NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

Consolidated 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
Northern Rivers Family Services, Inc. and Affiliates:

Opinion
We have audited the accompanying consolidated financial statements of Northern Rivers Family Services, Inc. and Affiliates (nonprofit organizations), 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 Northern Rivers Family Services, Inc. and Affiliates 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 Northern Rivers Family Services, Inc. and Affiliates 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, Northern Rivers Family Services, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Rivers Family Services, Inc. and Affiliates' 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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(Continued)

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

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

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

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

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

Report on Summarized Comparative Information
We have previously audited Northern Rivers Family Services, Inc. and Affiliates' 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Consolidating Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedule I and II is presented for purposes of additional analysis and is not a required part of the consolidated financial statements, rather than to present the financial position and change in net assets of the individual companies, and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Bonadio & Co., LLP

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

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

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	$ 17,452,508	$ 16,743,717
Accounts receivable, net	15,470,422	14,098,371
Current pledges receivable	6,865	36,795
Mortgage note receivable, net	179,992	179,992
Investments	10,571,086	9,676,377
Prepaid expenses and inventory	728,216	396,850
Total current assets	44,409,089	41,132,102
INVESTMENTS, restricted	5,648,239	5,217,881
PROPERTY AND EQUIPMENT, net	28,061,056	28,767,389
OTHER ASSETS:		
Mortgage note receivable, net of current portion	1,040,348	1,215,842
Operating right of use asset	1,730,684	-
Financing right of use asset	1,009,894	-
Other assets	25,792	25,792
Beneficial interest in trusts	1,729,258	1,660,746
Long-term pledges receivable	44,384	62,458
Investment in CHHUNY and UPP	1,085,829	960,130
Total other assets	6,666,189	3,924,968
	$ 84,784,573	$ 79,042,340
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	$ -	$ 134,125
Accounts payable	1,495,682	1,246,633
Accrued salaries and expenses	8,734,000	6,700,108
Refundable advances	2,810,979	2,449,106
Operating lease liability, current	537,278	-
Finance lease liability, current	374,553	-
Deferred revenue, current	543,593	313,448
Long-term debt, current	1,358,450	1,069,404
Total current liabilities	15,854,535	11,912,824
LONG-TERM LIABILITIES:		
Due to funding sources	1,263,958	1,626,660
Operating lease liability, net of current portion	1,203,915	-
Finance lease liability, net of current portion	651,874	-
Long-term debt	23,969,630	19,187,619
Accrued post-retirement benefits	969,382	1,095,144
Liability for pension benefits	-	5,230,517
Total long-term liabilities	28,058,759	27,139,940
Total liabilities	43,913,294	39,052,764
NET ASSETS		
Without donor restrictions	33,897,170	33,501,304
With donor restrictions	6,974,109	6,488,272
Total net assets	40,871,279	39,989,576
	$ 84,784,573	$ 79,042,340

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

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

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Program service fees	$ 95,290,786	$ -	$ 95,290,786	$ 83,793,009
Fundraising	840,911	18,000	858,911	723,009
Contributed nonfinancial assets	225,980	-	225,980	-
Change in value of beneficial interests in trusts	-	68,512	68,512	(365,378)
Paycheck Protection Program	-	-	-	9,746,212
Miscellaneous	426,688	-	426,688	407,575
Net assets released from restrictions	36,620	(36,620)	-	-
Total support and revenue	96,820,985	49,892	96,870,877	94,304,427
EXPENSES:				
Program services	86,273,219	-	86,273,219	74,935,876
Management and general	10,361,899	-	10,361,899	9,246,955
Fundraising and non-operating	929,703	-	929,703	640,692
Total expenses	97,564,821	-	97,564,821	84,823,523
OPERATING GAIN (LOSS)	(743,836)	49,892	(693,944)	9,480,904
NON-OPERATING GAIN (LOSS):				
Investment income (loss), net	1,093,503	435,945	1,529,448	(1,915,495)
Gain (loss) on sale of property and equipment	214,199	-	214,199	914,157
State paid depreciation	(168,000)	-	(168,000)	(168,000)
Actuarial (loss) gain arising during period	-	-	-	3,476,411
Total non-operating gain (loss)	1,139,702	435,945	1,575,647	2,307,073
CHANGE IN NET ASSETS	395,866	485,837	881,703	11,787,977
NET ASSETS - beginning of year	33,501,304	6,488,272	39,989,576	28,201,599
NET ASSETS - end of year	$ 33,897,170	$ 6,974,109	$ 40,871,279	$ 39,989,576

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

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

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,013,345	$ 11,787,977
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Actuarial losses arising during period	-	(3,476,411)
Depreciation and amortization	2,567,534	2,628,545
Amortization of finance lease obligation	379,274	413,856
Interest expense - bond issuance costs and bond premium	18,782	20,132
Noncash operating lease expense	599,520	-
(Gain) Loss on sale of property and equipment	(214,199)	(907,657)
Loss (gain) loss on investments	(986,307)	2,375,111
Bad debt expense	1,598,849	1,731
Change in value of beneficial interest in trusts	(68,512)	365,378
Changes in:		
Accounts receivable	(2,941,834)	(467,596)
Prepaid expenses and inventory	(331,366)	21,447
Pledges receivable	48,004	86,395
Operating leases	(589,011)	-
Accounts payable	528,823	(1,577,629)
Accrued salaries and expenses	2,031,918	(1,056,296)
Deferred grant revenue	(161,623)	1,859,050
Refundable advances	361,873	572,409
Paycheck Protection Program	-	(11,372,872)
Liability for pension and post retirement benefits	(5,356,279)	(157,888)
Net cash flow from operating activities	(1,501,209)	1,115,682
CASH FLOW FROM INVESTING ACTIVITIES:		
Issuance of mortgage note receivable	-	(1,400,000)
Payments received on mortgage note receivable	45,826	4,166
Purchases of property and equipment	(4,273,513)	(875,017)
Proceeds from sale of property and equipment	329,174	1,417,630
Proceeds from sale of investments	1,485,282	1,026,374
Purchase of investments	(1,824,042)	(1,269,909)
Investment in CHHUNY and UP	(125,699)	(73,969)
Net cash flow from investing activities	(4,362,972)	(1,170,725)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds of line of credit	(134,125)	66,561
Payments on finance lease obligations	(362,740)	(413,856)
Payments on debt insurance cost	-	(9,150)
Issuance of loans payable	5,000,000	-
Borrowings of long term debt	2,787,400	-
Repayment of bonds payable	(388,848)	(325,000)
Repayment of mortgages payable	(328,715)	(845,208)
Net cash flow from financing activities	6,572,972	(1,526,653)
CHANGE IN CASH	708,791	(1,581,696)
CASH - beginning of year	16,743,717	18,325,413
CASH - end of year	$ 17,452,508	$ 16,743,717
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 1,310,722	$ 892,673
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Purchase of property and equipment included in accounts payable	$ 455,813	$ 116,705

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

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

	Program	Management & General	Fundraising	2023 Total	2022 Total
Salaries	$ 51,669,858	$ 5,773,000	$ 258,844	$ 57,701,702	$ 52,532,560
Employee health and retirement benefits	8,901,190	1,166,555	49,373	10,117,118	6,617,248
Payroll taxes	4,852,820	6,375	6,098	4,865,293	4,462,727
Total compensation and benefits	65,423,868	6,945,930	314,315	72,684,113	63,612,535
Purchases of services	3,644,435	487,463	117,109	4,249,007	4,084,467
Boarding home	4,040,409	-	-	4,040,409	3,681,331
Depreciation and amortization	2,130,898	489,752	182,438	2,803,088	2,486,173
Allowances- uncollectible receivables	1,573,421	22,788	2,640	1,598,849	825,392
Rent	544,251	621,622	115,443	1,281,316	1,718,478
Supplies and equipment	971,408	59,905	11,515	1,042,828	1,020,770
Insurance	1,401,298	106,051	1,931	1,509,280	1,424,076
Systems and software	513,688	810,965	24,931	1,349,584	1,284,165
Interest	847,033	18,636	24,230	889,899	858,474
Food	778,147	-	-	778,147	672,914
Utilities and property taxes	652,240	42,482	31,832	726,554	613,209
Telecommunications	411,736	89,004	18,817	519,557	521,831
Publicity	247,595	19,847	127	267,569	373,506
Auto and transportation	1,625,915	37,442	3,451	1,666,808	535,814
Conferences and administrative expense	397,343	60,493	53,890	511,726	(313,351)
Legal and professional fees	98,546	163,349	1,582	263,477	282,363
Repair and maintenance	134,097	13,191	6,972	154,260	160,980
Staff recruitment	-	156,802	-	156,802	-
Staff development	100,660	25,779	-	126,439	294,186
Dues, licenses and permits	45,797	99,217	570	145,584	161,930
Scholarship awards	-	-	-	-	7,314
Recreation	225,744	7,959	5,846	239,549	188,024
Contributed nonfinancial assets	225,980	-	-	225,980	-
Office supplies and expense	89,032	12,130	856	102,018	118,349
Allowances- children & parents	61,705	-	-	61,705	43,217
Postage and shipping	468	21,850	2,147	24,465	47,714
Clothing	46,704	-	-	46,704	44,149
Background checks	-	42,694	-	42,694	42,486
Printing	-	5,633	8,930	14,563	-
Bedding	30,955	14	31	31,000	15,874
Subscription and publications	5,814	901	100	6,815	15,204
Sales tax	1,659	-	-	1,659	1,448
School expense	2,373	-	-	2,373	501
	$ 86,273,219	$ 10,361,899	$ 929,703	$ 97,564,821	$ 84,823,523

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

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

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

Northeast Parent and Child Society, Inc. (the Society) is a New York not-for-profit corporation. The Society was formed for the purpose of providing therapeutic, educational, and other related services to children and their families, through the operation of residential, non-residential and supporting service programs. The Society receives significant support for program operations from New York State directly and indirectly through local municipalities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Recently Adopted Accounting Guidance 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 Organization 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance Leases (Continued)

The Organization 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 Organization recognized on July 1, 2022 an operating ROU asset of $2,292,533 and an operating lease liability of $1,741,193. The Organization also recognized on January 1, 2022 a finance right-of-use asset of $2,544,480 and a finance lease liability of $1,026,427, previously a capital lease obligation. The standard did not have an impact on the consolidated statements of activities or cash flows.

Principals of Consolidation

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

Use of Estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash

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

Accounts Receivable

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

Pledges Receivable

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

Contributions received with donor-imposed restrictions that are met in the same reporting period are classified as unrestricted revenue. A receivable is recorded to the extent that a pledge has been made, but cash has not been collected. Management has determined that an allowance for uncollectible pledges is not necessary at June 30, 2023 and 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

These bond funds are classified as restricted investments on the statement of financial position.

Property and Equipment
All expenditures for land, buildings and equipment in excess of $5,000 with a useful life of two years or more, are capitalized and recorded at cost. Depreciation is recorded utilizing the straight-line method. Property and equipment that is donated is recorded at its fair value at the time of the donation.

The estimated lives used in determining depreciation are as follows:

Land improvements	20 years
Buildings	20 - 40 years
Leasehold improvements	3 - 10 years
Equipment	3 - 10 years
Automobiles	3 - 10 years

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 if they significantly extend the lives of the related assets. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is reported on the statement of activities.

Leases

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

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

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

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

Long-Lived Assets

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

Beneficial Interest in Perpetual Trusts

The Society is the beneficiary of five perpetual trusts. The Society has the right to receive the income earned on the trusts’ assets in perpetuity. The beneficial interest is recorded at the fair value of the underlying assets, based upon the market value of the investments held by trusts. The net increase or decrease in the fair value of the underlying assets is reflected in the statement of activities as change in value of beneficial interests in trusts as net assets with donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Refundable Advances

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

Deferred Revenue

Deferred revenue represents cash received but not yet earned in accordance with funding source requirements as well as rate risk mitigation for Paycheck Protection Program loan forgiveness granted in 2022.

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 $410,553 and $434,832 at June 30, 2023 and 2022, respectively, and are netted against long-term debt on the consolidated statements of financial position. There were 24,279 and $25,629 of amortization expense for the years ended June 30, 2023 and 2022, respectively.

Financial Reporting

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

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

Net assets with donor restrictions represent donor-imposed restrictions that permit the Organization to use up or expend the donated assets as specified. This classification of net assets includes the beneficial interest in perpetual trust as noted above. This temporary restriction is satisfied by the passage of time or by actions of the Organization. See information about these restrictions in Note 15.

Statement of Activities

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

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. If net assets with donor restrictions are received and earned in the same year, they are reported as net assets without donor restriction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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

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

Contributed Nonfinancial Assets

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

Third-Party Reimbursement and Revenue Recognition

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy

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

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

The Organization has financial instruments in the accompanying consolidated financial statements, including cash and equivalents and investments including money market funds, debt securities, equities, mutual funds, and beneficial interest in perpetual trusts. The carrying value of cash and equivalents, and investments in equities, and mutual funds notes are a reasonable approximation of fair value due to the short-term nature of the instruments and are considered to be a level 1 measurement. The fair value of the corporate debt securities are considered to be a level 2 measurement 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 Organization could invest.

Functional Allocation of Expenses

The Organization's directly identifiable expenses related to a singular program or supporting service are charged fully and directly. Expenses related to more than one program or supporting service are charged as such using specific allocation methods. Fringe benefit expenses are charged to departments based on actual salary expenses; occupancy related expenses are charged to departments based on square footage.

Income Taxes

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

Reclassifications

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2023	2022
Financial assets:		
Cash	$ 17,452,508	$ 16,743,717
Accounts receivable, net	15,470,422	15,561,510
Pledges receivable	6,865	36,795
Investments	10,571,086	9,676,377
Other assets	17,615	17,615
Beneficial interest in trusts	1,729,258	1,660,746
Total financial assets	45,247,754	43,696,760
Less: those unavailable for general expenditure due to:		
Donor restrictions	(6,974,109)	(6,488,658)
Debt service reserves	(540,757)	(515,142)
	$ 37,732,888	$ 36,692,960

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. The ability to meet cash needs is highly dependent on funding from government agencies and the timely collection of accounts and pledges receivable. The Organization has designed procedures to bill and collect from these payors as quickly as possible, however, this can sometimes be difficult to predict. The Organization also has several lines of credit accessible to them, see Note 10.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	2023	2022
School districts	$ 3,000,207	$ 2,675,944
Federal	278,406	229,252
State	4,447,395	4,186,872
County	2,435,437	2,485,539
Medicaid/MCO	562,566	2,126,621
Private Pay	2,970,622	3,025,910
Grants	1,102,130	931,293
Other	2,612,005	88,488
	17,408,768	15,749,919
Less: Price concessions	(1,938,346)	(1,651,548)
	$ 15,470,422	$ 14,098,371

Accounts receivable was $13,699,811 at June 30, 2021. Implicit price concessions as of June 30, 2021 were $1,676,711.

5. PLEDGES RECEIVABLE

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

	2023	2022
Amounts due in		
Less than one year	$ 6,865	$ 36,795
One to five years	48,687	68,687
	55,552	105,482
Less: Discount to present value	(4,303)	(6,229)
Pledges receivable, net	$ 51,249	$ 99,253

6. MORTGAGE NOTE RECEIVABLE

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

6. MORTGAGE NOTE RECEIVABLE (Continued)

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

7. INVESTMENTS

Investments consisted of the following at June 30:

	2023	2022
Cash equivalents	$ 730,046	$ 299,232
Debt securities	895,442	828,942
Equities	12,791,952	11,896,144
Mutual funds	1,801,885	1,869,940
Total	$ 16,219,325	$ 14,894,258

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2023	2022
Land	$ 140,530	$ 140,530
Building and improvements	55,831,754	52,369,846
Furniture, vehicles and equipment	9,127,866	9,103,180
Less: Accumulated depreciation	(37,168,389)	(34,979,003)
Plus: Construction in progress	129,295	115,274
Total	$ 28,061,056	$ 26,749,827
Plus: Assets under capital lease	-	$ 3,804,420
Less: Accumulated amortization	-	(1,786,858)
	$ 28,061,056	$ 28,767,389

8. PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense, excluding state paid depreciation of $168,000 for the years ended June 30, 2023 and 2022, was $2,803,088 and $2,486,173 for the years ended June 30, 2023 and 2022, respectively.

9. LEASES

The Organization has several leases for buildings and equipment. The operating leases expire at various times from January 2023 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
Amortization of ROU assets		
Interest on lease liabilities	$	379,274
		67,814
Operating lease cost		626,834
Total lease cost	$	1,073,922

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	$	606,388
Right-of-use assets obtained in exchange for lease obligations:		
Finance leases	$	2,544,480
Operating leases	$	2,292,533

	2023
Weighted-average remaining lease term:	
Finance leases	4.83
Operating leases	3.68
Weighted-average discount rate:	
Finance leases	3.60%
Operating leases	3.09%

9. LEASES (Continued)

Maturities of lease liabilities as of June 30, 2023, were as follows:

	Finance Leases	Operating Leases
2024	$ 231,000	$ 581,930
2025	231,000	537,337
2026	231,000	403,089
2027	231,000	180,720
2028	192,500	54,887
Thereafter	-	82,658
Total lease payments	1,116,500	1,840,621
Less: present value discount	(90,073)	(99,428)
Long-term lease liability	1,026,427	1,741,193
Less: current portion	(374,553)	(537,278)
Long-term lease liability	$ 651,874	$ 1,203,915

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

The Center and 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	$ 971,144
2024	893,684
2025	857,538
2026	823,734
2027	635,942
Total	$ 4,182,042

Rental expense for the years ending June 30, 2023 and 2022 was $1,815,470 and $1,718,478, respectively.

10. LINES OF CREDIT

The Organization has a revolving line of credit with a bank, totaling $500,000, which expires on May 31, 2024. The line bears interest at the adjusted daily SOFR index plus 0.10% index adjustment plus 2.15% of margin (7.31% at June 30, 2023). There was no outstanding balance as of June 30, 2023 and 2022.

10. LINES OF CREDIT (Continued)

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

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 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, 2022 and 2021, respectively.

The Center has a revolving line of credit with a bank, totaling $3,500,000, which expires on May 31, 2024. The line bears interest at the adjusted daily SOFR index plus 0.10% index adjustment plus 2.15% of margin (7.31% at June 30, 2023). There were no outstanding balances as of June 30, 2023 and 2022. 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, 2023, the Center determined the covenant was met.

UP has an on-demand line of credit from a bank for $250,000, with interest at prime (8.25% at June 30, 2023). All borrowings under this line of credit are secured by a first security interest in all inventory, accounts receivable, and furniture and equipment. There was an outstanding balance of $134,125 at June 30, 2022. There were no borrowings at June 30, 2023.

11. LONG-TERM DEBT

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

	2023	2022
Parsons Child and Family Center:		
Loan Payable with a bank, with regular monthly payments of $71,452 through 5/2/2030 including interest at a fixed 5.25%, secured by investment balances, for the termination of the defined benefit plan.	4,951,152	-
Mortgage payable - Miriam House, New York State Dormitory Authority, due in annual installments on December 1 of $69,160 including interest at 5.28%, secured by real property at 64 Academy Road, Albany, NY. Final payment due June 2026.	203,021	259,285
Mortgage payable with a bank, with regular monthly payments of $29,411 including interest at 4.99%, began on April 2021, secured by real property at 56 Academy Road, Albany, N.Y. Final payment due December 2033. The Center must maintain a debt service coverage ratio of not less than 1.20:1.00. The Center determined the covenant was met as of June 30, 2022.	4,714,732	4,826,038
Mortgage payable with a bank, with regular monthly payments of $25,565, including interest equal to the Prime Rate minus 1.5%, with a floor of 2.75%, began on February 2021, secured by real property at 58 Academy Road, Albany, N.Y. Final payment due January 2031. The Center must maintain a debt service coverage ratio of not less than 1.20:1.00. The Center determined the covenant was met as of June 30, 2022.	5,135,326	5,296,471
Total Parsons Child and Family Center	15,004,231	10,381,794

11. LONG-TERM DEBT (Continued)

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

Northeast Parent and Child Society, Inc.:		
Present value of net minimum principal lease payments under a capital lease held by the Society, with an unrelated third party, interest at 2.50%.	-	2,017,562
Loan agreement with a bank with the rate of interest of 6.75%. Principal payments in the amount of $4,602 was paid in addition to interest at 6.75%. This loan will be amortized through 6/1/2023.	660,000	-
Loan agreement with a bank with the rate of interest computed at 5.15%. Principal payments in the amount of $13,153 was paid in addition to interest at 5.15%. This loan will be amortized through July 1, 2038.	2,200,000	-
Bonds payable, Dormitory Authority of the State of New York, Series 2008 A-1 Bonds, varying interest ranging from 3.5% to 5.00% through June 1, 2038. See "Tax Exempt Bonds Payable" below.	7,947,002	8,292,499
Total Northeast Parent and Child Society, Inc.	10,807,002	10,310,061
Total long-term debt	25,811,233	20,691,855
Less: Unamortized debt issuance costs	483,153	434,832
	25,328,080	20,257,023
Less: Current portion of long-term debt	1,358,450	1,069,404
Long-term debt, net of current installments	$ 23,969,630	$ 19,187,619

11. LONG-TERM DEBT (Continued)

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

	Mortgages and Loans Payable
2024	$ 1,358,450
2025	1,430,236
2026	1,507,993
2027	1,524,864
2028	1,582,368
Thereafter	18,407,322
Total	25,811,233
Less: Amount representing interest	-
	$ 25,811,233

The Organization incurred interest expense on all obligations of $889,899 and $858,474 for the years ended June 30, 2023 and 2022, respectively, including amortization of debt issuance costs.

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

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

11. LONG-TERM DEBT (Continued)

Tax Exempt Bonds Payable (Continued)

The following summarizes the outstanding bonds at June 30:

	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

12. CONTRIBUTIONS OF NONFINANCIAL ASSETS

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

	2023
Books	$ 10,255
Clothing	425
Consulting	64,324
Meetings	5,756
Volunteer Hours	83,178
Parking	7,200
Mileage	3,318
Child Allowance	17,400
Supplies	29,368
Tickets	3,755
	$ 225,980

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

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.

13. RETIREMENT PLANS

Defined Contribution Plan

The Organization sponsors a 401(K) plan, the Northern Rivers Family Service's 401(K) Plan. The plan covers substantially all full-time employees of the Organization that are 18 years of age and older with no years of service requirement. Employees who contribute to the plan and have met eligibility requirements are eligible for the Organization's matching contribution that is discretionary up to 2% of an employee's compensation. The Organization may also provide a discretionary contribution on behalf of employees meeting eligibility requirements after fiscal year-end. The Organization's contribution to the plan for the years ended June 30, 2023 and 2022 were $2,534,691 and $1,337,636, respectively.

Defined Benefit Plan

The Center also sponsors a defined benefit pension plan covering substantially all employees hired before July 1, 2012. The benefits were based on years of service and employees' compensation. Contributions to the Plan were intended to provide for benefits attributed to service to date and those expected to be earned in the future. In October of 2022, the Center approved a resolution to terminate the plan. The Plan's assets were liquidated and the benefit obligation was paid through a combination of the liquidated assets and debt finance of the Center as sponsor.

The following sets forth the funded status of the Plan at June 30:

	2023	2022
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 30,326,077	$ 40,033,105
Service cost	-	-
Interest cost	1,332,486	1,059,492
Actuarial gains	789,517	(7,957,003)
Benefits paid	(1,035,176)	(2,809,517)
Settlement	(31,412,904)	-
Benefit obligation at end of year	$ -	$ 30,326,077
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 25,095,560	$ 3,126,177
Actual return on plan assets	(750,122)	(3,721,100)
Employer contributions	8,124,289	300,000
Expenses	(31,648)	-
Benefits paid	(1,035,176)	(2,809,517)
Settlements	(31,402,903)	-
Fair value of plan assets at end of year	$ -	$ 25,095,560
Funded status:		
(Under) funded status of the plan	$ -	$ 5,230,517

13. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)
Financial Statement Recognition

As of June 30, 2023 and 2022, the following amounts were recognized in the statement of financial position:

	2023	2022
As a non-current liability	$ -	$ 5,230,517

As of June 30, 2023 and 2022, the following amounts were recognized in the statement of activities:

	2023	2022
Net periodic pension costs	$ 7,999,832	$ 150,514
Gains other than net periodic pension costs	$ 5,354,974	$ 3,326,925

Unamortized Items

As of June 30, 2023 and 2022, the following items included in plan net assets had not yet been recognized as a component of benefit expense:

	2023	2022
Gains/(Losses)	$ -	$ (5,354,974)
Total unamortized items	$ -	$ (5,354,974)

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

(Gains)/Losses	$ -	$ 600,000
Total unamortized items	$ -	$ 600,000

Assumptions

The following table summarizes the assumptions used by the consulting actuaries and the related benefit cost information. The weighted – average assumptions used as of June 30, 2023 and 2022:

	2023	2022
Discount rate	N/A	4.58%
Expected long-term return on plan assets	N/A	6.00%
Rate of compensation increase	N/A	N/A

13. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Determination of Investment Policy

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

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

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

Plan Assets

The pension plan's weighted-average asset allocations as of June 30, 2023 and 2022, by asset category were as follows:

	2023		2022	
Money market funds	$ -	0.00%	$ 522,133	1.10%
Bond funds	-	0.00%	8,408,649	32.80%
Equity funds	-	0.00%	16,164,778	66.10%
Total	$ -	0%	$ 25,095,560	100%

There were no plan assets at June 30, 2023. The fair value of the Plan's assets at June 30, 2022 was as follows:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 522,133	$ -	$ -	$ 522,133
Equity funds	16,164,778	-	-	16,164,778
Bond funds	-	8,408,649	-	8,408,649
Total Investments	$ 16,686,911	$ 8,408,649	$ -	$ 25,095,560

Contributions

The Center contributed $8,124,289 and $300,000 during the years ending June 30, 2023 and 2022, respectively.

14. POST-RETIREMENT BENEFIT

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

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

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

The following table sets forth the change in accumulated postretirement benefit obligation recorded for the Center in the statement of financial position at June 30, 2023 and 2022:

	2023	2022
Accumulated postretirement benefit obligation at beginning of year	$ 1,095,144	$ 1,253,032
Benefits paid / employer contributions	(125,762)	(157,888)
Accumulated postretirement benefit obligation at end of year	$ 969,382	$ 1,095,144

15. ENDOWMENT

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

15. ENDOWMENT (Continued)

Interpretation of Relevant Law

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

Return Objectives and Risk Parameters

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

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

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

Allocation of Investment Returns

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

15. **ENDOWMENT (Continued)**

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

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

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or law requires the fund to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2023 and 2022.

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

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

For fiscal year ended June 30, 2022, the Center had the following endowment-related activities:

Endowment, Beginning of year	$ 5,375,100
Interest and dividend income	120,160
Net realized and unrealized gains (losses) on investments	(768,304)
Contributions, legacies, and bequests	5,840
Amounts appropriated for expenditure	(58,557)
Endowment, End of Year	$ 4,674,239

16. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restriction consist of various purpose restrictions. At June 30, 2023 and 2022, 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.

16. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following summarizes restricted net assets at June 30:

	2023	2022
Restricted by purpose or time:		
Greenhouse Fund	$ 459,616	$ 442,353
Jacob Fund	1,424	1,416
Bryant Fund	95,207	82,505
Lathrop Fund	1,623,575	1,473,507
Stein Library Fund	45,517	40,191
J.K. Miller Fund	417,397	372,871
Sidney Albert Institute	650,971	578,004
Joanne Malick Fund	123,136	108,329
Charbonneau Fund	6,190	4,929
Puels Fund	413,073	377,707
Margaret D. Griffel Trust	171,295	120,640
Other Miscellaneous donor imposed restrictions	37,457	25,081
Total	$ 4,044,858	$ 3,627,533

	2023	2022
Restricted Corpus:		
Parsons Fund	$ 139,826	$ 139,826
Lathrop Fund	135,000	135,000
Stein Library Fund	16,831	16,831
J.K. Miller Fund	102,515	102,515
Sidney Albert Institute	201,520	201,520
Joanne Malick Fund	50,000	50,000
Charbonneau Fund	6,107	6,107
Margaret D. Griffel Trust	420,374	420,374
Beneficial Interest in Perpetual Trusts	1,729,258	1,660,746
Scholarship and Other	127,820	127,820
Total	$ 2,929,251	$ 2,860,739

17. 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	$ 730,046	$ -	$ -	$ 730,046
Equities	12,791,952	-	-	12,791,952
Mutual Funds	1,801,885	-	-	1,801,885
Government Debt Securities	-	895,442	-	895,442
Beneficial Interests in Trusts	-	-	1,729,258	1,729,258
Total Investments	$ 15,323,883	$ 895,442	$ 1,729,258	$ 17,948,583

The following are measured at fair value on a recurring basis at June 30, 2022:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money Markets	$ 299,232	$ -	$ -	$ 299,232
Equities	11,896,144	-	-	11,896,144
Mutual Funds	1,869,940	-	-	1,869,940
Government Debt Securities	-	828,942	-	828,942
Beneficial Interests in Trusts	-	-	1,660,746	1,660,746
Total Investments	$ 14,065,316	$ 828,942	$ 1,660,746	$ 16,555,004

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.

18. COMMITMENTS AND CONTINGENCIES

Self-Funded Unemployment Insurance

The Organization's Unemployment Compensation Insurance program is self-funded. Unemployment benefits that separated employees receive are determined by New York State statute and are administered by New York State Department of Labor (NYSDOL). The Organization is billed quarterly by NYSDOL for benefits paid to former employees. Unemployment is budgeted annually based on prior year results. The Organization incurred costs of $85,125 and $36,694 for the years ended June 30, 2023 and 2022, respectively.

Reimbursement Rates

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

18. COMMITMENTS AND CONTINGENCIES (Continued)

Child Victims Act

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

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

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

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

19. INVESTMENT IN CHHUNY, LLC

As of June 30, 2023 and 2022, the Organization had a 5.3 percent interest in CHHUNY, LLC, a New York limited liability company, which it accounts for using the equity method. CHHUNY, LLC is a NYS DOH approved children's health home whose mission is to provide quality and coordinated health care management to children and youth in upstate New York.

Under the terms of the operating agreement, the Organization was allocated 5.3% of the company's June 30, 2023 and 2022, net gain (loss).

19. INVESTMENT IN CHHUNY, LLC (Continued)

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

	2023	2022
Total Assets	$ 7,275,733	$ 6,942,593
Total Liabilities	(5,347,072)	(5,408,145)
Partners' Capital	$ 1,928,661	$ 1,534,448
Revenue	$ 2,475,848	$ 2,210,395
Expenses	(2,081,635)	(1,850,074)
Net Gain (Loss)	$ 394,213	$ 360,321

20. SUBSEQUENT EVENTS

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

NORTHERN RIVERS FAMILY SERVICES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	Northern Rivers Family Services, Inc.	Northeast Parent and Child Society, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
ASSETS							
CURRENT ASSETS:							
Cash	$ 2,412,254	$ 5,080,064	$ 9,899,410	$ 60,780	$ 17,452,508	$ -	$ 17,452,508
Accounts receivable, net	600	7,104,479	8,346,165	19,178	15,470,422	-	15,470,422
Current pledges receivable	6,865	-	-	-	6,865	-	6,865
Mortgage note receivable, net	-	179,992	-	-	179,992	-	179,992
Prepaid expenses and inventory	631,766	55,224	38,784	2,442	728,216	-	728,216
Due from affiliates	352,264	213,614	137,556	104	703,538	(703,538)	-
Investments	-	3,432,306	7,138,780	-	10,571,086	-	10,571,086
Total current assets	3,403,749	16,065,679	25,560,695	82,504	45,112,627	(703,538)	44,409,089
					-		
INVESTMENTS, restricted	-	664,782	4,983,457	-	5,648,239	-	5,648,239
PROPERTY AND EQUIPMENT	503,874	10,985,576	16,534,955	36,651	28,061,056	-	28,061,056
OTHER ASSETS							
Mortgage note receivable, net of current	-	1,040,348	-	-	1,040,348	-	1,040,348
Operating right of use asset	3,967	636,522	1,090,195	-	1,730,684	-	1,730,684
Financing right of use asset	-	1,009,894	-	-	1,009,894	-	1,009,894
Escrow account	-	-	17,615	-	17,615	-	17,615
Deposits	-	8,177	-	-	8,177	-	8,177
Beneficial interests in trusts	-	1,729,258	-	-	1,729,258	-	1,729,258
Long-term pledges receivable	44,384	-	-	-	44,384	-	44,384
Investment in CHHUNY and UPP	125,445	-	-	960,384	1,085,829	-	1,085,829
					-		
Total other assets	173,796	4,424,199	1,107,810	960,384	6,666,189	-	6,666,189
TOTAL ASSETS	$ 4,081,419	$ 32,140,236	$ 48,186,917	$ 1,079,539	$ 85,488,111	$ (703,538)	$ 84,784,573

(Continued)

The accompanying notes are an integral part of these schedules.

NORTHERN RIVERS FAMILY SERVICES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
JUNE 30, 2023

	Northern Rivers Family Services, Inc.	Northeast Parent and Child Society, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	$ 161,008	$ 748,569	$ 582,355	$ 3,750	$ 1,495,682	$ -	$ 1,495,682
Accrued salaries and expenses	837,914	2,892,195	4,803,454	200,437	8,734,000	-	8,734,000
Due to affiliate	168,118	174,657	355,376	5,387	703,538	(703,538)	-
Refundable advances	-	69,670	2,741,309	-	2,810,979	-	2,810,979
Deferred revenue	127,861	415,732	-	-	543,593	-	543,593
Operating lease liability, current	3,967	188,690	344,621	-	537,278	-	537,278
Finance lease liability, current	-	374,553	-	-	374,553	-	374,553
Loans payable, current	-	49,094	607,871	-	656,965	-	656,965
Mortgages payable, current	-	-	340,988	-	340,988	-	340,988
Bonds payable, current	-	360,497	-	-	360,497	-	360,497
Total current liabilities	1,298,868	5,273,657	9,775,974	209,574	16,558,073	(703,538)	15,854,535
LONG-TERM LIABILITIES							
Due to funding sources	-	-	1,263,958	-	1,263,958	-	1,263,958
Operating lease liability, net of current portion	-	452,914	751,001	-	1,203,915	-	1,203,915
Financing lease liability, net of current portion	-	651,874	-	-	651,874	-	651,874
Mortgages payable	-	-	9,464,731	-	9,464,731	-	9,464,731
Loans payable	-	2,738,306	4,343,281	-	7,081,587	-	7,081,587
Bonds payable	-	7,423,312	-	-	7,423,312	-	7,423,312
Accrued post-retirement benefits	-	-	969,382	-	969,382	-	969,382
Total long-term liabilities	-	11,266,406	16,792,353	-	28,058,759	-	28,058,759
					-		
TOTAL LIABILITIES	1,298,868	16,540,063	26,568,327	209,574	44,616,832	(703,538)	43,913,294
NET ASSETS							
Without donor restrictions	2,782,551	13,705,638	16,539,016	869,965	33,897,170	-	33,897,170
With donor restrictions	-	1,894,535	5,079,574	-	6,974,109	-	6,974,109
TOTAL NET ASSETS	2,782,551	15,600,173	21,618,590	869,965	40,871,279	-	40,871,279
	$ 4,081,419	$ 32,140,236	$ 48,186,917	$ 1,079,539	$ 85,488,111	$ (703,538)	$ 84,784,573

The accompanying notes are an integral part of these schedules.

NORTHERN RIVERS FAMILY SERVICES, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Schedule II

	Northern Rivers Family Services, Inc.	Northeast Parent and Child Society, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
SUPPORT AND REVENUE							
Program service fees	$ 9,827,586	38,326,639	$ 56,265,279	$ 681,368	$ 105,100,872	$ (9,810,086)	$ 95,290,786
Fundraising	825,836	276,132	109,412	3,641	1,215,021	(356,110)	858,911
Contributions of nonfinancial assets	-		225,980	-	225,980	-	225,980
Change in value of beneficial interests in trusts	-	68,512	-	-	68,512	-	68,512
Rental income	-	297,400	189,503	38,389	525,292	(525,292)	-
Paycheck Protection Program	-	-	-	-	-	-	-
Miscellaneous	71,734	35,155	319,799	-	426,688	-	426,688
Total Support and Revenue	10,725,156	39,003,838	57,109,973	723,398	107,562,365	(10,691,488)	96,870,877
EXPENSES							
Program services	69,679	35,015,715	53,266,728	649,736	89,001,858	(2,728,639)	86,273,219
Management and general	9,819,928	3,021,279	5,037,974	89,457	17,968,638	(7,606,739)	10,361,899
Fundraising and non-operating	730,013	323,935	231,355	510	1,285,813	(356,110)	929,703
Total Expenses	10,619,620	38,360,929	58,536,057	739,703	108,256,309	(10,691,488)	97,564,821
Operating gain (loss)	105,536	642,909	(1,426,084)	(16,305)	(693,944)	-	(693,944)
NON-OPERATING GAIN (LOSS)							
Investment income, net	96,255	337,171	1,040,768	55,254	1,529,448	-	1,529,448
Equity transfer - Parsons	(670,000)	-	670,000	-	-	-	-
Gain (loss) on sale of property and equipment	-	9,600	204,599	-	214,199	-	214,199
State paid depreciation	-	-	(168,000)	-	(168,000)	-	(168,000)
Total non-operating gain (loss)	(573,745)	346,771	1,747,367	55,254	1,575,647	-	1,575,647
CHANGE IN NET ASSETS	(468,209)	989,680	321,283	38,949	881,703	-	881,703
NET ASSETS - beginning of year	3,250,760	14,610,493	21,297,307	831,016	39,989,576	-	39,989,576
NET ASSETS - end of year	$ 2,782,551	$ 15,600,173	$ 21,618,590	$ 869,965	$ 40,871,279	$ -	$ 40,871,279

The accompanying notes are an integral part of these schedules.