

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES

**Consolidated Financial Statements as of
June 30, 2024
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

November 26, 2024

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

Opinion

We have audited the accompanying consolidated financial statements of Northern Rivers Family Services, Inc. and Subsidiaries (nonprofit organizations), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Rivers Family Services, Inc. and Subsidiaries as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern Rivers Family Services, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northern Rivers Family Services, Inc. and Subsidiaries internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Rivers Family Services, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Northern Rivers Family Services, Inc. and Subsidiaries' 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedule I and II is presented for purposes of additional analysis and is not a required part of the consolidated financial statements, rather than to present the financial position and change in net assets of the individual companies, 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 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 11,112,522	\$ 16,770,238
Accounts receivable, net allowance for credit losses of \$404,139 and \$750,000 at June 30, 2024 and 2023, respectively	14,477,301	13,693,079
Accounts receivable from grants and contributions	1,595,715	1,758,000
Accounts receivable, other	93,346	19,343
Due from funding sources	2,542,788	332,549
Current pledges receivable	42,425	6,865
Mortgage note receivable, net	199,992	179,992
Investments	16,685,110	11,253,356
Prepaid expenses and inventory	<u>736,755</u>	<u>728,216</u>
Total current assets	<u>47,485,954</u>	<u>44,741,638</u>
INVESTMENTS, restricted	<u>6,265,119</u>	<u>5,648,239</u>
PROPERTY AND EQUIPMENT, net	<u>27,005,993</u>	<u>28,061,056</u>
OTHER ASSETS:		
Mortgage note receivable, net of current portion	966,190	1,040,348
Operating right of use asset	1,999,230	1,730,684
Financing right of use asset	800,951	1,009,894
Other assets	25,792	25,792
Beneficial interest in trusts	1,837,492	1,729,258
Long-term pledges receivable	140,117	44,384
Investment in CHHUNY and UPP	<u>1,094,908</u>	<u>1,085,829</u>
Total other assets	<u>6,864,680</u>	<u>6,666,189</u>
	<u>\$ 87,621,746</u>	<u>\$ 85,117,122</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,207,717	\$ 1,495,682
Accrued salaries and expenses	8,562,416	8,734,000
Due to funding sources	4,089,483	3,606,209
Refundable advances	21,175	69,670
Operating lease liability, current	551,089	537,278
Finance lease liability, current	197,987	374,553
Deferred revenue	1,607,416	1,275,200
Long-term debt, current	<u>1,430,236</u>	<u>1,358,450</u>
Total current liabilities	<u>17,667,519</u>	<u>17,451,042</u>
LONG-TERM LIABILITIES:		
Operating lease liability, net of current portion	1,467,111	1,203,915
Finance lease liability, net of current portion	630,453	651,874
Long-term debt	22,566,577	23,969,630
Accrued post-retirement benefits	<u>814,752</u>	<u>969,382</u>
Total long-term liabilities	<u>25,478,893</u>	<u>26,794,801</u>
Total liabilities	<u>43,146,412</u>	<u>44,245,843</u>
NET ASSETS		
Without donor restrictions	36,792,893	33,897,170
With donor restrictions	<u>7,682,441</u>	<u>6,974,109</u>
Total net assets	<u>44,475,334</u>	<u>40,871,279</u>
	<u>\$ 87,621,746</u>	<u>\$ 85,117,122</u>

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

(With Comparative Totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Program service fees	\$ 95,531,145	\$ -	\$ 95,531,145	\$ 93,286,176
Grant and contribution income	458,308	-	458,308	667,154
Fundraising	647,041	10,000	657,041	858,911
Contributed nonfinancial assets	225,625	-	225,625	225,980
Change in value of beneficial interests in trusts	-	108,235	108,235	68,512
Rental income	46,857	-	46,857	38,389
Miscellaneous	486,891	-	486,891	551,692
Fringe benefit recovery	817,057	-	817,057	91,307
Net assets released from restrictions	1,549	(1,549)	-	-
Total support and revenue	98,214,473	116,686	98,331,159	95,788,121
EXPENSES:				
Program services	84,307,240	-	84,307,240	85,190,464
Management and general	12,200,718	-	12,200,718	10,917,188
Fundraising and non-operating	329,818	-	329,818	374,413
Total expenses	96,837,776	-	96,837,776	96,482,065
OPERATING GAIN (LOSS)	1,376,697	116,686	1,493,383	(693,944)
NON-OPERATING GAIN (LOSS):				
Investment income (loss), net	1,685,631	591,646	2,277,277	1,529,448
Gain (loss) on sale of property and equipment	1,395	-	1,395	214,199
State paid depreciation	(168,000)	-	(168,000)	(168,000)
Total non-operating gain (loss)	1,519,026	591,646	2,110,672	1,575,647
CHANGE IN NET ASSETS	2,895,723	708,332	3,604,055	881,703
NET ASSETS - beginning of year	33,897,170	6,974,109	40,871,279	39,989,576
NET ASSETS - end of year	\$ 36,792,893	\$ 7,682,441	\$ 44,475,334	\$ 40,871,279

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,604,055	\$ 1,013,345
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	2,509,237	2,567,534
Amortization of finance lease obligation	206,039	379,274
Interest expense - bond issuance costs and bond premium	18,165	18,782
Noncash operating lease expense	659,653	599,520
(Gain) loss on sale of property and equipment	(1,395)	(214,199)
Loss (gain) loss on investments	(1,401,374)	(986,307)
Credit loss expense	383,627	261,393
Change in value of beneficial interest in trusts	(108,235)	(68,512)
Changes in:		
Accounts receivable	(1,079,567)	(2,186,744)
Due from funding sources	(2,210,239)	582,366
Prepaid expenses and inventory	(8,538)	(331,366)
Pledges receivable	(131,293)	48,004
Operating leases	(651,192)	(589,011)
Accounts payable	(285,323)	528,823
Accrued salaries and expenses	(171,584)	2,031,918
Deferred grant revenue	332,216	(496,310)
Due to third party payors	483,274	334,687
Refundable advances	(48,495)	361,873
Liability for pension and post retirement benefits	(154,630)	(5,356,279)
Net cash flow from operating activities	<u>1,944,401</u>	<u>(1,501,209)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Payments received on mortgage note receivable	54,158	45,826
Purchases of property and equipment	(1,448,091)	(4,273,513)
Proceeds from sale of property and equipment	2,000	329,174
Proceeds from sale of investments	1,486,896	1,485,282
Purchase of investments	(5,610,285)	(1,824,042)
Investment in CHHUNY and UP	(532,950)	(125,699)
Net cash flow from investing activities	<u>(6,048,272)</u>	<u>(4,362,972)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds of line of credit	-	(134,125)
Payments on finance lease obligations	(195,083)	(362,740)
Issuance of loans payable	-	5,000,000
Borrowings of long term debt	-	2,787,400
Repayment of bonds payable	(968,680)	(388,848)
Repayment of loans payable	(49,094)	-
Repayment of mortgages payable	(340,988)	(328,715)
Net cash flow from financing activities	<u>(1,553,845)</u>	<u>6,572,972</u>
CHANGE IN CASH	(5,657,716)	708,791
CASH - beginning of year	<u>16,770,238</u>	<u>16,061,447</u>
CASH - end of year	<u>\$ 11,112,522</u>	<u>\$ 16,770,238</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	<u>\$ 1,436,430</u>	<u>\$ 1,310,722</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Purchase of property and equipment included in accounts payable	<u>\$ 36,612</u>	<u>\$ 455,813</u>

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

(With Comparative Totals for 2023)

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2024 Total</u>	<u>2023 Total</u>
Salaries	\$ 53,355,789	\$ 6,329,740	\$ 168,271	\$ 59,853,800	\$ 57,701,702
Employee health and retirement benefits	6,696,798	1,307,226	25,889	8,029,913	10,117,118
Payroll taxes	<u>4,749,209</u>	<u>21,055</u>	<u>-</u>	<u>4,770,264</u>	<u>4,865,293</u>
Total compensation and benefits	64,801,796	7,658,021	194,160	72,653,977	72,684,113
Purchases of services	3,419,421	601,152	12,375	4,032,948	4,249,007
Boarding home	3,700,169	-	-	3,700,169	4,040,409
Depreciation and amortization	2,021,507	631,453	-	2,652,960	2,803,088
Credit loss	310,139	73,184	304	383,627	261,393
Rent	583,386	817,901	-	1,401,287	1,319,706
Supplies and equipment	934,040	94,209	1,211	1,029,460	1,042,828
Insurance	1,491,744	111,310	-	1,603,054	1,509,280
Systems and software	575,468	1,322,390	19,178	1,917,036	1,349,584
Interest	1,160,907	29,059	-	1,189,966	889,899
Food	852,385	1	-	852,386	778,147
Utilities and property taxes	699,105	95,048	-	794,153	726,554
Telecommunications	420,968	97,812	2,659	521,439	519,557
Publicity	236,994	12,085	513	249,592	267,569
Auto and transportation	1,338,008	17,843	549	1,356,400	1,666,808
Conferences and administrative expense	366,332	43,558	62,878	472,768	570,009
Legal and professional fees	69,584	205,319	-	274,903	263,477
Repair and maintenance	145,158	20,022	240	165,420	154,260
Staff recruitment	-	126,830	-	126,830	156,802
Staff development	251,352	28,233	-	279,585	126,439
Dues, licenses and permits	57,035	115,946	388	173,369	145,584
Scholarship awards	-	9,154	-	9,154	-
Recreation	294,351	975	25,901	321,227	239,549
Miscellaneous	114,369	4,402	-	118,771	158,028
Contributed nonfinancial assets	225,625	-	-	225,625	225,980
Office supplies and expense	84,612	13,084	273	97,969	102,018
Allowances- children & parents	62,931	-	-	62,931	61,704
Postage and shipping	(12,989)	23,807	1,753	12,571	24,465
Clothing	59,205	-	-	59,205	46,704
Background checks	-	42,266	-	42,266	42,724
Printing	-	3,870	7,436	11,306	14,533
Bedding	25,833	840	-	26,673	31,000
Subscription and publications	5,637	944	-	6,581	6,815
Sales tax	4,609	-	-	4,609	1,659
School	<u>7,559</u>	<u>-</u>	<u>-</u>	<u>7,559</u>	<u>2,373</u>
	<u>\$ 84,307,240</u>	<u>\$ 12,200,718</u>	<u>\$ 329,818</u>	<u>\$ 96,837,776</u>	<u>\$ 96,482,065</u>

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2024

1. THE ORGANIZATION

Northern Rivers Family Services, Inc. (Northern Rivers or the Organization) is a New York State not-for-profit corporation to manage the combined operations of its subsidiaries 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Recently Adopted Accounting Guidance

ASC Topic 326 *Financial Instruments – Credit Losses* requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses.

Effective July 1, 2023, the Organization adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. The new accounting pronouncement did not have a material impact on the financial statements. Results for reporting periods beginning after July 1, 2023 are presented under CECL while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 U.S. GAAP 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 bank account 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.

Accounts Receivable and Allowance for Credit Losses

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 Organization's accounts receivables are primarily derived from the State. The Organization recognizes an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist, and receivables are evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible.

The estimated allowance for credit losses is based on historical, current, and expected future conditions. The historical component is derived from a review of the Organization's historical losses based on the aging of receivables. The current and expected future economic conditions have not changed as compared with the economic conditions included in the historical information. As a result, the allowance for credit losses percentage was not changed to adjust for the impact of current and expected future conditions on historical losses.

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, 2024 and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Note Receivable

Mortgage note receivable consists of a non-interest bearing mortgage secured by real estate and payable in monthly installments over the life of the mortgage. The mortgage is recorded at the gross amount of payments to be received over the life of the mortgage. Management has elected not to discount the mortgage due to the immaterial impact on the financial statements. Mortgage note receivable is periodically reviewed for collectability based on past history and current economic conditions. The mortgage note receivable is considered impaired when contractual payments are greater than 90 days past due and it is probable the Organization will be unable to collect the scheduled principal payments.

The mortgage note receivable is periodically reviewed for collectability based on past history and current economic conditions to determine if there is a need for an allowance for credit loss. Management recognizes an expected allowance for credit losses that is updated to reflect any deemed changes in credit risk since the receivable was initially recorded.

The estimated allowance for credit loss is based on historical, current, and expected future conditions, including inflation, interest rates, or indications of a potential recession. These factors are evaluated and if they are expected to deteriorate or improve, this is also included in the calculation. The mortgage is considered delinquent if no contractual payments have been received for a period of time and customary collection efforts commence. After all collection efforts are exhausted, any amounts deemed uncollectible based upon an assessment of the debtor's financial condition are written off. No allowance has been recorded as of June 30, 2024 and 2023.

Investments

The Organization records investments in equities, mutual funds and debt securities at their fair value. Realized and unrealized gains and losses, net of investment fees, are included in the change in net assets in the accompanying statements of activities.

Investments also include certificates of deposit. Due to the nature and maturity dates of the certificates of deposit, the values of investments are stated at cost plus accrued interest, which approximates fair value. All investments are available to be liquidated prior to their respective maturity.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the accompanying financial statements.

Inventory

Inventory consists of food supplies on hand and is stated at the lower of cost (determined on first in, first out method) 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 are held by a Trustee and payments were made only upon proper authorization. These funds are maintained in two separate funds:

Debt Service Funds – Payments of principal and interest on the bonds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Debt Service Reserve Funds – Are 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. Depreciation is recorded utilizing the straight-line method. 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

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized if they significantly extend the lives of the related assets. 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 reported on the statement of activities.

Leases

The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Organization is reasonably certain to exercise these options.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The Organization elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable and to not separate the lease and non-lease components of a contract and to account for as a single lease component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Management determined there was no impairment of long-lived assets, therefore no impairment was recognized in 2024 and 2023.

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. 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 as net assets with donor restrictions.

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.

Deferred Revenue

Deferred revenue primarily consists of contract funds received in advance of the service period for which the performance obligation has not been met. Deferred revenue is recognized at a point in time and as such, the liabilities are satisfied at the time of the performance obligations are met. Deferred revenue at June 30, 2022 was \$543,593. Deferred revenue also consists of grants and contribution revenues received but not yet spent consistent with the conditions set forth in the grant and are either expected to be earned in future periods and/or owed back to the corresponding funding source.

Debt Issuance Costs

Debt issuance costs are recognized as interest expense on a straight-line basis over the periods of the related debt. The unamortized issuance costs were \$386,273 and \$410,553 at June 30, 2024 and 2023, respectively, and are netted against long-term debt on the consolidated statements of financial position. There were \$24,280 of amortization expense for the years ended June 30, 2024 and 2023.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement of activities as net assets released from restrictions. If net assets with donor restrictions are received and earned in the same year, they are reported as net assets without donor restriction.

The Organization reports gifts of property 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.

Contributed Nonfinancial Assets

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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, the New York State 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, mental health, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Third-Party Reimbursement and Revenue Recognition (Continued)

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, mental health 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.

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.

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 considered 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 organizations other than a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the 2023 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2023, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by grants and support from New York State funding sources. The following reflects the Organization'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>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 11,112,522	\$ 16,770,238
Accounts receivable, net	16,166,362	15,470,422
Pledges receivable	42,425	6,865
Mortgage receivable	199,992	179,992
Due from funding sources	2,542,788	332,549
Investments	<u>16,685,110</u>	<u>11,253,356</u>
	<u>\$ 46,749,199</u>	<u>\$ 44,013,422</u>

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. The Organization also has several lines of credit accessible to them.

4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Accounts receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
School districts	\$ 3,090,511	\$ 3,000,207
Federal	184,839	278,406
State	4,172,333	4,447,395
County	2,393,682	2,435,437
Medicaid/MCO	244,999	562,566
Private Pay	2,951,577	2,970,622
Grants	136,324	1,102,130
Other	<u>1,707,175</u>	<u>(353,684)</u>
	14,881,440	14,443,079
Less: Allowance for credit losses	<u>(404,139)</u>	<u>(750,000)</u>
	<u><u>\$ 14,477,301</u></u>	<u><u>\$ 13,693,079</u></u>

Accounts receivable was \$14,098,371 at June 30, 2022.

Changes in the allowance for credit losses for the year ended June 30, 2024 by portfolio segment were as follows:

	Private Pay, <u>Commercial, Other</u>	<u>Total</u>
Beginning balance	\$ 330,954	\$ 330,954
Provision for credit losses	383,627	383,627
Write-offs	<u>(310,442)</u>	<u>(310,442)</u>
	<u><u>\$ 404,139</u></u>	<u><u>\$ 404,139</u></u>

At June 30, 2024, the Organization's aging of accounts receivable used to estimate expected credit losses were as follows:

<u>Past-Due Status</u>	Amortized Cost <u>Basis</u>	Credit Loss <u>Rate</u>	Expected Credit Loss <u>Estimate</u>
Current	\$ 10,566,860	0.08%	\$ 8,455
1-30 days past due	382,791	2.76%	10,570
31-60 days past due	625,861	12.42%	77,741
61-90 days past due	501,305	16.49%	82,641
More than 90 days past due	<u>2,804,623</u>	8.01%	<u>224,732</u>
	<u><u>\$ 14,881,440</u></u>		<u><u>\$ 404,139</u></u>

5. PLEDGES RECEIVABLE

Total unconditional promises to give were as follows at June 30:

	<u>2024</u>	<u>2023</u>
Amounts due in		
Less than one year	\$ 42,425	6,865
One to five years	<u>165,000</u>	<u>48,687</u>
	207,425	55,552
Less: Discount to present value	<u>(24,883)</u>	<u>(4,303)</u>
Pledges receivable, net	<u>\$ 182,542</u>	<u>\$ 51,249</u>

6. MORTGAGE NOTE RECEIVABLE

Mortgage note receivable consist of a non-interest bearing mortgage secured by real estate and is payable in monthly installments over the life of the mortgage. The mortgage was entered into in May of 2022 for \$1,400,000, with a down payment of \$130,000 due at signing and \$4,166 monthly payments due over the life of the 60 month mortgage term. An additional down payment of \$150,000 is due at the 36 month and a balloon payment of \$870,040 is due at the 60 month period of the mortgage.

Management has elected not to discount the mortgage due to its immaterial impact on the financial statements.

Maturities of the mortgage note receivable are as follows for the years ending June 30:

2025	\$ 199,992
2026	49,992
2027	<u>916,198</u>
Total	<u>\$ 1,166,182</u>

7. INVESTMENTS

Investments consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash equivalents	\$ 462,460	\$ 730,046
Certificates of deposit	4,903,879	682,270
Debt securities	956,806	895,442
Equities	14,485,309	12,791,952
Mutual funds	<u>2,141,775</u>	<u>1,801,885</u>
Total	<u>\$ 22,950,229</u>	<u>\$ 16,901,595</u>

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 140,530	\$ 140,530
Building and improvements	56,402,071	55,839,802
Furniture, vehicles and equipment	<u>9,800,301</u>	<u>9,119,818</u>
Less: Accumulated depreciation	(39,937,537)	(37,168,389)
Plus: Construction in progress	<u>600,628</u>	<u>129,295</u>
Total	<u>\$ 27,005,993</u>	<u>\$ 28,061,056</u>

9. LEASES

The Organization has several leases for buildings and equipment. The operating leases expire at various times through November 2030. The finance lease is for a building that expires in April 2028.

The components of total lease cost for the year ended June 30, were as follows:

	<u>2024</u>	<u>2023</u>
Amortization of ROU assets	\$ 208,944	\$ 379,274
Interest on lease liabilities	33,013	67,814
Operating lease cost	<u>662,503</u>	<u>626,834</u>
Total lease cost	<u>\$ 904,460</u>	<u>\$ 1,073,922</u>

9. LEASES (Continued)

Supplemental cash flow information related to leases for the year ended June 30 was as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 33,605	\$ 64,744
Financing cash flows from finance leases	\$ 197,395	\$ 352,006
Operating cash flows from operating leases	\$ 651,789	\$ 606,388
Right-of-use assets obtained in exchange for lease obligations:		
Finance leases	\$ -	\$ 2,544,480
Operating leases	\$ 870,289	\$ 2,292,533
	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term:		
Finance leases	3.83	4.83
Operating leases	4.92	3.68
Weighted-average discount rate:		
Finance leases	4%	3.60%
Operating leases	4.20%	3.09%

Maturities of lease liabilities as of June 30, 2024, were as follows:

	<u>Finance Leases</u>	<u>Operating Leases</u>
2025	\$ 231,000	\$ 623,447
2026	231,000	494,537
2027	231,000	279,524
2028	192,500	257,927
2029	-	242,166
Thereafter	<u>-</u>	<u>343,862</u>
Total lease payments	885,500	2,241,463
Less: present value discount	<u>(57,060)</u>	<u>(223,263)</u>
Long-term lease liability	828,440	2,018,200
Less: current portion	<u>(197,987)</u>	<u>(551,089)</u>
Long-term lease liability	<u>\$ 630,453</u>	<u>\$ 1,467,111</u>

10. LINES OF CREDIT

The Organization has a revolving line of credit with a bank, totaling \$500,000, which expires on May 31, 2025. The line bears interest at the adjusted daily SOFR index plus 0.10% index adjustment plus 2.15% of margin (7.56% and 7.31% at June 30, 2024 and 2023, respectively). There was no outstanding balance as of June 30, 2024 and 2023.

The Organization, the Center and the Society, each has a revolving equipment line of credit with a bank, in amount of \$500,000 each, which expires on May 30, 2025. The line bears interest at 7.09% and 7.31% at June 30, 2024 and 2023, respectively. There was no outstanding balance as of June 30, 2024 and 2023.

The Society has a revolving line-of-credit with a bank, totaling approximately \$3,000,000, which expires May 31, 2025. The line bears interest at the adjusted daily Secured Overnight Financing Rate (SOFR) index plus 0.10% index adjustment plus 2.15% of margin (7.56% and 7.31% at June 30, 2024 and 2023, respectively). There was no outstanding balance at June 30, 2024 and 2023.

The Center has a revolving line-of-credit with a bank, totaling \$3,500,000, which expires on May 31, 2025. The line bears interest at the adjusted daily Secured Overnight Financing Rate (SOFR) index plus 0.10% index adjustment plus 2.15% of margin (7.56% and 7.31% at June 30, 2024 and 2023, respectively). There was no outstanding balance as of June 30, 2024 and 2023. 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, 2024, the Center determined the covenant was met.

UP has an on-demand line of credit from a bank for \$250,000, with interest at prime (8.25% at June 30, 2024 and 2023). 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 no outstanding balance as of June 30, 2024 and 2023.

11. LONG-TERM DEBT

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

	<u>2024</u>	<u>2023</u>
<i>Parsons Child and Family Center:</i>		
Loan Payable with a bank, with regular monthly payments of \$71,452 through 5/2/2030 including interest at a fixed 5.25%, secured by investment balances, for the termination of the defined benefit plan.	\$ 4,343,282	4,951,152
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.	143,761	203,021
Mortgage payable with a 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, 2024.	4,598,313	4,714,732
Mortgage payable with a bank, 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 January 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, 2024.	<u>4,970,016</u>	<u>5,135,326</u>
Total Parsons Child and Family Center	<u>14,055,372</u>	<u>15,004,231</u>

11. LONG-TERM DEBT (Continued)

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

Northeast Parent and Child Society, Inc.:

Loan agreement with a bank with the rate of interest of 6.75%. Principal payments in the amount of \$4,602 was paid in addition to interest at 6.75%. This loan will be amortized through 6/1/2038.

650,698	660,000
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Loan agreement with a bank with the rate of interest computed at 5.15%. Principal payments in the amount of \$13,153 was paid in addition to interest at 5.15%. This loan will be amortized through July 1, 2038.

2,160,208	2,200,000
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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.

<u>7,586,504</u>	<u>7,947,002</u>
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Total Northeast Parent and Child Society, Inc.

<u>10,397,410</u>	<u>10,807,002</u>
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Total long-term debt

24,452,782	25,811,233
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Less: Unamortized debt issuance costs

<u>455,969</u>	<u>483,153</u>
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23,996,813	25,328,080
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Less: Current portion of long-term debt

<u>1,430,236</u>	<u>1,358,450</u>
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Long-term debt, net of current installments

<u>\$ 22,566,577</u>	<u>\$ 23,969,630</u>
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11. LONG-TERM DEBT (Continued)

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

	<u>Mortgages and Loans Payable</u>
2025	\$ 1,430,236
2026	1,507,993
2027	1,524,863
2028	1,582,368
2029	1,666,408
Thereafter	<u>16,740,914</u>
Total	24,452,782
Less: Amount representing interest	<u>1,220,236</u>
	<u><u>\$ 25,673,018</u></u>

The Organization incurred interest expense on all obligations of \$1,189,966 and \$889,899 for the years ended June 30, 2024 and 2023, respectively, including amortization of debt issuance costs.

Tax Exempt Bonds Payable

In June of 2008, the Dormitory Authority of the State of New York (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 Society, 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 Society'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 Society only after payment of amounts then due DASNY.

11. LONG-TERM DEBT (Continued)

Tax Exempt Bonds Payable (Continued)

The following summarizes the outstanding bonds at June 30:

	<u>2024</u>	<u>2023</u>
Series Bonds: Maturing through June 1, 2028 with interest rates varying during these years beginning at 3.50% and ending at 5.00%.	\$ 1,533,260	\$ 1,965,497
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	7,438,260	7,870,497
Premium on Issuance of Bonds	<u>71,007</u>	<u>76,505</u>
Total Tax Exempt Bonds Payable	7,509,267	7,947,002
Less: Unamortized debt issuance costs	<u>148,244</u>	<u>163,193</u>
Bonds Payable, net	<u>\$ 7,361,023</u>	<u>\$ 7,783,809</u>

12. CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Organization recognized contributed nonfinancial assets for the year ended June 30 as follows:

	<u>2024</u>	<u>2023</u>
Books	\$ 507	\$ 10,255
Clothing	-	425
Consulting	76,720	64,324
Meetings	4,854	5,756
Volunteer hours	89,767	83,177
Parking	8,850	7,200
Mileage	3,600	3,318
COVID testing kits	4,256	-
Child allowance	17,400	17,400
Supplies	6,597	29,369
Tickets	<u>13,074</u>	<u>4,755</u>
	<u>\$ 225,625</u>	<u>\$ 225,980</u>

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 under GAAP.

12. CONTRIBUTIONS OF NONFINANCIAL ASSETS (Continued)

Donated items and hours are recognized as contributions in accordance with GAAP if the services or items create or enhance nonfinancial assets or require specialized skills and are performed by people with those skills that would otherwise be purchased. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributions of nonfinancial assets are used to support programs for the Center.

Donated materials and services are recorded as contributions at estimated fair value at the date of gift. In valuing contributed materials, the Center estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the Capital Region of New York State. In valuing contributed services, the Center estimated the fair value based on current market rates for similar services or established contract hourly rates in the Capital Region of New York State. The Center receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects.

13. 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 Organization 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 Organization's matching contribution that is discretionary up to 2% of an employee's compensation. The Organization 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, 2024 and 2023 were \$3,280,011 and \$2,865,023, respectively.

14. 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 years ended June 30, 2024 and 2023, the Society amortized \$1,123 and \$1,153, respectively, of benefit, resulting in a balance of \$8,456 and \$9,579 at June 30, 2024 and 2023, respectively for the present value of this future benefit obligation, which has been recorded as a liability in these 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.

14. 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 post-retirement benefit obligation recorded for the Center in the statement of financial position at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Accumulated post-retirement benefit obligation		
at beginning of year	\$ 969,382	\$ 1,095,144
Benefits paid / employer contributions	<u>(154,630)</u>	<u>(125,762)</u>
Accumulated post-retirement benefit obligation		
at end of year	<u>\$ 814,752</u>	<u>\$ 969,382</u>

15. ENDOWMENT

The Center has received net assets with donor restrictions consisting of various funds set up to meet 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 of Parsons Child and Family Center has interpreted the applicable provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) to mean that the classification of appreciation of net assets with donor restrictions 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.

15. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives

The investment policy will seek long-term capital appreciation while maintaining prudent, strategic, and systematic risk controls. This includes a weighted average total return in line with market indices; real (inflation-adjusted) growth in assets. In accordance with NYPMIFA, appropriate factors will be considered in relation to asset allocation.

The investment objectives are expected to be achieved through a diversified portfolio, with an asset allocation guideline of 35% of the fund's assets being actively managed, 65% a combination of passive and indexed. The target strategic allocation is 65% Equity/Real Assets – 35% Fixed Income and Cash.

Individual equity investments shall be limited to no more than 7% in any one issuer, no more than 20% in any one industry, and no more than 55 of the outstanding shares of any single corporation.

The long-term asset mix goal of the endowment fund can range from 50% to 80% in equity investments and 20% to 50% 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 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 Center will have the ability to draw cash of up to 2.5% annually, based on the three-year weighted average of the portfolio value as of March 31 prior to each fiscal year of the potential draw.

Endowment income used to meet the requirements of the spending plan can come from any combination of income generated and capital gains realized. In periods where total yield is less than the 2.5% necessary to meet a spending plan, it may be necessary to liquidate investments to meet the 2.5% 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, 2024.

15. ENDOWMENT (Continued)

For fiscal year ended June 30, 2024, the Center had the following endowment-related activities:

Endowment, Beginning of year	\$ 5,079,574
Interest and dividend income	149,760
Net realized and unrealized loss	
on investments	426,625
Contributions, legacies, and bequests	10,000
Amounts appropriated for expenditure	<u>(1,549)</u>
Endowment, End of Year	<u>\$ 5,664,410</u>

For fiscal year ended June 30, 2023, the Center had the following endowment-related activities:

Endowment, Beginning of year	\$ 4,674,239
Interest and dividend income	126,906
Net realized and unrealized gains	
(losses) on investments	297,049
Contributions, legacies, and bequests	18,000
Amounts appropriated for expenditure	<u>(36,620)</u>
Endowment, End of Year	<u>\$ 5,079,574</u>

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consist of various purpose restrictions. At June 30, 2024 and 2023, 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 net assets with donor restrictions at June 30:

	<u>2024</u>	<u>2023</u>
Restricted by purpose or time:		
Greenhouse Fund	\$ 524,433	\$ 459,616
Jacob Fund	1,477	1,424
Bryant Fund	108,571	95,207
Lathrop Fund	1,826,782	1,623,575
Stein Library Fund	52,703	45,517
J.K. Miller Fund	477,470	417,397
Sidney Albert Institute	749,417	650,971
Joanne Malick Fund	143,112	123,136
Charbonneau Fund	7,790	6,190
Puels Fund	460,787	413,073
Margaret D. Griffel Trust	239,695	171,295
Other Miscellaneous donor imposed restrictions	<u>52,719</u>	<u>37,457</u>
Total	<u>\$ 4,644,956</u>	<u>\$ 4,044,858</u>

16. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	<u>2024</u>	<u>2023</u>
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	1,837,492	1,729,258
Scholarship and Other	127,820	127,820
Total	<u>\$ 3,037,485</u>	<u>\$ 2,929,251</u>
Total net assets with donor restrictions	<u>\$ 7,682,441</u>	<u>\$ 6,974,109</u>

17. FAIR VALUE MEASUREMENTS

The following assets are measured at fair value on a recurring basis at June 30, 2024:

	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Money Markets	\$ 462,460	\$ -	\$ -	\$ 462,460
Equities	14,485,309	-	-	14,485,309
Mutual Funds	2,141,775	-	-	2,141,775
Government Debt Securities	-	956,806	-	956,806
Beneficial Interests in Trusts	-	-	1,837,492	1,837,492
Total Investments	<u>\$ 17,089,544</u>	<u>\$ 956,806</u>	<u>\$ 1,837,492</u>	<u>\$ 19,883,842</u>

The following are measured at fair value on a recurring basis at June 30, 2023:

	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Money Markets	\$ 730,046	\$ -	\$ -	\$ 730,046
Equities	12,791,952	-	-	12,791,952
Mutual Funds	1,801,885	-	-	1,801,885
Government Debt Securities	-	895,442	-	895,442
Beneficial Interests in Trusts	-	-	1,729,258	1,729,258
Total Investments	<u>\$ 15,323,883</u>	<u>\$ 895,442</u>	<u>\$ 1,729,258</u>	<u>\$ 17,948,583</u>

Money markets, common stock, and mutual funds were valued based on quoted market prices of the investments on the last business day of the fiscal year. Investments in government debt securities are estimated based on quoted market prices of securities with similar characteristics. There were no changes to the valuation techniques during 2024 and 2023.

18. 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 \$43,215 and \$85,125 for the years ended June 30, 2024 and 2023, 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.

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 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.

19. INVESTMENT IN CHHUNY, LLC

As of June 30, 2024 and 2023, the Organization had 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 6.3% and 6.5% of the company's June 30, 2024 and 2023, net gain (loss), respectively.

19. INVESTMENT IN CHHUNY, LLC (Continued)

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:

	<u>2024</u>	<u>2023</u>
Total Assets	\$ <u>6,275,163</u>	\$ <u>7,275,733</u>
Total Liabilities	<u>(4,205,103)</u>	<u>(5,347,072)</u>
Partners' Capital	\$ <u>2,070,060</u>	\$ <u>1,928,661</u>
Revenue	\$ 2,204,110	\$ 2,475,848
Expenses	<u>(2,062,711)</u>	<u>(2,081,635)</u>
Net Gain (Loss)	\$ <u>141,399</u>	\$ <u>394,213</u>

20. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 26, 2024, which is the date the financial statements were available to be issued.

In September of 2024, the Boards of Directors of Unlimited Possibilities, Inc. and Unlimited Potential Properties, Inc. agreed to merge their operations into Northeast Parent and Child Society, Inc. The effective date is still to be determined but expected in fiscal year 2024/2025.

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

Schedule I

	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	\$ 1,671,673	\$ 3,308,516	\$ 6,030,962	\$ 101,371	\$ 11,112,522	\$ -	\$ 11,112,522
Accounts receivable, net allowance for credit losses of \$404,139 and \$750,000 at June 30, 2024 and 2023, respectively	100	7,360,495	7,108,446	8,260	14,477,301	-	14,477,301
Accounts receivable from grants and contributions	-	111,222	1,484,493	-	1,595,715	-	1,595,715
Accounts receivable, other	-	93,346	-	-	93,346	-	93,346
Due from funding sources	-	-	2,542,788	-	2,542,788	-	2,542,788
Current pledges receivable	42,425	-	-	-	42,425	-	42,425
Mortgage note receivable, net	-	199,992	-	-	199,992	-	199,992
Prepaid expenses and inventory	638,411	52,160	44,803	1,381	736,755	-	736,755
Due from affiliates	318,862	176,451	117,760	-	613,073	(613,073)	-
Investments	523,871	5,399,486	10,761,753	-	16,685,110	-	16,685,110
Total current assets	3,195,342	16,701,668	28,091,005	111,012	48,099,027	(613,073)	47,485,954
INVESTMENTS, restricted	-	710,244	5,554,875	-	6,265,119	-	6,265,119
PROPERTY AND EQUIPMENT	683,546	9,986,053	16,269,019	67,375	27,005,993	-	27,005,993
OTHER ASSETS							
Mortgage note receivable, net of current	-	966,190	-	-	966,190	-	966,190
Operating right of use asset	22,284	435,540	1,541,406	-	1,999,230	-	1,999,230
Financing right of use asset	-	800,951	-	-	800,951	-	800,951
Escrow account	-	-	17,615	-	17,615	-	17,615
Deposits	-	8,177	-	-	8,177	-	8,177
Beneficial interests in trusts	-	1,837,492	-	-	1,837,492	-	1,837,492
Long-term pledges receivable	140,117	-	-	-	140,117	-	140,117
Investment in CHHUNY and UPP	130,823	-	-	964,085	1,094,908	-	1,094,908
Total other assets	293,224	4,048,350	1,559,021	964,085	6,864,680	-	6,864,680
TOTAL ASSETS	\$ 4,172,112	\$ 31,446,315	\$ 51,473,920	\$ 1,142,472	\$ 88,234,819	\$ (613,073)	\$ 87,621,746

(Continued)

The accompanying notes are an integral part of these schedules.

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
JUNE 30, 2024

Schedule I

	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							
Accounts payable	\$ 107,911	\$ 582,745	\$ 508,165	\$ 8,896	\$ 1,207,717	\$ -	\$ 1,207,717
Accrued salaries and expenses	910,159	3,065,918	4,541,156	45,183	8,562,416	-	8,562,416
Due to affiliate	126,573	166,635	315,118	4,747	613,073	(613,073)	-
Refundable advances	-	21,175	-	-	21,175	-	21,175
Due to funding sources	-	-	4,089,483	-	4,089,483	-	4,089,483
Deferred revenue	143,952	383,944	955,644	123,876	1,607,416	-	1,607,416
Operating lease liability, current	7,977	163,413	379,699	-	551,089	-	551,089
Finance lease liability, current	-	197,987	-	-	197,987	-	197,987
Loans payable, current	-	57,160	641,701	-	698,861	-	698,861
Mortgages payable, current	-	-	355,878	-	355,878	-	355,878
Bonds payable, current	-	375,497	-	-	375,497	-	375,497
Total current liabilities	1,296,572	5,014,474	11,786,844	182,702	18,280,592	(613,073)	17,667,519
LONG-TERM LIABILITIES							
Operating lease liability, net of current portion	14,307	280,821	1,171,983	-	1,467,111	-	1,467,111
Financing lease liability, net of current portion	-	630,453	-	-	630,453	-	630,453
Mortgages payable	-	-	9,118,183	-	9,118,183	-	9,118,183
Loans payable	-	2,684,050	3,701,581	-	6,385,631	-	6,385,631
Bonds payable	-	7,062,763	-	-	7,062,763	-	7,062,763
Accrued post-retirement benefits	-	-	814,752	-	814,752	-	814,752
Total long-term liabilities	14,307	10,658,087	14,806,499	-	25,478,893	-	25,478,893
TOTAL LIABILITIES	1,310,879	15,672,561	26,593,343	182,702	43,759,485	(613,073)	43,146,412
NET ASSETS							
Without donor restrictions	2,861,233	13,755,723	19,216,167	959,770	36,792,893	-	36,792,893
With donor restrictions	-	2,018,031	5,664,410	-	7,682,441	-	7,682,441
TOTAL NET ASSETS	2,861,233	15,773,754	24,880,577	959,770	44,475,334	-	44,475,334
	<u>\$ 4,172,112</u>	<u>\$ 31,446,315</u>	<u>\$ 51,473,920</u>	<u>\$ 1,142,472</u>	<u>\$ 88,234,819</u>	<u>\$ (613,073)</u>	<u>\$ 87,621,746</u>

The accompanying notes are an integral part of these schedules.

NORTHERN RIVERS FAMILY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Schedule II

	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	\$ 10,434,068	37,065,701	\$ 57,483,578	\$ 856,862	\$ 105,840,209	\$ (10,309,064)	\$ 95,531,145
Grant and contribution income	12,000	446,308	-	-	458,308	-	458,308
Fundraising	608,135	84,264	101,236	-	793,635	(136,594)	657,041
Contributions of nonfinancial assets	-	-	225,625	-	225,625	-	225,625
Change in value of beneficial interests in trusts	-	108,235	-	-	108,235	-	108,235
Rental income	-	178,469	217,332	46,857	442,658	(395,801)	46,857
Fringe benefit recovery	67,831	119,329	622,867	7,030	817,057	-	817,057
Miscellaneous	23,392	42,050	546,453	-	611,895	(125,004)	486,891
Total Support and Revenue	11,145,426	38,044,356	59,197,091	910,749	109,297,622	(10,966,463)	98,331,159
EXPENSES							
Program services	-	34,809,228	51,518,758	739,713	87,067,699	(2,760,459)	84,307,240
Management and general	10,571,464	3,690,232	5,903,803	84,932	20,250,431	(8,049,713)	12,200,718
Fundraising and non-operating	486,109	-	-	-	486,109	(156,291)	329,818
Total Expenses	11,057,573	38,499,460	57,422,561	824,645	107,804,239	(10,966,463)	96,837,776
Operating gain (loss)	87,853	(455,104)	1,774,530	86,104	1,493,383	-	1,493,383
NON-OPERATING GAIN (LOSS)							
Investment income, net	57,432	629,290	1,586,854	3,701	2,277,277	-	2,277,277
Equity transfer - Parsons	(66,603)	-	66,603	-	-	-	-
Gain (loss) on sale of property and equipment	-	(605)	2,000	-	1,395	-	1,395
State paid depreciation	-	-	(168,000)	-	(168,000)	-	(168,000)
Total non-operating gain (loss)	(9,171)	628,685	1,487,457	3,701	2,110,672	-	2,110,672
CHANGE IN NET ASSETS	78,682	173,581	3,261,987	89,805	3,604,055	-	3,604,055
NET ASSETS - beginning of year	2,782,551	15,600,173	21,618,590	869,965	40,871,279	-	40,871,279
NET ASSETS - end of year	\$ 2,861,233	\$ 15,773,754	\$ 24,880,577	\$ 959,770	\$ 44,475,334	\$ -	\$ 44,475,334

The accompanying notes are an integral part of these schedules.