

PARSONS CHILD AND FAMILY CENTER

**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
Parsons Child and Family Center:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Parsons Child and Family Center (the Center), 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 Parsons Child and Family Center 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Parsons Child and Family Center 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 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Parsons Child and Family Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

6 Wembley Court
Albany, NY 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 and *Government 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 and *Government 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 Parsons Child and Family Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Parsons Child and Family Center's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the information presented in Schedule I, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Summarized Comparative Information

We have previously audited the Center's 2023 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of Parsons Child and Family Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Parsons Child and Family Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Parsons Child and Family Center's internal control over financial reporting and compliance.

PARSONS CHILD AND FAMILY CENTER

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 6,030,962	\$ 9,217,140
Accounts receivable, net allowance for credit losses of \$241,117 and \$218,117 at June 30, 2024 and 2023, respectively	7,108,446	6,714,337
Accounts receivable from grants and contributions	1,484,493	1,631,828
Due from funding sources	2,542,788	332,549
Due from affiliates	117,760	137,556
Prepaid expenses	44,803	38,784
Investments	<u>10,761,753</u>	<u>7,821,050</u>
Total current assets	<u>28,091,005</u>	<u>25,893,244</u>
INVESTMENTS, restricted	5,554,875	4,983,457
PROPERTY AND EQUIPMENT, net	16,269,019	16,534,955
OPERATING RIGHT OF USE ASSET, net	1,541,406	1,090,195
OTHER ASSETS - escrow account	<u>17,615</u>	<u>17,615</u>
	<u>\$ 51,473,920</u>	<u>\$ 48,519,466</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 508,165	\$ 582,355
Accrued salaries and expenses	4,541,156	4,803,454
Due to affiliates	315,118	355,376
Operating lease liability, current portion	379,699	344,621
Mortgages payable, current portion	355,878	340,988
Loans payable, current portion	641,701	607,871
Deferred revenue from grants and contributions	955,644	760,673
Due to funding sources	<u>4,089,483</u>	<u>3,577,143</u>
Total current liabilities	<u>11,786,844</u>	<u>11,372,481</u>
LONG-TERM LIABILITIES:		
Operating lease liability, net of current portion	1,171,983	751,001
Mortgages payable, net of current portion	9,118,183	9,464,731
Loans payable, net of current portion	3,701,581	4,343,281
Accrued post-retirement benefits	<u>814,752</u>	<u>969,382</u>
Total long-term liabilities	<u>14,806,499</u>	<u>15,528,395</u>
Total liabilities	<u>26,593,343</u>	<u>26,900,876</u>
NET ASSETS		
Without donor restrictions	19,216,167	16,539,016
With donor restrictions	<u>5,664,410</u>	<u>5,079,574</u>
Total net assets	<u>24,880,577</u>	<u>21,618,590</u>
	<u>\$ 51,473,920</u>	<u>\$ 48,519,466</u>

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

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
REVENUE AND SUPPORT:				
Program service fees	\$ 57,483,578	\$ -	\$ 57,483,578	\$ 55,635,880
Fundraising	91,236	10,000	101,236	109,412
Contributions of nonfinancial assets	225,625	-	225,625	225,980
Rent	217,332	-	217,332	189,503
Fringe benefit recovery	622,867	-	622,867	78,042
Miscellaneous	546,453	-	546,453	444,803
Net assets released from restrictions	1,549	(1,549)	-	-
Total revenue and support	59,188,640	8,451	59,197,091	56,683,620
EXPENSES:				
Program	51,518,758	-	51,518,758	52,840,375
Management and general- parent org.	5,401,994	-	5,401,994	5,037,974
Management and general- other	501,809	-	501,809	231,355
Total expenses	57,422,561	-	57,422,561	58,109,704
OPERATING GAIN (LOSS)	1,766,079	8,451	1,774,530	(1,426,084)
NON-OPERATING GAIN (LOSS):				
Investment gain (loss), net	1,077,072	576,385	1,653,457	1,040,768
State paid depreciation	(168,000)	-	(168,000)	(168,000)
Net gain/(loss) on sale of assets	2,000	-	2,000	204,599
Contribution from related party	-	-	-	670,000
Total non-operating gain (loss), net	911,072	576,385	1,487,457	1,747,367
CHANGE IN NET ASSETS	2,677,151	584,836	3,261,987	321,283
NET ASSETS - beginning of year	16,539,016	5,079,574	21,618,590	21,297,307
NET ASSETS - end of year	\$ 19,216,167	\$ 5,664,410	\$ 24,880,577	\$ 21,618,590

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

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	\$ 3,261,987	\$ 321,283
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Credit loss expense	315,888	218,117
Depreciation	1,354,540	1,442,999
Amortization of debt issuance cost	9,330	9,330
Noncash lease expense	458,671	427,179
Net (gain)/loss on sale of property and equipment	(2,000)	(204,599)
Loss (gain) on investments	(1,060,844)	(742,154)
Changes in:		
Accounts receivable	(709,997)	(1,827,211)
Accounts receivable from grants and contributions	147,335	-
Due from funding sources	(2,210,239)	-
Prepaid expenses	(6,019)	(8,162)
Due to/from affiliate	(20,462)	156,216
Accounts payable	(74,190)	235,282
Accrued salaries and expenses	(262,298)	1,435,613
Deferred revenue from grants and contributions	194,971	-
Due to funding sources	512,340	715,373
Operating lease liability	(453,822)	(421,752)
Liability for pension and post retirement benefits	(154,630)	(5,356,279)
Net cash flow from operating activities	<u>1,300,561</u>	<u>(3,598,765)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,088,604)	(546,580)
Proceeds from sale of property and equipment	2,000	319,574
Proceeds from sale of investments	25,026	53,099
Purchase of investments	(2,476,303)	(990,180)
Net cash flow from investing activities	<u>(3,537,881)</u>	<u>(1,164,087)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of mortgages payable	(340,988)	(328,715)
Issuance of loans payable	-	5,000,000
Repayment of loans payable	(607,870)	(48,848)
Net cash flow from financing activities	<u>(948,858)</u>	<u>4,622,437</u>
CHANGE IN CASH	(3,186,178)	(140,415)
CASH - beginning of year	<u>9,217,140</u>	<u>9,357,555</u>
CASH - end of year	<u>\$ 6,030,962</u>	<u>\$ 9,217,140</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 635,587</u>	<u>\$ 433,269</u>
Purchase of property and equipment included in accounts payable	<u>\$ 33,970</u>	<u>\$ 165,369</u>

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

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

(With Comparative Totals for 2023)

	<u>Program</u>	<u>Management and General</u>	<u>2024 Total</u>	<u>2023 Total</u>
Salaries	\$ 32,961,853	\$ 69,643	\$ 33,031,496	\$ 31,689,212
Employee health and retirement benefits	3,878,541	7,661	3,886,202	6,468,531
Payroll taxes	<u>2,887,584</u>	<u>8,993</u>	<u>2,896,577</u>	<u>2,972,956</u>
Total compensation and benefits	<u>39,727,978</u>	<u>86,297</u>	<u>39,814,275</u>	<u>41,130,699</u>
Charges from parent organization	-	4,969,997	4,969,997	4,708,069
Purchase of services	3,831,832	213,374	4,045,206	4,081,111
Depreciation and amortization	1,102,702	93,168	1,195,870	1,284,329
Insurance	822,674	15,686	838,360	772,743
Rent	566,899	78,596	645,495	741,900
Boarding home	591,650	-	591,650	757,159
Supplies and equipment	669,434	61,638	731,072	673,248
Food	567,947	1	567,948	510,499
Interest	635,010	577	635,587	423,937
Credit loss expense	292,888	23,000	315,888	170,125
Utilities	407,932	75,899	483,831	425,033
Auto and transportation	435,736	933	436,669	640,704
Software and systems	354,897	226,761	581,658	280,734
Telecommunications	244,179	13,372	257,551	263,076
Publicity	41,880	-	41,880	130,608
Recreation	141,211	-	141,211	101,748
Repair and maintenance	74,725	1,771	76,496	57,628
Office supplies and expense	47,075	492	47,567	49,706
Staff development	234,784	28	234,812	216,910
Dues, licenses and permits	45,144	1,061	46,205	31,711
Postage and shipping	1,204	22,674	23,878	22,567
Clothing	28,908	-	28,908	20,349
Allowances - children & parents	15,365	-	15,365	14,158
Legal and professional	46,777	8,089	54,866	13,130
Bedding	15,226	15	15,241	14,448
Miscellaneous	(527)	4,089	3,562	3,924
Subscription and publications	4,187	-	4,187	4,235
School expense	6,809	-	6,809	1,070
Contributed nonfinancial assets	225,625	-	225,625	225,980
State paid depreciation	168,000	-	168,000	168,000
Conferences and administrative expense	<u>338,609</u>	<u>6,285</u>	<u>344,894</u>	<u>338,166</u>
	<u>\$ 51,686,758</u>	<u>\$ 5,903,803</u>	<u>\$ 57,590,561</u>	<u>\$ 58,277,704</u>

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

1. NATURE OF OPERATIONS

Parsons Child and Family Center (the Center) is a not-for-profit corporation. The Center has maintained its mission to serve the special needs of children in the Capital Region of New York State since its establishment as an orphanage in 1829. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Recently Adopted Accounting Guidance – Current Expected Credit Loss (CECL)

Accounting Standards Codification (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 Center adopted ASC Topic 326 using the modified retrospective approach for all financial assets measured at amortized cost. 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. The impact of adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash includes bank demand deposit accounts. The Center has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable include uncollateralized obligations from numerous sources including Medicaid; local, New York State, and federal grants; contracts; and third-party reimbursement programs. Substantially all programs are billed on a monthly basis under customary payment terms associated with Medicaid programs and state and federal grants. 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 Center's accounts receivables are primarily derived from the State. The Center 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 Center'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.

Investments

The Center 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.

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 date.

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 reasonably possible that changes in value will occur in the near term and those changes could materially affect the amounts reported in the accompanying financial statements.

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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

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.

Leases

The Center determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Center considers factors such as if the Center 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.

ROU assets represent the Center'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 Center is reasonably certain to exercise these options.

For all underlying classes of assets, the Center 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 Center is reasonably certain to exercise. The Center 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 Center 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.

The Center elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Long-Lived Assets

The Center assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. Management determined there was no impairment of long-lived assets and therefore, no impairment was recognized in 2024 and 2023.

Deferred Revenue from Grants and Contributions

Deferred revenue from grants and contributions consists of grant 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due to Funding Sources

The Center receives advances from New York State funding agencies. If the amounts received are not spent or are in excess of maximum funding limits during the period they are received, they are reported as refundable advances in the accompanying financial statements. At the funding agencies' discretion, the amounts will be used to offset future amounts receivable or recouped against future payments. Accordingly, these amounts have been reflected as a liability in the accompanying financial statements.

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 \$238,029 and \$247,360 at June 30, 2024 and 2023, respectively, and are netted against mortgage payables on the statements of financial position. There were \$9,330 of amortization expense for the years ended June 30, 2024 and 2023.

Financial Reporting

The Center 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 are available for the support of the Center's operating activities and are not subject to donor-imposed stipulations.

Net assets with donor restrictions represent donor-imposed restrictions that permit the Center to use up or expend the donated assets as specified. This restriction is satisfied by the passage of time or by actions of the Center. It also represents donor-imposed restrictions that stipulate that resources be maintained intact permanently, but which permit the Center to use up or expend the income derived from the donated assets for operating purposes.

Third-Party Reimbursement and Revenue Recognition

The Center 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, mental health, and educational services. These amounts are due from third-party payors (including state and local government agencies and school districts) based upon tentative rates and they include variable consideration retroactive revenue adjustments due to settlement of audits, reviews and investigations. These rates are initially estimated based upon prior historical costs. These initial rates are subsequently adjusted to actual based upon the filing of cost reports.

Revenue is recognized when the Center satisfies their performance obligations under contracts by transferring services to clients at a point in time. The Center'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 Center'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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Activities

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

Contributions

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

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 that future date shall be paid to Parsons. 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 Center's financial statements.

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 Center'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 Center has financial instruments in the accompanying financial statements, including cash and equivalents and investments including debt securities, equities, and mutual funds. The carrying value of 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 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 Center could invest.

Functional Allocation of Expenses

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

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

Reclassification

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 financial statements include certain prior-year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center is substantially supported by grants and support from New York State funding sources. The following reflects the Center'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 as of June 30,		
Cash	\$ 6,030,962	\$ 9,217,140
Accounts receivable	11,135,727	8,678,714
Investments	<u>10,761,753</u>	<u>7,821,050</u>
Financial assets available to meet cash		
need for general expenditure within one year	<u>\$ 27,928,442</u>	<u>\$ 25,716,904</u>

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. The ability to meet cash needs is highly dependent on funding from government agencies and the timely collection of accounts receivable. The Center has designed procedures to bill and collect from these payors as quickly as possible, however, this can sometimes be difficult to predict. Should the Center need to, they can manage vendor relationships to extend payment terms, utilize their available line-of-credit, or request support from one of their related parties.

4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Accounts receivable for the Center consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
School districts	\$ 1,782,927	\$ 1,804,836
Federal	184,839	184,289
State	160,960	222,868
County	2,345,769	2,409,819
Medicaid/MCO	373	131,905
Private Pay	2,169,688	2,044,857
Other	705,007	133,880
	<u>7,349,563</u>	<u>6,932,454</u>
Less: Allowance for credit losses	<u>(241,117)</u>	<u>(218,117)</u>
	<u>\$ 7,108,446</u>	<u>\$ 6,714,337</u>

The following aging schedule estimates expected credit loss as of June 30, 2024:

<u>Past-Due Status</u>	<u>Amortized Cost Basis</u>	<u>Credit Loss Rate</u>	<u>Expected Credit Loss Estimate</u>
Current	\$ 5,299,751	0.10%	\$ 5,300
1-30 days past due	99,102	3.51%	3,478
31-60 days past due	286,316	13.50%	38,653
61-90 days past due	254,972	17.92%	45,691
More than 90 days past due	1,409,422	10.50%	147,995
	<u>\$ 7,349,563</u>		<u>\$ 241,117</u>

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

	<u>Private Pay, Commercial, Other</u>	<u>Total</u>
Beginning balance	\$ 218,117	\$ 218,117
Provision for credit losses	315,888	315,888
Write-offs	<u>(292,888)</u>	<u>(292,888)</u>
	<u>\$ 241,117</u>	<u>\$ 241,117</u>

5. INVESTMENTS

A summary of investments consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash equivalents	\$ 357,135	\$ 556,921
Certificates of deposit	2,805,739	682,270
Debt securities	394,310	372,300
Equities	11,852,628	10,453,766
Mutual funds	<u>906,816</u>	<u>739,250</u>
	<u>\$ 16,316,628</u>	<u>\$ 12,804,507</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 41,500	\$ 41,500
Buildings and improvements	32,824,904	32,366,365
Furniture, vehicles and equipment	3,902,805	3,613,120
Construction in process	<u>327,942</u>	<u>4,662</u>
	37,097,151	36,025,647
Less: accumulated depreciation	<u>(20,828,132)</u>	<u>(19,490,692)</u>

7. LEASES

The Center has several operating leases for buildings and equipment. The operating leases expire at various times from January 2024 to November 2030.

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

	<u>2024</u>	<u>2023</u>
Operating lease cost	<u>\$ 458,671</u>	<u>\$ 427,179</u>

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

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of operating lease liabilities:	\$ 452,317	\$ 413,458
Right-of-use assets obtained in exchange for operating lease obligations:	\$ 846,189	\$ 1,473,891

7. LEASES (Continued)

Other information related to leases as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term:	5.24 years	3.3 years
Weighted-average discount rate: Operating leases	4.50%	3.15%

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

2025	\$ 440,530
2026	346,984
2027	235,290
2028	221,557
2029	206,741
Thereafter	<u>296,630</u>
Total lease payments	1,747,732
Less: Interest	<u>(196,050)</u>
Total lease liabilities	1,551,682
Less: current portion	<u>(379,699)</u>
Long-term lease liability	<u>\$ 1,171,983</u>

8. LINES OF CREDIT

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 7.32% 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.

The Center has a revolving equipment line-of-credit with a bank, totaling \$500,000, which expires on May 30, 2025. The line bears interest at 7.09% and 3.25% on June 30, 2024 and 2023, respectively. There was no outstanding balance as of June 30, 2024 and 2023.

9. LONG-TERM DEBT

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

	<u>2024</u>	<u>2023</u>
Loan Payable		
Loan Payable with SEFCU, with regular monthly payments of \$71,452 through 5/2/2030 including interest at a fixed 5.25%, secured by undesignated or restricted investment balances, for the termination of the defined benefit plan.	\$ 4,343,282	\$ 4,951,152
Mortgage Payable		
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, N.Y. Final payment due June 2026.	143,761	203,021
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 that the covenant was met as of June 30, 2024.	4,598,313	4,714,732
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 January 2031. The Center must maintain a debt service coverage ratio of not less than 1.20:1.00. The Center determined that the covenant was met as of June 30, 2024.	<u>4,970,016</u>	<u>5,135,326</u>
Total	14,055,372	15,004,231
Less: debt issuance cost	(238,029)	(247,360)
Less: current portion	<u>(997,579)</u>	<u>(948,859)</u>
	<u>\$ 12,819,764</u>	<u>\$ 13,808,012</u>

9. LONG-TERM DEBT (Continued)

Future minimum payments are due as follows for the years ending June 30:

2025	\$	997,579
2026		1,047,090
2027		1,045,527
2028		1,079,803
2029		1,134,624
Thereafter		<u>8,750,749</u>
Total	\$	<u>14,055,372</u>

Interest expense including amortization on debt issuance cost were \$644,917 and \$433,269 for the years ended June 30, 2024 and 2023, respectively.

10. CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Center recognized contributed nonfinancial assets as follows for the years ended June 30:

	<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 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.

11. RETIREMENT PLANS

Defined Contribution Plan

The Center participates in the Northern Rivers Family Service's 401(K) Plan, a related party (see Note 14). The plan covers substantially all full-time employees of the Center 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 matching contribution that is discretionary up to 2% of an employee's compensation. The Center may also provide a discretionary contribution on behalf of employees meeting eligibility requirements after fiscal year-end. The Center's contributions to the plan for the years ended June 30, 2024 and 2023, were \$1,786,553 and \$1,537,852, respectively.

12. POST-RETIREMENT BENEFIT

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 payments 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.

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 in the Center's statement of financial position at June 30:

	<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>

13. 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.

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.

13. ENDOWMENT (Continued)

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.

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

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

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

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

14. 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 restriction 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
Total	<u>\$ 4,592,237</u>	<u>\$ 4,007,401</u>
	<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
Total	<u>\$ 1,072,173</u>	<u>\$ 1,072,173</u>
Total net assets with donor restrictions	<u>\$ 5,664,410</u>	<u>\$ 5,079,574</u>

15. 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	\$ 357,135	\$ -	\$ -	\$ 357,135
Equities	11,852,628	-	-	11,852,628
Mutual funds	906,816	-	-	906,816
Government debt securities	-	394,310	-	394,310
Total investments	<u>\$ 13,116,579</u>	<u>\$ 394,310</u>	<u>\$ -</u>	<u>\$ 13,510,889</u>

The following were 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	\$ 556,921	\$ -	\$ -	\$ 556,921
Equities	10,453,766	-	-	10,453,766
Mutual funds	739,250	-	-	739,250
Government debt securities	-	372,300	-	372,300
Total investments	<u>\$ 11,749,937</u>	<u>\$ 372,300</u>	<u>\$ -</u>	<u>\$ 12,122,237</u>

There were no changes in valuation techniques during 2024 or 2023.

16. RELATED PARTY TRANSACTIONS

Northern Rivers Family Services, Inc.

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

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

The Center paid \$5,401,991 and \$5,037,976 in fees to Northern Rivers Family Services during the years ended June 30, 2024 and 2023, respectively. Northern Rivers Family Services also pays rent to the Center for occupancy, equipment, telecommunications, and maintenance related services. The Center charged rent in the amount \$528,733 and \$422,239 for the years ended June 30, 2024 and 2023, respectively.

Northeast Parent and Child Society, Inc.

The Center is related through common control to Northeast Parent and Child Society, Inc. (Society).

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

16. RELATED PARTY TRANSACTIONS (Continued)

Northeast Parent and Child Society, Inc. (Continued)

The Society recorded expenses of approximately \$125,000 for training services provided by the Center during both the years ended June 30, 2024 and 2023, respectively. The Center also incurred rent expense for the use of space at Northeast Parent and Child Society, Inc. in the amount of \$178,469 and \$297,400 for the years ended June 30, 2024 and 2023, respectively. The Center charged the Society rent in the amount \$120,594 and \$97,171 for the years ended June 30, 2024 and 2023, respectively.

Unlimited Potential

The Center is related through common control to Unlimited Potential (Unlimited). Generally, all intercompany loans are non-interest bearing and payment is expected within 12-36 months, unless otherwise arranged.

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

	<u>2024</u>	<u>2023</u>
<u>Due From Affiliates:</u>		
Northern Rivers Family Services, Inc.	\$ 70,542	\$ 83,049
Northeast Parent and Child Society, Inc.	<u>47,218</u>	<u>54,507</u>
Total	<u>\$ 117,760</u>	<u>\$ 137,556</u>
<u>Due To Affiliates:</u>		
Northern Rivers Family Services, Inc.	\$ 197,307	\$ 229,786
Northeast Parent and Child Society, Inc.	117,811	125,486
Unlimited Potential, Inc.	<u>-</u>	<u>104</u>
Total	<u>\$ 315,118</u>	<u>\$ 355,376</u>

17. COMMITMENTS AND CONTINGENCIES

Self-Funded Unemployment Insurance

The Center'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 Center is billed quarterly by NYSDOL for benefits paid to former employees. Unemployment is budgeted annually based on prior year results. The Center incurred costs of \$22,305 and \$66,375 for the years ended June 30, 2024 and 2023, respectively.

Reimbursement Rates

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

17. 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:

- Extended New York State's statute of limitations for child abuse claims,
- Allowed 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,
- Allowed for civil actions against abusers, and institutions where they were abused, until their victims turn 55, and
- Opened a one-year window beginning on the effective date of August 14, 2019, permitting any victim of child abuse to take civil action, regardless of when the abuse occurred.

As a result of the passage of the CVA, through the date of this report, the Center 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 Center had a combination of commercial insurance coverage and self-insurance programs. At present, the Center 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 Center'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.

18. SUBSEQUENT EVENTS

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

PARSONS CHILD AND FAMILY CENTER

Schedule I

SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024												2023
	Residential Care	Behavioral Health Services	Case Management Services	Early Childhood Services	Family Foster Care	Training and Research	Prevention Services	Education Services	Crisis Services	M&G - Parent Org Charges	M&G - Other	Total	
REVENUE	\$ 15,009,443	\$ 6,559,965	\$ 6,833,776	\$ 5,253,041	\$ 2,415,123	\$ 1,207,398	\$ 3,292,097	\$ 9,145,580	\$ 9,191,666	\$ 240,529	\$ 1,703,930	\$ 60,852,548	\$ 58,598,987
FUNCTIONAL EXPENSES:													
Salaries	7,742,628	3,490,108	4,138,465	2,902,743	863,027	754,809	2,113,057	5,377,605	5,579,412	37,806	31,837	33,031,496	31,689,212
Employee Health and Retirement Benefits	938,736	433,236	472,592	335,000	100,796	94,575	254,482	589,427	659,697	4,644	3,017	3,886,202	6,468,531
Payroll Taxes	681,061	293,706	370,305	250,235	78,220	60,645	182,594	471,351	499,467	5,114	3,879	2,896,577	2,972,956
Total compensation and benefits	9,362,425	4,217,050	4,981,362	3,487,977	1,042,044	910,029	2,550,133	6,438,383	6,738,576	47,564	38,733	39,814,275	41,130,699
Allowances - children	11,536	-	-	-	-	-	2,556	-	35	-	-	14,127	14,047
Allowances - parents	-	-	-	-	-	-	1,238	-	-	-	-	1,238	111
Credit loss	130,798	-	-	-	-	-	-	-	162,090	-	23,000	315,888	170,125
Auto and transportation	33,640	11,953	199,385	7,935	51,113	2,077	48,968	13,152	67,513	566	367	436,669	640,704
Bedding	8,192	870	1,086	982	229	120	544	1,653	1,549	9	6	15,241	14,448
Boarding home	5,818	-	-	-	585,631	-	201	-	-	-	-	591,650	757,159
Charges from Parent Organization	-	-	-	-	-	-	-	-	-	4,969,997	-	4,969,997	4,708,069
Clothing	28,800	-	-	-	-	-	-	-	108	-	-	28,908	20,349
Conferences and Administrative	24,850	5,588	177,813	6,102	21,394	2,763	45,329	6,289	48,481	5,439	846	344,894	338,166
Dues, licenses and permits	4,816	1,218	103	5,039	55	25,400	5,997	650	1,868	966	95	46,205	31,711
Food	223,250	305	-	174,691	-	-	2,494	117,492	49,715	1	-	567,948	510,499
In-Kind expense	-	-	-	225,625	-	-	-	-	-	-	-	225,625	225,980
Insurance	243,410	47,251	86,154	40,172	29,887	12,961	74,112	200,794	87,933	13,858	1,828	838,360	772,743
Interest	396,541	26,612	40,748	22,511	7,615	4,991	15,251	72,133	48,607	350	227	635,587	423,937
Legal and professional fees	35,686	-	-	-	6,916	2,009	1,966	-	200	2,288	5,801	54,866	13,130
Miscellaneous	(6,134)	523	1,627	1,824	(147)	(60)	(2,532)	28,318	(23,948)	3,937	152	3,562	3,924
Office supplies and expense	7,439	3,854	2,208	5,803	689	2,268	6,317	10,947	7,549	375	117	47,567	49,706
Postage and shipping	319	311	90	220	155	-	33	26	50	22,674	-	23,878	22,567
Publicity	267	-	470	-	10,060	3,033	414	-	27,636	-	-	41,880	130,608
Purchase of health services	93,067	99,419	3,875	72,918	8,194	-	-	63,522	-	-	-	340,994	341,902
Purchase of services - other	725,367	573,230	224,802	340,636	235,214	25,024	215,901	739,531	411,134	142,061	71,313	3,704,212	3,739,209
Recreation	63,308	1,388	1,581	3,190	6,976	-	11,335	40,405	13,028	-	-	141,211	101,748
Rent	-	207,669	138,382	-	22,670	-	24,381	-	161,891	-	72,160	627,154	724,155
Rent - furnishings and equipment	4,240	500	31	556	3	720	67	2,858	1,417	6,290	146	16,829	15,567
Rent - vehicles	-	-	-	-	1,072	212	-	-	229	-	-	1,512	2,178
Repair and Maintenance	4,878	2,044	1,093	6,378	776	1,513	1,605	6,028	3,080	19	1,104	28,519	30,285
Repair and Maintenance - vehicles	19,136	179	310	534	1,604	-	1,848	4,686	19,031	393	255	47,977	27,343
School expense	586	-	-	6,223	-	-	-	-	-	-	-	6,809	1,070
Software and systems	60,030	68,004	35,203	12,098	17,473	3,126	1,226	89,909	67,827	211	226,550	581,658	280,734
Staff development	49,961	19,673	14,003	41,139	2,772	8,998	40,989	25,281	31,967	17	11	234,812	216,910
Subscription and publications	615	657	-	700	-	236	602	770	608	-	-	4,187	4,235
Supplies and equipment	184,226	4,199	4,347	205,243	316	2,365	26,406	137,078	52,170	54,059	7,579	677,989	617,780
Supplies and equipment - medical	49,727	72	-	99	-	-	-	1,711	1,476	-	-	53,084	55,468
Telecommunications	41,129	40,669	43,071	13,516	8,618	1,674	24,028	36,481	34,992	4,876	8,496	257,551	263,076
Utilities and property taxes	139,525	2,186	7,613	52,058	235	7,680	15,074	157,392	26,168	55,200	20,699	483,831	425,033
Depreciation and amortization	729,698	5,470	13,172	83,211	5,473	4,847	17,220	305,644	105,967	70,844	22,324	1,363,870	1,452,329
Total operating expenses	12,677,148	5,340,894	5,978,530	4,817,381	2,067,037	1,021,985	3,133,704	8,501,132	8,148,947	5,401,994	501,809	57,590,561	58,277,704
Operating gain (loss)	\$ 2,332,295	\$ 1,219,071	\$ 855,246	\$ 435,660	\$ 348,086	\$ 185,413	\$ 158,393	\$ 644,448	\$ 1,042,719	\$ (5,161,465)	\$ 1,202,121		

The accompanying notes are an integral part of these schedules.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

November 26, 2024

To the Board of Directors of
Parsons Child and Family Center:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Parsons Child and Family Center (the Center), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 26, 2024

To the Board of Directors of
Parsons Child and Family Center:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Parsons Child and Family Center's (Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2024. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

(Continued)

6 Wembley Court
Albany, NY 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**
(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**
(Continued)

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PARSONS CHILD AND FAMILY CENTER

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Pass Through Grantor's Number</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed-through New York State Education Department:			
School Breakfast Program	NA	10.553	\$ 58,061
National School Lunch Program	NA	10.555	<u>83,458</u>
Total Child Nutrition Cluster			141,519
Child and Adult Care Food Program	NA	10.558	<u>166,130</u>
Total U.S. Department of Agriculture			<u>307,649</u>
<u>U.S. Department of Health and Human Services</u>			
Block Grants for Community Mental Health Services	NA	93.958	428,500
Coronavirus State and Local Fiscal Recovery Funds	NA	21.027	263,957
Head Start	NA	93.600	<u>1,991,739</u>
Total U.S. Department of Health and Human Services			<u>2,684,196</u>
<u>U.S. Department of Education</u>			
Passed-through Albany City School District			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	NA	84.010	<u>33,549</u>
Passed-through New York State Education Department			
Special Education - Grant to State	0427-16-0051	84.027	303,284
Special Education - Preschool Grants	0427-16-0112	84.173	<u>116,355</u>
Total Special Education Grants			<u>419,639</u>
Total U.S. Department of Education			<u>453,188</u>
Total Expenditures of Federal Awards			<u>\$ 3,445,033</u>
NA	Not available		

PARSONS CHILD AND FAMILY CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of Parsons Child and Family Center (the Center) for the year ended June 30, 2024. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the schedule.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

The schedule is presented using the accrual basis of accounting used by the Center to report to the federal government. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. INDIRECT COST RATES

The Center has elected not to use the 10% de minimis cost rate as allowed by the Uniform Guidance. The Center has negotiated an indirect cost rate of 8.7% for their major program.

PARSONS CHILD AND FAMILY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2024

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial statements:

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes x No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes x None noted

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards:

Internal control over the major programs:

Material weakness(es) identified? _____ Yes x No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes x None noted

Type of auditor’s report issued on compliance for the major programs: Unmodified

Any audit findings that are required to be reported in accordance with the Uniform Guidance _____ Yes x No

Identification of the major program:

Assistance Listing Number

Name of Federal Program or Cluster

93.600

Head Start

Dollar threshold used to distinguish between type A and type B programs?

\$750,000

Auditee qualified as low-risk auditee:

 x Yes _____ No

(Continued)

PARSONS CHILD AND FAMILY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
JUNE 30, 2024

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None