NORTHEAST PARENT AND CHILD SOCIETY, INC.

Financial Statements as of
June 30, 2023
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 30, 2023

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

Opinion

We have audited the accompanying financial statements of Northeast Parent and Child Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 Northeast Parent and Child Society, Inc. as of June 30, 2023, 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 Northeast Parent and Child Society, Inc. 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Northeast Parent and Child Society, Inc. adopted Accounting Standards Codification 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

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 Northeast Parent and Child Society, Inc.'s 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 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 Northeast Parent and Child Society, Inc.'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 Northeast Parent and Child Society, Inc.'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. Schedules 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.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Summarized Comparative Information
We have previously audited Northeast Parent and Child Society, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co., LLP

NORTHEAST PARENT AND CHILD SOCIETY, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	$ 5,080,064	$ 3,790,696
Accounts receivable, net	7,104,479	7,338,254
Mortgage note receivable, current portion	179,992	179,992
Due from affiliates	213,614	172,869
Investments	3,432,306	3,141,808
Prepaid expenses and inventory	55,224	54,088
Total current assets	16,065,679	14,677,707
INVESTMENTS, restricted	664,782	627,178
PROPERTY AND EQUIPMENT	10,985,576	10,633,137
FINANCE LEASE RIGHT-OF-USE ASSETS	1,009,894	-
OPERATING LEASE RIGHT-OF-USE ASSETS	636,522	-
OTHER ASSETS:		
Mortgage note receivable, net of current portion	1,040,348	1,215,842
Deposits	8,177	8,177
Beneficial interest in trusts	1,729,258	1,660,746
Total other assets	2,777,783	2,884,765
	$ 32,140,236	$ 28,822,787
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 748,569	$ 742,911
Due to affiliates	174,657	85,491
Accrued salaries and expenses	2,892,195	2,466,101
Refundable advances	69,670	423,170
Capital lease obligations, current portion	-	393,713
Operating lease liability, current portion	188,690	-
Finance lease liability, current portion	374,553	-
Loans payable, current portion	49,094	-
Bonds payable, current portion	360,497	345,497
Total current liabilities	4,857,925	4,456,883
LONG-TERM LIABILITIES:		
Deferred revenue	415,732	362,702
Capital lease, net of current portion	-	1,623,849
Operating lease liability, net of current portion	452,914	-
Finance lease liability, net of current portion	651,874	-
Loans payable, net of current portion	2,738,306	-
Bonds payable, net of current portion	7,423,312	7,768,860
Total long-term liabilities	11,682,138	9,755,411
Total liabilities	16,540,063	14,212,294
NET ASSETS		
Without donor restrictions	13,705,638	12,796,460
With donor restrictions	1,894,535	1,814,033
Total net assets	15,600,173	14,610,493
	$ 32,140,236	$ 28,822,787

The accompanying notes are an integral part of these statements.

NORTHEAST PARENT AND CHILD SOCIETY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:				
Program service fees	$ 38,326,639	$ -	38,326,639	$ 34,167,327
Paycheck Protection Program	-	-	-	3,872,583
Fundraising	276,132	-	276,132	83,368
Change in value of beneficial interest in trusts	-	68,512	68,512	(365,378)
Rent	297,400	-	297,400	298,566
Miscellaneous	35,155	-	35,155	125,550
Total support and revenue	38,935,326	68,512	39,003,838	38,182,016
EXPENSE:				
Program service	35,015,716	-	35,015,716	32,046,225
Management and general	3,021,279	-	3,021,279	2,776,865
Fundraising	323,935	-	323,935	314,334
Total expense	38,360,929	-	38,360,929	35,137,424
OPERATING GAIN (LOSS)	574,397	68,512	642,909	3,044,592
NON-OPERATING REVENUE (EXPENSE):				
Investment income (loss), net	325,181	11,990	337,171	(454,330)
Gain on disposition of property and equipment	9,600	-	9,600	899,457
Total non-operating revenue (expense)	334,781	11,990	346,771	445,127
CHANGE IN NET ASSETS	909,178	80,502	989,680	3,489,719
NET ASSETS - beginning of year	12,796,460	1,814,033	14,610,493	11,120,774
NET ASSETS - end of year	$ 13,705,638	$ 1,894,535	$ 15,600,173	$ 14,610,493

The accompanying notes are an integral part of these statements.

NORTHEAST PARENT AND CHILD SOCIETY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 989,680	$ 3,489,719
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	940,414	861,698
Amortization of bond premium	(5,497)	(5,497)
Amortization of financing lease	379,274	413,856
Noncash operating lease expense	172,341	-
Interest expense - bond issuance costs	14,949	14,949
Gain on disposition of property and equipment	(9,600)	(899,457)
Loss (gain) on investments	(244,153)	545,388
Change in value of beneficial interest in trusts	(68,512)	365,378
Bad debt expense	773,897	411,599
Changes in:		
Accounts receivable	(540,122)	(885,090)
Due from affiliate	(40,745)	(53,076)
Prepaid expenses and inventory	(1,136)	(40,063)
Deposits	-	10,517
Operating leases	(167,259)	-
Accounts payable	285,432	(323,802)
Due to affiliate	89,166	(224,819)
Accrued salaries and expenses	426,094	(336,385)
Paycheck Protection Program	-	(4,235,285)
Refundable advances	(353,500)	146,675
Due to funding sources	53,030	362,702
Net cash flow from operating activities	2,693,752	(380,993)
CASH FLOW FROM INVESTING ACTIVITIES:		
Issuance of mortgage note receivable	-	(1,400,000)
Payments received on mortgage note receivable	175,494	4,166
Purchase of property and equipment	(3,590,190)	(490,161)
Proceeds from sale of property and equipment	9,600	1,409,430
Purchase of investments	(1,516,132)	(979,936)
Proceeds from sale of investments	1,432,183	944,484
Net cash flow from investing activities	(3,489,045)	(512,017)
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings of long term debt	2,787,400	-
Repayment of bonds payable	(340,000)	(325,000)
Repayment of financing lease obligations	(362,740)	-
Repayment of capital lease obligations	-	(413,856)
Repayment of mortgages payable	-	(529,240)
Net cash flow from financing activities	2,084,660	(1,268,096)
CHANGE IN CASH	1,289,368	(2,161,106)
CASH - beginning of year	3,790,696	5,951,802
CASH - end of year	$ 5,080,064	$ 3,790,696
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 873,617	$ 465,223
Purchase of property and equipment included in Accounts payable	$ 279,774	$ 73,341

The accompanying notes are an integral part of these statements.

NORTHEAST PARENT AND CHILD SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

	Program	Management and General	Fundraising	2023 Total	2022 Total
Salaries	$ 19,709,000	$ -	$ 23,772	$ 19,732,772	$ 18,265,187
Employee health and retirement benefits	2,383,878	-	3,092	2,386,969	1,984,777
Payroll taxes	1,895,573	-	3,139	1,898,712	1,780,575
Total compensation and benefits	23,988,450	-	30,002	24,018,453	22,030,539
Boarding home	3,283,250	-	-	3,283,250	2,998,938
Charges from parent organization	-	2,828,090	-	2,828,090	2,619,528
Purchases of services	1,483,332	79,664	29,587	1,592,583	1,816,952
Rent	367,282	8,230	36,711	412,223	958,593
Depreciation and amortization	1,090,252	83,194	161,192	1,334,638	876,646
Auto and transportation	971,640	65	952	972,657	644,214
Insurance	631,922	-	218	632,140	590,201
Interest	437,947	14,765	24,214	476,926	441,704
Allowances - uncollectible receivables	773,897	-	-	773,897	411,599
Supplies and equipment	335,410	1	3,273	338,684	313,846
Utilities and property taxes	297,520	-	15,817	313,338	243,540
Publicity	116,987	-	-	116,987	270,757
Food	267,023	-	-	267,023	217,087
Systems and software	207,254	-	-	207,254	209,104
Telecommunications	167,440	3,667	9,497	180,604	192,929
Legal and professional fees	83,693	-	3,309	87,001	123,099
Recreation	122,083	-	-	122,083	84,500
Repair and maintenance	72,326	-	5,655	77,981	76,230
Office supplies and expense	36,190	-	22	36,212	31,942
Allowances - children & parents	47,547	-	-	47,547	27,883
Clothing	26,355	-	-	26,355	20,557
Dues, licenses and permits	11,235	750	-	11,985	9,377
Scholarship awards	-	-	-	-	7,314
Bedding	16,479	-	24	16,503	4,114
Postage and shipping	2,026	-	4	2,030	2,820
Subscription and publications	1,579	-	-	1,579	2,727
Staff development	6,017	-	-	6,017	1,600
School expense	1,303	-	-	1,303	174
Conferences and administrative expense	169,276	2,853	3,457	175,586	(91,090)
	$ 35,015,716	$ 3,021,279	$ 323,935	$ 38,360,929	$ 35,137,424

The accompanying notes are an integral part of these statements.

1. THE SOCIETY

Northeast Parent and Child Society, Inc. (the Society) is a New York non-profit corporation that was formed for the purpose of providing therapeutic, educational and other related services to children and their families, through the operation of residential, non-residential and supporting service programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Recently Adopted Accounting Guidance Leases
In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Society adopted the standard effective July 1, 2022 using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Society elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Society recognized on July 1, 2022 an operating lease liability and an operating ROU asset of $808,863. The Organization also recognized on January 1, 2022 a finance lease liability, previously, a capital lease obligation and a finance ROU, of $2,544,480. The standard did not have an impact on the statements of activities or cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

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

Accounts Receivable

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

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. A loan is considered impaired when contractual payments are greater than 90 days past due and it is probable the Society will be unable to collect the scheduled principal payments.

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, 2023 and 2022.

Investments

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

Inventory

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Investments

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

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

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

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

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

Leases

The Society determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Society considers factors such as if the Society 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 Society'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 Society is reasonably certain to exercise these options.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Society 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.

Long-Lived Assets

The Society assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2023 and 2022.

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, within the net assets with donor restrictions fund class.

Refundable Advances

The Society receives advances from New York State funding agencies. If the amounts received are not spent or are in excess of maximum funding limits during the period they are received, they are reported as refundable advances in the accompanying financial statements. At the funding agencies' discretion, the amounts will be used to offset future amounts receivable or recouped against future payments. Accordingly, these amounts have been reflected as a liability in the accompanying financial statements. During the years ended June 30, 2023 and 2022, no amount was paid back to the funding agencies.

Deferred Revenue

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

In 2022, the Society applied for forgiveness of their Paycheck Protection Program loan and was approved in full by the SBA. The Society determined that it administered the proceeds of its PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness resulting in recognition of $4,235,285 and $614,408 for the years ending June 30, 2022 and 2021, respectively. This amount is included in support and revenue under Paycheck Protection Program, net of estimated rate mitigation on the accompanying Statement of Activities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Issuance Costs
Debt issuance costs are recognized as interest expense on straight-line basis over the periods of the related debt. The unamortized issuance costs were $163,193 and $178,142 at June 30, 2023 and 2022, respectively, and are netted against bonds payables on the statements of financial position. There were $14,949 of amortization expense for the years ended June 30, 2023 and 2022.

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

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

Net assets with donor restrictions represent donor-imposed restrictions that permit the Society to use up or expend the donated assets as specified. This restriction is satisfied by the passage of time or by actions of the Society. This classification of net assets includes the beneficial interest in perpetual trusts as noted above. These restrictions are described in Note 13.

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

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

The Society's policy is to recognize retroactive rate adjustments and audit settlements, if any, in the period in which they are finalized by the funding sources.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

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

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

Contributed Nonfinancial Assets

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

Fair Value Measurement – Definition and Hierarchy

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

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

The Society has financial instruments in the accompanying financial statements, including cash and equivalents and investments including money market funds, debt securities, equities, mutual funds, and beneficial interest in perpetual trusts. The carrying value of investments in equities, and mutual funds notes are a reasonable approximation of fair value due to the short-term nature of the instruments and are considered to be a level 1 measurement. The fair value of the corporate debt securities, and beneficial interest in perpetual trusts are determined to be a level 3 measurement using the market approach as the carrying amount of these investments approximates fair value based on the value of similar assets at which the Society could invest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

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

Income Taxes

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

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional allocation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2023	2022
Financial assets:		
Cash	$ 5,080,064	$ 3,790,696
Accounts receivable, net	7,498,085	7,691,115
Investments	4,097,088	3,768,986
Beneficial interest in trusts	1,729,258	1,660,746
Total financial assets	18,404,495	16,911,543
Less: those unavailable for general expenditure due to:		
Donor restrictions	(1,894,535)	(1,814,033)
Debt service reserves	(523,142)	(497,527)
	$ 15,986,818	$ 14,599,983

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

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

4. ACCOUNTS RECEIVABLE

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

	2023	2022
School districts	1,195,371	1,036,652
Federal	94,117	57,662
State	4,224,527	4,118,632
County	25,618	39,051
Medicaid/MCO	430,661	1,565,961
Private Pay	925,765	759,326
Grants	335,776	461,837
Other	793,154	152,401
	8,024,989	8,191,522
Less: Price concessions	(920,510)	(853,268)
	$ 7,104,479	$ 7,338,254

Accounts receivable were $6,864,763 at June 30, 2021. Implicit price concessions as of June 30, 2021 were $918,370.

5. 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. Mortgage note receivable outstanding as of June 30, 2023 and 2022 was $1,220,340 and $1,395,834, respectively.

Maturities of the non-interest bearing mortgage note receivable as of June 30, 2023 are as follows:

2024	$ 179,992
2025	199,992
2026	49,992
2027	790,364
Total	$ 1,220,340

6. INVESTMENTS

Investments consisted of the following at June 30:

		2023		2022
Investment Management Account:				
Fixed Income Funds		1,020,654	$	1,052,612
Common Stock		2,245,452		2,023,932
Cash Equivalents		166,200		65,264
Total investment management account		3,432,306		3,141,808
Restricted Gifts:				
Fixed Income Funds		41,981		43,298
Common Stock		92,734		83,595
Cash Equivalents		6,925		2,758
Total restricted gifts		141,640		129,651
DASNY Funding Project - Residence:				
U.S. Government		523,142		497,527
Total DASNY funding project		523,142		497,527
	$	4,097,088	$	3,768,986

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

		2023		2022
Land	$	99,030	$	99,030
Buildings and improvements		23,431,692		20,195,285
Furniture and equipment		2,725,767		2,725,767
Vehicles		860,305		887,237
Construction in progress		94,633		77,458
Less: accumulated depreciation		(16,225,851)		(15,369,202)
		10,985,576		8,615,575
Plus: Assets under capital lease		-		3,804,420
Less: Accumulated amortization		-		(1,786,858)
	$	10,985,576	$	10,633,137

Depreciation and amortization expense was $940,414 and $861,698 for the years ended June 30, 2023 and 2022, respectively.

8. LEASES

The Society has several leases for buildings and equipment. The operating leases expire at various times from October 2024 to October 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, are as follows:

	2023
Finance lease cost:	
Amortization of ROU assets	$ 379,274
Interest on lease liabilities	67,814
Operating lease cost	193,655
Total lease cost	$ 640,743

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

	2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	$ 64,744
Financing cash flows from finance leases	352,006
Operating cash flows from operating leases	186,930
Right-of-use assets obtained in exchange for lease obligations:	
Finance leases	2,544,480
Operating leases	808,863

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

Weighted-average remaining lease term:	
Finance leases	4.83
Operating leases	4.34
Weighted-average discount rate:	
Finance leases	3.60%
Operating leases	3.00%

8. LEASES (Continued)

Maturities of lease liabilities are as follows for the years ending June 30:

	Leases	Leases
2024	$ 231,000	$ 204,832
2025	231,000	182,654
2026	231,000	138,591
2027	231,000	38,259
2028	192,500	36,370
Thereafter	-	82,658
Total lease payments	1,116,500	683,364
Less: interest	(90,073)	(41,760)
Total lease liabilities	1,026,427	641,604
Less: Current portion	(374,553)	(188,690)
Long-term lease liability	$ 651,874	$ 452,914

Lease Commitments for the year ended June 30, 2022 Before Adoption of ASC 842

The Society leases various equipment, vehicles and space under non-cancellable operating leases. At June 30, 2023 the minimum rental commitment under these operating leases have remaining terms in excess of one year is as follows:

2023	665,443
2024	664,579
2025	639,553
2026	601,600
2027	525,225
Total	$ 3,096,400

Total rent expense for the years ended June 30, 2023 and 2022 was $412,223 and $958,593, respectively.

9. LINE-OF-CREDIT

The Society has a revolving line-of-credit with a bank, totaling approximately $3,000,000, which expires May 31, 2024. The line bears interest at the adjusted daily Secured Overnight Financing Rate (SOFR) index plus 0.10% index adjustment plus 2.15% of margin (7.31% at June 30, 2023). There was a balance of $0 at June 30, 2023 and 2022, respectively.

The Society has a revolving equipment line-of-credit with a bank, in amount of $500,000, which expires on May 31, 2026. The line bears interest at 7.31% on June 30, 2023. There was no outstanding balance as of June 30, 2023.

10. LONG-TERM DEBT

	2023	2022
Financing Lease Obligations		
Present value of net minimum principal lease payments under a capital lease held by the Society, with an unrelated third party, interest at 2.5%.	$ -	$ 2,017,562
Loans Payable		
Loan agreement for clinical office renovations with Saratoga National Bank, with regular monthly payments of $4,602, inlcluding interest at 6.75%. This loan will be amortized through 6/1/2038.	660,000	-
Loan agreement with Saratoga National Bank with regular monthly payments of $13,153, including interest at 5.15%. This loan will be amortized through 7/1/2038.	2,200,000	-
	2,860,000	2,017,562
Total debt	2,860,000	4,035,124
Less current installments	49,094	393,713
Total, long-term debt, net	$ 2,810,906	$ 3,641,411

10. LONG-TERM DEBT (Continued)

Principal payments are due as follows for the years ending June 30, 2023:

2024	$	49,094
2025		57,160
2026		60,406
2027		63,839
2028		67,068
Thereafter		2,562,433
	$	2,860,000

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

The Series 2008 Bonds require an account control agreement by and among the residential provider, DASNY, the Trustee and the residential provider's bank. The agreement requires that allotments received from any school district, social service district or any other payor on accounts for residential services provided must be deposited into this account immediately upon receipt of such amounts. In addition, the provider is required to grant DASNY a security interest in the respective account.

Each month an amount necessary to satisfy the provider's next due payment obligation will be automatically transferred to the Trustee to be utilized per the agreement. Monies on deposit in the account are available to the provider only after payment of amounts then due DASNY.

The following summarizes the outstanding bonds at June 30:

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

	2023	2022
Series Bonds: Maturing through June 1, 2028 with interest rates varying during these years beginning at 3.50% and ending at 5.00%.	$ 1,965,497	$ 2,305,497
Term Bond: 5.00% due June 1, 2038	2,560,000	2,560,000
Term Bond: 5.00% due June 1, 2038	3,345,000	3,345,000
Total Dormitory Authority Bonds	7,870,497	8,210,497
Premium on Issuance of Bonds	76,505	82,002
Total Tax Exempt Bonds Payable	7,947,002	8,292,499
Less: Unamortized debt issuance costs	163,193	178,142
Bonds Payable, net	$ 7,783,809	$ 8,114,357

10. LONG-TERM DEBT (Continued)

Tax Exempt Bonds Payable (Continued)

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

2024	$ 360,497
2025	375,497
2026	400,497
2027	415,497
2028	435,497
Thereafter	5,959,517
Total	$ 7,947,002

Interest Expense

Interest expense on all obligations for the years ended June 30, 2023 and 2022, was $476,926 and $441,704, respectively, including amortization of debt issuance costs.

11. RETIREMENT PLAN

The Society participates in the Northern Rivers Family Service's 401(K) Plan, a related party (see Note 15). The plan covers substantially all full-time employees of the Society that are 18 years of age and older with no years of service requirement.

Employees who contribute to the plan and have met eligibility requirements are eligible for the Society's matching contribution that is discretionary up to 2% of an employee's compensation. The Society may also provide a discretionary contribution on behalf of employees meeting eligibility requirements. The Society's contribution for the years ended June 30, 2023 and 2022 were $996,839 and $530,816, respectively.

12. POST-RETIREMENT BENEFIT

During the year ended June 30, 2002, the Society approved a lifetime post-retirement benefit for its former Executive Director and spouse. The Society will provide a benefit for health and dental insurance equal to 50% of the cost. These benefits will be coordinated with Medicare benefits and any other federal health care. The benefits commenced July 1, 2003. An accrual of $31,695 was made at June 30, 2003 to establish the estimated present value of these future benefit obligations. For accrual measurement purposes, a 10% annual rate of increase in the per capita cost of health care was assumed for the benefit period. In addition, an 8% projected discount factor was utilized for the present value computation. The benefit is unfunded. During the year ended June 30, 2023 and 2022, the Society amortized $1,153 and $1,114, respectively, of benefit, resulting in a balance of $9,579 and $10,732 for the present value of this future benefit obligation, which has been recorded as a liability in these financial statements.

13. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Income from these funds may be utilized for the benefit of the Organization *	$ 11,974	$ 11,974
Income from these funds is restricted to scholarships for children or parents of children enrolled in Northeast Parent and Child Society, Inc. programs *	115,846	115,846
Restricted investment income	37,457	25,467
Beneficial Interest in Perpetual Trusts *	1,729,258	1,660,746
	$ 1,894,535	$ 1,814,033

* Net assets with donor restriction to be maintained in perpetuity

14. FAIR VALUE MEASUREMENTS

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

June 30, 2023

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 173,125	$ -	$ -	$ 173,125
Common stock	2,338,186	-	-	2,338,186
Mutual funds	1,062,635	-	-	1,062,635
Government debt securities	-	523,142	-	523,142
Beneficial interests in trusts	-	-	1,729,258	1,729,258
	$ 3,573,946	$ 523,142	$ 1,729,258	$ 5,826,346

June 30, 2022

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 68,022	$ -	$ -	$ 68,022
Common stock	2,107,527	-	-	2,107,527
Mutual funds	1,095,910	-	-	1,095,910
Government debt securities	-	497,527	-	497,527
Beneficial interests in trusts	-	-	1,660,746	1,660,746
	$ 3,271,459	$ 497,527	$ 1,660,746	$ 5,429,732

14. FAIR VALUE MEASUREMENTS (Continued)

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 2023 and 2022. The beneficial interest in perpetual trust was added to Level 3 due to a lack of observable market data of interest in the trust, prior year disclosures were adjusted accordingly.

15. RELATED PARTIES

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

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

The Society paid $3,021,279 and $2,776,864 in fees to Northern Rivers Family Services, Inc. during the years ended June 30, 2023 and 2022, respectively. Northern Rivers Family Services also paid rent to the Society for occupancy, equipment, telecommunications, and maintenance related services. The Society charged rent to Northern Rivers Family Services, Inc. in the amount of $193,188 and $157,336, for the years ended June 30, 2023 and 2022, respectively.

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

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

The Society recorded expenses of $125,000 for training services provided by Parsons Child and Family Center during both the years ended June 30, 2023 and 2022.

The Society also charged rent to Parsons Child and Family Center in the amount of $297,400 and $298,566, for the years ended June 30, 2023 and 2022, respectively. These amounts are included in rent income in the accompanying statement of activities. The Society incurred rent expense for the use of space at Parsons Child and Family Center in the amount of $97,171 and $97,442 for the years ended June 30, 2023 and 2022, respectively.

Unlimited Potential
The Society 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.

15. RELATED PARTIES (Continued)

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

	2023	2022
Due From Related Party:		
Northern Rivers Family Services, Inc.	$ 85,069	$ 62,913
Parson Child and Family Center	125,486	103,380
Unlimited Potential	3,059	6,576
	$ 213,614	$ 172,869
Due To Related Party:		
Parson Child and Family Center	$ 54,507	$ 43,486
Northern Rivers Family Services, Inc.	120,150	42,005
Total	$ 174,657	$ 85,491

16. COMMITMENTS AND CONTINGENCIES

Self-Funded Unemployment Insurance

The Society's Unemployment Compensation Insurance program is self-funded. Unemployment benefits that separated employees receive are determined by New York State statute and are administered by New York State Department of Labor (NYSDOL). The Society is billed quarterly by NYSDOL for benefits paid to former employees. Unemployment is budgeted annually based on prior year results. The Society incurred costs of $18,050 and $18,006 for 2023 and 2022, respectively.

Reimbursement Rates

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

Child Victims Act

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

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

16. COMMITMENTS AND CONTINGENCIES (Continued)

Child Victims Act (Continued)

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

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

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 30, 2023, which is the date the financial statements were available to be issued.

NORTHEAST PARENT AND CHILD SOCIETY, INC. Schedule I

SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

	2023										
	Residential Care	Family Foster Care	Prevention Services	Case Management Services	Behavioral Health Services	Respite Services	Education Services	Management And General	Fundraising and Non-Operating	Total	2022
REVENUE	$ 9,456,486	$ 11,591,643	$ 4,208,513	$ 4,210,482	$ 2,089,346	$ 25,627	$ 6,800,695	$ 5,528	$ 962,288	$ 39,350,609	$ 38,627,143
FUNCTIONAL EXPENSES:											
Salaries	4,442,911	4,013,736	2,753,602	2,710,883	1,267,181	6,789	4,513,897	-	23,772	19,732,772	18,265,187
Employee health and retirement benefits	557,208	490,962	298,138	335,661	154,314	579	547,015	-	3,092	2,386,969	1,984,777
Payroll Taxes	444,373	368,490	270,259	228,180	117,473	1,533	465,266	-	3,139	1,898,712	1,780,575
Total compensation and benefits	5,444,492	4,873,188	3,321,999	3,274,724	1,538,968	8,901	5,526,178	-	30,002	24,018,453	22,030,539
Allowances - children	16,095	-	-	-	-	-	31,232	-	-	47,327	27,658
Allowances - parents	220	-	-	-	-	-	-	-	-	220	225
Allowances - uncollectible receivables	141,017	21,872	67	65,103	739	-	545,100	-	-	773,897	411,599
Auto and transportation	53,052	359,340	121,342	374,886	7,749	3,974	51,297	65	952	972,657	644,214
Bedding	7,366	1,959	815	1,514	320	99	4,406	-	24	16,503	4,114
Boarding home	444	3,282,805	-	-	-	-	-	-	-	3,283,250	2,998,938
Charges from parent organizations	-	-	-	-	-	-	-	2,828,090	-	2,828,090	2,619,528
Clothing	26,355	-	-	-	-	-	-		-	26,355	20,557
Conferences and administrative expense	134,841	19,001	2,179	5,901	941	(5)	6,418	2,853	3,457	175,586	(91,090)
Dues, licenses and permits	2,075	485	64	2,578	-	-	6,033	750	-	11,985	9,377
Food	267,023	-	-	-	-	-	-	-	-	267,023	217,087
Insurance	374,608	50,025	24,174	21,950	43,306	-	117,859	-	218	632,140	590,201
Interest	409,112	-	10,099	-	18,736	-	-	14,765	24,214	476,926	441,704
Legal and professional fees	81,722	1,962	-	-	9	-	-	-	3,309	87,001	123,099
Office supplies and expense	11,664	7,117	2,528	2,372	1,114	24	11,371	-	22	36,212	31,942
Postage and shipping	78	705	135	15	75	0	1,018	-	4	2,030	2,820
Publicity	-	96,167	-	-	20,800	-	20	-	-	116,987	270,757
Purchase of health services	40,456	17,328	880	-	59,183	-	8,519	-	-	126,365	137,218
Purchase of services - other	377,312	247,011	123,878	99,244	222,186	634	286,702	79,664	29,587	1,466,218	1,679,734
Recreation	61,730	441	6,519	1,088	-	-	52,304	-	-	122,083	84,500
Rent	-	117,922	91,793	75,214	10,444	-	-	8,230	36,342	339,944	846,138
Rent - furnishings and equipment	2,453	1,566	709	581	420	1	1,753	-	369	7,852	11,234
Rent - vehicles	-	64,427	-	-	-	-	-	-	-	64,427	101,221
Repair and Maintenance	4,063	2,397	2,499	1,222	2,518	1	7,549	-	2,144	22,393	22,626
Repair and Maintenance - vehicles	31,618	456	485	198	-	7	19,314	-	3,511	55,588	53,604
Scholarship awards	-	-	-	-	-	-	-	-	-	-	7,314
School expense	1,303	-	-	-	-	-	-	-	-	1,303	174
Staff development	1,201	679	2,208	495	-	-	1,435	-	-	6,017	1,600
Subscription and publications	278	1,039	221	-	-	-	41	-	-	1,579	2,727
Supplies and equipment	139,946	71,746	3,764	2,055	4,198	16	108,456	1	3,273	333,455	310,882
Supplies and equipment - medical	4,768	330	-	-	131	-	-	-	-	5,229	2,964
System and software	38,871	57,956	-	25,877	36,268	88	48,192	-	-	207,254	209,104
Telecommunications	31,150	44,395	28,876	34,129	9,660	107	19,123	3,667	9,497	180,604	192,929
Utilities and property taxes	114,333	40,917	26,651	11,399	-	11	104,210	-	15,817	313,338	243,540
Depreciation and amortization	587,817	12,843	77,789	9,039	105,725	30	297,009	83,194	161,192	1,334,638	876,646
Total operating expenses	8,407,465	9,396,080	3,849,673	4,009,584	2,083,491	13,887	7,255,537	3,021,279	323,935	38,360,929	35,137,424
Operating gain (loss)	$ 1,049,021	$ 2,195,563	$ 358,840	$ 200,898	$ 5,855	$ 11,740	$ (454,841)	$ (3,015,750)	$ 638,353	$ 989,679	$ 3,489,719

The accompanying notes are an integral part of these schedules.