,573,143	-	7,573,143
TOTAL NET ASSETS	2,133,873	11,120,774	14,158,838	788,114	28,201,599	-	28,201,599
TOTAL LIABILITIES AND NET ASSETS	$ 5,151,274	$ 31,129,285	$ 47,407,876	$ 1,085,620	$ 84,774,055	$ (842,264)	$ 83,931,791

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC.

Schedule III

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Northern Rivers Family Services, Inc.	Northeast Parent and Child Society, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
SUPPORT AND REVENUE							
Program service fees	$ 8,210,970	$ 35,867,047	$ 50,182,173	$ 704,083	$ 94,964,273	$ (8,195,970)	$ 86,768,303
Fundraising	554,369	131,965	241,519	3,505	931,358	(244,650)	686,708
Change in value of beneficial interests in trusts	-	353,591	-	-	353,591		353,591
Rental income	-	360,417	51,446	22,475	434,338	(434,338)	-
Paycheck protection program	187,436	614,408	866,704	13,841	1,682,389		1,682,389
Miscellaneous	1,331,886	365,657	1,092,786	23,749	2,814,078	-	2,814,078
Total Support and Revenue	10,284,661	37,693,085	52,434,628	767,653	101,180,027	(8,874,958)	92,305,069
EXPENSES							
Program services	177,586	34,192,447	46,391,714	541,431	81,303,178	(2,421,745)	78,881,433
Management and general	8,380,239	2,675,342	4,052,008	207,764	15,315,353	(6,208,563)	9,106,790
Fundraising and non-operating	538,261	402,082	1,039,439	602	1,980,384	(244,650)	1,735,734
Total Expenses	9,096,086	37,269,871	51,483,161	749,797	98,598,915	(8,874,958)	89,723,957
Operating gain	1,188,575	423,214	951,467	17,856	2,581,112	-	2,581,112
NON-OPERATING GAIN (LOSS)							
Investment income, net	123	749,475	2,538,868	14	3,288,480	-	3,288,480
(Loss) gain on sale of asset	-	2,800	(196,817)	-	(194,017)	-	(194,017)
State paid depreciation	-	-	(168,000)	-	(168,000)	-	(168,000)
Actuarial gain (loss) arising during period	-	-	7,022,995	-	7,022,995	-	7,022,995
Total non-operating gain (loss)	123	752,275	9,197,046	14	9,949,458	-	9,949,458
CHANGE IN NET ASSETS	1,188,698	1,175,489	10,148,513	17,870	12,530,570	-	12,530,570
NET ASSETS - beginning of year	945,175	9,945,285	4,010,325	770,244	15,671,029	-	15,671,029
NET ASSETS - end of year	$ 2,133,873	$ 11,120,774	$ 14,158,838	$ 788,114	$ 28,201,599	$ -	$ 28,201,599