PARSONS CHILD AND FAMILY CENTER

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
Parsons Child and Family Center:

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of Parsons Child and Family Center (the Center), which comprise the statement of financial position as of June 30, 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 Parsons Child and Family Center 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Parsons Child and Family Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle
As discussed in Note 2 to the financial statements, Parsons Child and Family Center 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 Parsons Child and Family Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Summarized Comparative Information
We have previously audited the Center'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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of Parsons Child and Family Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Parsons Child and Family Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Parsons Child and Family Center's internal control over financial reporting and compliance.

Bonadio & Co., LLP

PARSONS CHILD AND FAMILY CENTER

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

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	$ 9,899,410	$ 9,357,555
Accounts receivable	8,346,165	6,737,071
Due from affiliates	137,556	123,312
Prepaid expenses	38,784	30,622
Investments	7,138,780	6,534,569
Total current assets	25,560,695	22,783,129
INVESTMENTS, restricted	4,983,457	4,590,703
PROPERTY AND EQUIPMENT, net	16,534,955	17,546,349
OPERATING RIGHT OF USE ASSET, net	1,090,195	-
OTHER ASSETS - escrow account	17,615	17,615
	$ 48,186,917	$ 44,937,796
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 582,355	$ 347,073
Accrued salaries and expenses	4,803,454	3,367,841
Due to affiliates	355,376	184,916
Operating lease liability, current portion	344,621	-
Mortgages payable, current portion	340,988	330,194
Loans payable, current portion	607,871	-
Refundable advances	2,741,309	2,025,936
Total current liabilities	9,775,974	6,255,960
LONG-TERM LIABILITIES:		
Due to funding sources	1,263,958	1,263,958
Operating lease liability, net of current portion	751,001	-
Mortgages payable, net of current portion	9,464,731	9,794,910
Loans payable, net of current portion	4,343,281	-
Accrued post-retirement benefits	969,382	1,095,144
Liability for pension benefits	-	5,230,517
Total long-term liabilities	16,792,353	17,384,529
Total liabilities	26,568,327	23,640,489
NET ASSETS		
Without donor restrictions	16,539,016	16,623,068
With donor restrictions	5,079,574	4,674,239
Total net assets	21,618,590	21,297,307
	$ 48,186,917	$ 44,937,796

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

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
REVENUE AND SUPPORT:				
Program service fees	$ 56,265,279	$ -	$ 56,265,279	$ 49,064,962
Paycheck Protection Program	-	-	-	4,611,493
Fundraising	91,412	18,000	109,412	90,384
Contributions of nonfinancial assets	225,980	-	225,980	193,480
Net gain/(loss) on sale of assets	204,599	-	204,599	8,200
Rent	189,503	-	189,503	187,548
Miscellaneous	319,799	-	319,799	225,395
Net assets released from restrictions	36,620	(36,620)	-	-
Total revenue and support	57,333,192	(18,620)	57,314,572	54,381,462
EXPENSES:				
Program	53,266,728	-	53,266,728	44,583,029
Management and general	5,037,974	-	5,037,974	4,400,689
Fundraising	231,355	-	231,355	2,491
Total expenses	58,536,057	-	58,536,057	48,986,209
OPERATING GAIN (LOSS)	(1,202,865)	(18,620)	(1,221,485)	5,395,253
NON-OPERATING GAIN (LOSS):				
Investment gain (loss), net	616,813	423,955	1,040,768	(1,565,195)
State paid depreciation	(168,000)	-	(168,000)	(168,000)
Contribution from related party	670,000		670,000	-
Actuarial gain (loss) on defined benefit plan	-	-	-	3,476,411
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Total non-operating gain (loss)	1,118,813	423,955	1,542,768	1,743,216
CHANGE IN NET ASSETS	(84,052)	405,335	321,283	7,138,469
NET ASSETS - beginning of year	16,623,068	4,674,239	21,297,307	14,158,838
NET ASSETS - end of year	$ 16,539,016	$ 5,079,574	$ 21,618,590	$ 21,297,307

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

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

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 321,283	$ 7,138,469
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Actuarial gain on defined benefit plan	-	(3,476,411)
Depreciation	1,442,999	1,431,055
Amortization on debt issurance cost	9,330	10,680
Noncash lease expense	427,179	-
Net (gain)/loss on sale of property and equipment	(204,599)	(8,200)
Loss (gain) on investments	(742,154)	1,829,723
Changes in:		
Accounts receivable	(1,609,094)	(73,998)
Prepaid expenses	(8,162)	(7,917)
Due to/from affiliate	156,216	(287,754)
Accounts payable	235,282	(384,147)
Accrued salaries and expenses	1,435,613	(800,241)
Refundable advances	715,373	358,429
Operating lease liability	(421,752)	-
Liability for pension and post retirement benefits	(5,356,279)	(157,888)
Paycheck Protection Program	-	(5,875,451)
Due to funding sources	-	1,263,958
Net cash flow from operating activities	(3,598,765)	960,307
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(546,580)	(366,279)
Proceeds from sale of property and equipment	319,574	8,200
Proceeds from sale of investments	53,099	81,890
Purchase of investments	(307,910)	(289,973)
Net cash flow from investing activities	(481,817)	(566,162)
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of mortgages payable	(328,715)	(315,968)
Issuance of loans payable	5,000,000	-
Repayment of loans payable	(48,848)	-
Payments on debt issuance cost	-	(9,150)
Net cash flow from financing activities	4,622,437	(325,118)
CHANGE IN CASH	541,855	69,027
CASH - beginning of year	9,357,555	9,288,528
CASH - end of year	$ 9,899,410	$ 9,357,555
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 433,269	$ 424,705
Purchase of property and equipment included in accounts payable	$ 165,369	$ 32,694

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

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

	Program	Management and General	Fundraising	2023 Total	2022 Total
Salaries	$ 31,635,587	$ 36,720	$ 16,905	$ 31,689,212	$ 28,555,994
Employee health and retirement benefits	6,455,690	8,792	4,048	6,468,530	3,511,468
Payroll taxes	2,963,622	6,375	2,959	2,972,956	2,682,152
Total compensation and benefits	41,054,899	51,887	23,912	41,130,698	34,749,614
Charges from parent organization	-	4,708,069	-	4,708,069	4,102,095
Purchase of services	3,908,731	86,189	86,191	4,081,111	3,404,606
Depreciation and amortization	1,190,390	72,693	21,246	1,284,329	1,273,735
Insurance	757,936	13,094	1,713	772,743	733,979
Rent	672,153	3,429	66,318	741,900	717,596
Boarding home	757,159	-	-	757,159	682,393
Supplies and equipment	648,780	17,221	7,247	673,248	591,785
Food	510,499	-	-	510,499	455,163
Interest	423,886	35	16	423,937	414,025
Allowances - uncollectible receivables	799,524	-	-	799,524	411,962
Utilities	366,930	42,088	16,015	425,033	334,544
Auto and transportation	639,143	1,069	492	640,704	293,789
Software and systems	280,734	-	-	280,734	288,034
Telecommunications	247,435	7,110	8,531	263,076	248,751
Publicity	130,608	-	-	130,608	90,782
Recreation	101,748	-	-	101,748	88,802
Repair and maintenance	56,027	594	1,007	57,628	66,626
Office supplies and expense	48,841	670	195	49,706	55,752
Staff development	91,906	-	-	91,906	49,798
Dues, licenses and permits	30,915	789	7	31,711	33,924
Postage and shipping	2,419	20,108	40	22,567	25,177
Clothing	20,349	-	-	20,349	23,592
Allowances - children & parents	14,158	-	-	14,158	15,334
Legal and professional	14,855	2	(1,727)	13,130	13,562
Bedding	14,427	14	7	14,448	11,760
Subscription and publications	4,235	-	-	4,235	6,415
School expense	1,070	-	-	1,070	327
Contributed nonfinancial assets	225,980	-	-	225,980	193,480
State paid depreciation	168,000	-	-	168,000	168,000
Conferences and administrative expense	250,991	12,913	145	264,049	(391,193)
	$ 53,434,728	$ 5,037,974	$ 231,355	$ 58,704,057	$ 49,154,209

1. NATURE OF OPERATIONS

Parsons Child and Family Center (the Center) is a not-for-profit corporation. The Center has maintained its mission to serve the special needs of children in the Capital Region of New York State since its establishment as an orphanage in 1829. The Center promotes healthy families by providing necessary support through a wide range of educational, residential, and clinical services. The Center receives significant support for program operations from New York State directly and indirectly through local municipalities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Recently Adopted Accounting Guidance 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 Center 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 Center 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 Center recognized on July 1, 2022 an operating ROU asset of $1,473,890. The standard did not have an impact on the statements of activities or cash flows.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Property and Equipment
All expenditures for land, buildings and equipment in excess of $5,000 with a useful life of two years or more are capitalized and recorded at cost. Property and equipment that is donated is recorded at its fair value at the time of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated lives used in determining depreciation are as follows:

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Center elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable.

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

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

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

Debt Issuance Costs
Debt issuance costs are recognized as interest expense on straight-line basis over the periods of the related debt. The unamortized issuance costs were $247,360 and $256,690 at June 30, 2023 and 2022, respectively, and are netted against mortgage payables on the statements of financial position. There were $9,330 and $10,680 of amortization expense for the years ended June 30, 2023 and 2022, respectively.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting (Continued)

Net assets with donor restrictions represent donor-imposed restrictions that permit the Center to use up or expend the donated assets as specified. This restriction is satisfied by the passage of time or by actions of the Center. It also represents donor-imposed restrictions that stipulate that resources be maintained intact permanently, but which permit the Center to use up or expend the income derived from the donated assets for operating purposes. These restrictions are described in Note 13.

Third-Party Reimbursement and Revenue Recognition

The Center receives substantially all of its revenue for services provided to approved individuals from third-party agencies, primarily the New York State Department of Health, the New York State Office of Children and Family Services, 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 Center satisfies their performance obligations under contracts by transferring services to clients at a point in time. The Center's performance obligations are to provide residential, educational, and therapeutic services. The transaction price is based on established charges for services provided determined using the output method. These rates are determined by allowable expenditures in rate setting periods. The reimbursement rate may also change after the cost report is audited by funding sources. The Center's policy is to recognize retroactive rate adjustments and audit settlements, if any, in the period in which they are finalized by the funding sources.

The Center 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. Bequests, investment gains and losses and other non-operating items are classified as non-operating income or expense.

Contributions

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

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

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 Center's assets measured at fair value is to value the investments at quoted market prices on the last business day of the fiscal year.

The Center has financial instruments in the accompanying financial statements, including cash and equivalents and investments including debt securities, equities, and mutual funds. The carrying value of investments in equities and mutual funds notes are a reasonable approximation of fair value due to the short-term nature of the instruments and are considered to be a level 1 measurement. The fair value of the corporate debt securities are determined to be a level 2 measurement using the market approach as the carrying amount of these investments approximates fair value based on the value of similar assets at which the Center could invest.

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

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

Reclassification
Certain reclassifications have been made to the 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 financial statements include certain prior-year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2023	2022
Financial assets as of June 30,		
Cash	$ 9,899,410	$ 9,357,555
Accounts receivable	8,346,165	6,737,071
Investments	12,122,237	11,125,272
Other assets	17,615	17,615
	30,385,427	27,237,513
Less: those unavailable for general within one year, due to:		
Donor restricted	(5,079,574)	(4,674,239)
Escrow account	(17,615)	(17,615)
Financial assets available to meet cash need for general expenditure within one year	$ 25,288,238	$ 22,545,659

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

4. ACCOUNTS RECEIVABLE

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

	2023	2022
School districts	$ 1,804,836	$ 1,639,292
Federal	184,289	171,590
State	222,868	68,240
County	2,409,819	2,446,488
Medicaid/MCO	131,905	560,378
Private Pay	2,044,857	2,266,584
Grants	1,868,392	465,173
Other	697,035	(82,394)
Less: Price concessions	(1,017,836)	(798,280)
	$ 8,346,165	$ 6,737,071

Accounts receivable was $6,663,073 at December 31, 2021. Implicit price concessions as of December 31, 2021 were $758,341.

5. INVESTMENTS

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

	2023	2022
Cash equivalents	$ 556,921	$ 231,210
Debt securities	372,300	331,415
Equities	10,453,766	9,788,617
Mutual funds	739,250	774,030
	$ 12,122,237	$ 11,125,272

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2023	2022
Land	$ 41,500	$ 41,500
Buildings and improvements	32,366,365	32,174,561
Furniture, vehicles and equipment	3,613,120	3,586,351
Construction in process	4,662	37,816
Less: accumulated depreciation	(19,490,692)	(18,293,879)
	$ 16,534,955	$ 17,546,349

Depreciation expense was $1,442,999 and $1,431,055 for the years ended June 30, 2023 and 2022, respectively.

7. LEASES

The Center has several operating leases for buildings and equipment. The operating leases expire at various times from January 2023 to January 2028.

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

	2023
Operating lease cost	$ 427,179

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 operating lease liabilities:	$ 413,458
Right-of-use assets obtained in exchange for operating lease obligations:	1,473,891

7. LEASES (Continued)

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

	2023
Weighted-average remaining lease term: Operating leases	3.30
Weighted-average discount rate: Operating leases	3.15%

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

2024	$	373,097
2025		354,683
2026		264,498
2027		142,461
2028		18,517
Thereafter		-
Total lease payments		1,153,256
Less: Interest		(57,634)
Total lease liabilities		1,095,622
Less: current portion		(344,621)
Long-term lease liability	$	751,001

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

Future minimum rental payments for the years ending June 30 for the operating leases are:

2023	$	305,701
2024		229,105
2025		217,985
2026		222,134
2027		110,717
Total	$	1,085,642

Rental expense, excluding rent from Northeast Parent and Child Society, Inc., a related party, for the years ending June 30, 2023 and 2022, was $444,501 and $418,979, respectively.

8. LINES OF CREDIT

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 Secured Overnight Financing Rate (SOFR) index plus 0.10% index adjustment plus 2.15% of margin (7.32% at June 30, 2023). There was no outstanding balance 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.

8. LINES OF CREDIT (Continued)

The Center has a revolving equipment line-of-credit with a bank, totaling $500,000, which expires on May 31, 2026. The line bears interest at 3.25% on June 30, 2023. There was no outstanding balance as of June 30, 2023 and 2022.

9. LONG-TERM DEBT

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

	2023	2022
Loan Payable		
Loan Payable with SEFCU, with regular monthly payments of $71,452 through 5/2/2030 including interest at a fixed 5.25%, secured by undesignated or restricted investment balances, for the termination of the defined benefit plan.	$ 4,951,152	$ -
Mortgage Payable		
Mortgage payable - Miriam House, New York State Dormitory Authority, due in annual installments on December 1 of $69,160 including interest at 5.28%, secured by real property at 64 Academy Road, Albany, N.Y. Final payment due June 2026.	203,021	259,285
Mortgage payable with Saratoga National Bank, with regular monthly payments of $29,411 including interest at 4.99%, began on April 2021, secured by real property at 56 Academy Road, Albany, N.Y. Final payment due December 2033. The Center must maintain a debt service coverage ratio of not less than 1.20:1.00. The Center determined that the covenant was met as of June 30, 2023.	4,714,732	4,826,038
Mortgage payable with SEFCU, with regular monthly payments of $25,565, including interest equal to the Prime Rate minus 1.5%, with a floor of 2.75%, began on February 2021, secured by real property at 58 Academy Road, Albany, N.Y. Final payment due Janurary 2031. The Center must maintain a debt service coverage ratio of not less than 1.20:1.00. The Center determined that the covenant was met as of June 30, 2023.	5,135,326	5,296,471
Total	15,004,231	10,381,794
Less: debt issuance cost	(247,360)	(256,690)
Less: current portion	(948,859)	(330,194)
	$ 13,808,012	$ 9,794,910

9. LONG-TERM DEBT (Continued)

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

2024	$	948,859
2025		997,579
2026		1,047,090
2027		1,045,528
2028		1,079,803
ereafter		9,885,372
Total	$	15,004,231

Interest expense including amortization on debt issuance cost were $433,269 and $424,705 for the years ended June 30, 2023 and 2022, respectively.

10. CONTRIBUTIONS OF NONFINANCIAL ASSETS

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

	2023	2022
Books	$ 10,255	$ 19,005
Clothing	425	-
Consulting	64,324	6,970
Meetings	5,756	3,955
Volunteer hours	83,177	54,007
Parking	7,200	7,200
Mileage	3,318	3,811
Software	-	2,327
COVID testing kits	-	46,113
Child allowance	17,400	17,400
Supplies	29,369	24,317
Tickets	4,755	8,375
	$ 225,980	$ 193,480

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

Donated materials and services are recorded as contributions at estimated fair value at the date of gift. The Center receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects.

11. RETIREMENT PLANS

Defined Contribution Plan

The Center participates in the Northern Rivers Family Service's 401(K) Plan, a related party (see Note 14). The plan covers substantially all full-time employees of the Center that are 18 years of age and older with no years of service requirement.

Employees who contribute to the plan and have met eligibility requirements are eligible for the Center's matching contribution that is discretionary up to 2% of an employee's compensation. The Center may also provide a discretionary contribution on behalf of employees meeting eligibility requirements after fiscal year-end. The Center's contributions to the plan for the years ended June 30, 2023 and 2022, were $1,537,852 and $806.820, respectively.

Defined Benefit Plan

The Center also had 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 financing of the Center as sponsor.

The following sets forth the funded status of the Plan:

	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 gain (loss)	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	$ 31,326,177
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

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

11. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

For the years ended 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
(Gain) loss 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 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)

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	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

Determination of Investment Policy

The Plan's investment policy is designed for a moderate risk tolerance with a long-term investment horizon. The allowable investments were considered to be cash and equivalents, mutual funds, commingled funds, collective trusts and exchange traded funds. The asset mix was be actively managed and, therefore, varied from time to time depending primarily on investment conditions and outlook. The Plan will diversify its investment portfolio to avoid incurring unreasonable risks. All investments were liquidated in 2023.

The Plan used a benchmark comprised of a weighted average of several publicly published indexes with performance criteria, and 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).

	2023		2022	
Money market funds	$ -	0.00%	$ 522,133	2.08%
Bond funds	-	0.00%	8,408,649	33.51%
Equity funds	-	0.00%	16,164,778	64.41%
Total	$ -	0%	$ 25,095,560	100%

11. RETIREMENT PLANS (Continued)

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
Fixed income	16,164,778	-	-	16,164,778
Equity 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.

12. POST-RETIREMENT BENEFIT

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

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

The following table sets forth the change in accumulated postretirement benefit obligation recorded in the Center's statement of financial position at June 30:

	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

13. ENDOWMENT

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

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

Return Objectives and Risk Parameters
The primary purpose of endowment investment and spending policies at Parsons Child and Family Center is to preserve the real (inflation adjusted) purchasing power of endowment assets while providing a prudent, predictable, stable and constant (in real terms) stream of spendable revenues for current use. The policies, if successfully implemented, should result in endowment growth and enhancement of financial resources. The goal of the investment program is to obtain a long-term average annual total return equal to or greater than the sum of the long-term rate of inflation as measured by the Consumer Price Index plus the long-term average annual endowment spending rate.

Total return is defined as the sum of dividends, interest, realized and unrealized gains or losses less investment management fees and expenses. The investment policies assume endowment gifts will be used to increase rather than maintain the real purchasing power of endowment assets.

Strategies Employed for Achieving Objectives
The investment 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.

Strategies Employed for Achieving Objectives (Continued)
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.

13. ENDOWMENT (Continued)

Allocation of Investment Returns

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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

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

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

14. 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.

The following summarizes restricted net assets with donor restriction 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	120,254
Total	$ 4,007,401	$ 3,602,066

	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
Total	$ 1,072,173	$ 1,072,173

15. 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	$ 556,921	$ -	$ -	$ 556,921
Equities	10,453,766	-	-	10,453,766
Mutual funds	739,250	-	-	739,250
Government debt securities	-	372,300	-	372,300
Total investments	$ 11,749,937	$ 372,300	$ -	$ 12,122,237

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

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 231,210	$ -	$ -	$ 231,210
Equities	9,788,617	-	-	9,788,617
Mutual funds	774,030	-	-	774,030
Government debt securities	-	331,415	-	331,415
Total investments	$ 10,793,857	$ 331,415	$ -	$ 11,125,272

There were no changes in valuation techniques during 2023 or 2022.

16. RELATED PARTY TRANSACTIONS

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

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

The Center paid $5,037,976 and $4,400,695 in fees to Northern Rivers Family Services during the years ended June 30, 2023 and 2022, respectively. Northern Rivers Family Services also pays rent to the Center for occupancy, equipment, telecommunications, and maintenance related services. The Center charged rent in the amount $422,239 and $388,706 for the years ended June 30, 2023 and 2022, respectively.

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

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

16. RELATED PARTY TRANSACTIONS (Continued)

The Society recorded expenses of approximately $125,000 for training services provided by the Center during both the years ended June 30, 2023 and 2022, respectively. The Center also incurred rent expense for the use of space at Northeast Parent and Child Society, Inc. in the amount of $297,400 and $298,566 for the years ended June 30, 2023 and 2022, respectively. The Center charged the Society rent in the amount $97,171 and $97,442 for the years ended June 30, 2023 and 2022, respectively.

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

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

	2023	2022
Due From Affiliates:		
Northern Rivers Family Services, Inc.	$ 83,049	$ 79,826
Northeast Parent and Child Society, Inc.	54,507	43,486
Total	$ 137,556	$ 123,312
Due To Affiliates:		
Northern Rivers Family Services, Inc.	$ 229,786	$ 81,536
Northeast Parent and Child Society, Inc.	125,486	103,380
Unlimited Potential, Inc.	104	-
Total	$ 355,376	$ 184,916

17. COMMITMENTS AND CONTINGENCIES

Self-Funded Unemployment Insurance
The Center's Unemployment Compensation Insurance program is self-funded. Unemployment benefits that separated employees receive are determined by New York State statute and are administered by New York State Department of Labor (NYSDOL). The Center is billed quarterly by NYSDOL for benefits paid to former employees. Unemployment is budgeted annually based on prior year results. The Center incurred costs of $66,375 and $18,679 for the years ended June 30, 2023 and 2022, respectively.

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

17. COMMITMENTS AND CONTINGENCIES (Continued)

Child Victims Act

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

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

As a result of the passage of the CVA, through the date of this report, the Center has been notified or become aware of abuse related claims that have been filed against it. Aggregate demands for damages from these claims cannot be estimated at this time. During the timeframe of the alleged abuses the Center had a combination of commercial insurance coverage and self-insurance programs. At present, the Center is not certain as to the amount of commercial coverage available to assist it in meeting its obligations for these matters.

Accordingly, it is possible that the ultimate resolution of any litigation could have a material adverse impact on the Center's results of operations, liquidity, and financial position. In addition, it is reasonably possible that the ultimate number of lawsuits and/or claims could increase, and therefore any additional exposure cannot be predicted at this time.

18. SUBSEQUENT EVENTS

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

PARSONS CHILD AND FAMILY CENTER Schedule I

SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023												
	Residential Care	Behavioral Health Services	Case Management Services	Early Childhood Services	Family Foster Care	Training and Research	Prevention Services	Education Services	Crisis Services	Management and General	Fundraising	Total	2022
REVENUE	$ 13,467,673	$ 6,372,754	$ 7,397,995	$ 4,938,485	$ 2,815,326	$ 952,619	$ 3,076,363	$ 8,759,233	$ 8,072,868	$ 8,724	$ 2,057,579	$ 57,919,619	$ 56,292,678
FUNCTIONAL EXPENSES:													
Salaries	7,064,446	3,845,520	4,162,015	2,865,834	893,500	642,884	2,008,784	5,500,994	4,651,610	36,720	16,905	31,689,212	28,555,994
Employee Health and Retirement Benefits	1,333,515	673,676	954,009	608,781	184,046	139,731	393,428	1,230,411	938,093	8,792	4,048	6,468,530	3,511,468
Payroll Taxes	661,128	325,190	428,834	256,829	95,129	53,540	176,093	509,643	457,236	6,375	2,959	2,972,956	2,682,152
Total compensation and benefits	9,059,089	4,844,386	5,544,858	3,731,444	1,172,675	836,155	2,578,305	7,241,048	6,046,939	51,887	23,912	41,130,698	34,749,614
Allowances - children	11,243	-	-	-	-	-	2,804	-	-	-	-	14,047	15,301
Allowances - parents	55	-	-	-	-	-	-	-	56	-	-	111	33
Allowances - uncollectible receivables	60,490	1,902	23,139	12,512	(8,501)	-	5	599,217	110,760	-	-	799,524	411,962
Auto and transportation	74,071	39,790	228,166	25,134	72,687	3,230	56,226	62,883	76,956	1,069	492	640,704	293,789
Bedding	5,467	1,037	1,422	916	223	139	1,085	1,815	2,323	14	7	14,448	11,760
Boarding home	1,651	-	-	-	755,402	-	106	-	-	-	-	757,159	682,393
Charges from Parent Organization	-	-	-	-	-	-	-	-	-	4,708,069	-	4,708,069	4,102,095
Clothing	20,002	-	-	-	-	-	76	164	107	-	-	20,349	23,592
Conferences and Administrative	15,545	6,569	184,466	3,116	26,537	1,496	17,622	(5,680)	1,320	12,913	145	264,049	(391,193)
Discretionary Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues, licenses and permits	6,140	9	1,505	1,491	97	9,250	8,150	3,661	612	789	7	31,711	33,924
Food	211,148	-	1,078	147,101	-	-	1,754	101,335	48,083	-	-	510,499	455,163
In-Kind expense	-	-	-	225,980	-	-	-	-	-	-	-	225,980	193,480
Insurance	220,486	41,685	79,758	37,518	20,995	12,093	68,346	194,702	82,353	13,094	1,713	772,743	733,979
Interest	366,476	2,417	3,692	2,038	689	453	1,381	28,001	18,739	35	16	423,937	414,025
Legal and professional fees	9,189	140	214	118	2,559	1,756	80	550	249	2	(1,727)	13,130	13,562
Office supplies and expense	9,348	1,779	2,657	6,632	1,364	1,307	6,310	11,572	7,872	670	195	49,706	55,752
Postage and shipping	471	392	217	290	153	-	174	380	342	20,108	40	22,567	25,177
Publicity	-	-	579	1,675	13,992	-	3,683	-	110,679	-	-	130,608	90,782
Purchase of health services	103,691	19,090	21,875	89,394	7,605	-	-	100,001	246	-	-	341,902	490,127
Purchase of services - other	690,738	576,285	278,828	372,926	165,360	30,711	179,953	762,722	509,306	86,189	86,191	3,739,209	2,914,479
Recreation	39,294	553	352	7,963	5,126	-	8,552	37,881	2,027	-	-	101,748	88,802
Rent	-	192,410	252,095	-	20,989	-	61,636	-	130,787	-	66,238	724,155	697,137
Rent - furnishings and equipment	4,797	185	461	480	-	720	430	3,291	1,694	3,429	80	15,567	18,223
Rent - vehicles	-	-	-	-	2,178	-	-	-	-	-	-	2,178	2,236
Repair and Maintenance	4,953	2,368	1,871	7,630	1,045	989	1,633	6,181	2,847	24	744	30,285	28,770
Repair and Maintenance - vehicles	7,832	344	223	680	921	12	1,520	4,552	10,426	570	263	27,343	37,856
School expense	883	-	-	-	-	-	-	-	187	-	-	1,070	327
Software and systems	40,793	95,929	42,151	7,285	13,654	2,721	155	61,544	16,502	-	-	280,734	288,034
Staff development	588	100	-	63,488	2,151	3,112	20,504	969	994	-	-	91,906	49,798
Subscription and publications	1,188	-	8	-	-	-	2,019	686	334	-	-	4,235	6,415
Supplies and equipment	166,876	3,692	4,771	121,731	987	9,103	14,876	144,146	127,130	17,221	7,247	617,780	548,182
Supplies and equipment - medical	52,817	162	-	-	-	-	-	959	1,530	-	-	55,468	43,603
Telecommunications	43,017	38,016	48,363	14,316	8,326	1,752	25,177	37,919	30,549	7,110	8,531	263,076	248,751
Utilities and property taxes	131,852	2,383	6,872	62,414	169	9,917	16,553	115,637	21,133	42,088	16,015	425,033	334,544
Depreciation and amortization	728,573	8,149	14,139	146,092	4,411	42,776	19,711	302,803	91,736	72,693	21,246	1,452,329	1,441,735
Total operating expenses	12,088,763	5,879,772	6,743,760	5,090,364	2,291,794	967,692	3,098,826	9,818,939	7,454,818	5,037,974	231,355	58,704,057	49,154,209
Operating gain (loss)	$ 1,378,910	$ 492,982	$ 654,235	$ (151,879)	$ 523,532	$ (15,073)	$ (22,463)	$ (1,059,706)	$ 618,050	$ (5,029,250)	$ 1,826,224		

The accompanying notes are an integral part of these schedules.

PARSONS CHILD AND FAMILY CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass Through Grantor's Number	Assistance Listing Number	Expenditures
U.S. Department of Agriculture			
Passed-through New York State Education Department:			
School Breakfast Program	NA	10.553	$ 54,098
National School Lunch Program	NA	10.555	109,171
Total Child Nutrition Cluster			163,269
Child and Adult Care Food Program	NA	10.558	142,913
Total U.S. Department of Agriculture			306,182
U.S. Department of Health and Human Services			
Block Grants for Community Mental Health Services	NA	93.958	504,714
Head Start	NA	93.600	1,826,559
Total U.S. Department of Health and Human Services			2,331,273
U.S. Department of Education			
Passed-through Albany City School District			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	NA	84.010	24,863
Passed-through New York State Education Department			
Special Education - Grant to State	0427-16-0051	84.027	437,437
Special Education - Preschool Grants	0427-16-0112	84.173	15,200
Total Special Education Grants			452,637
Total U.S. Department of Education			477,500
Total Expenditures of Federal Awards			$ 3,114,955

NA Not available

The accompanying notes are an integral part of these schedules.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of Parsons Child and Family Center (the Center) for the year ended June 30, 2023. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the schedule.

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

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

2. INDIRECT COST RATES

The Center has elected not to use the 10% de minimis cost rate as allowed by the Uniform Guidance. The Center has negotiated an indirect cost rate of 8.6% for their major program.

Bonadio & Co., LLP
Certified Public Accountants

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

November 30, 2023

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Parsons Child and Family Center (the Center), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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(Continued)

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

November 30, 2023

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Parsons Child and Family Center's (Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2023. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

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

(Continued)

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

(Continued)

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

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

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

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

Bonadio & Co., LLP

PARSONS CHILD AND FAMILY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

Financial statements:

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

Internal control over financial reporting:

Material weakness(es) identified? ______ Yes ___x___ No

Significant deficiencies identified that are not considered to be material weaknesses? ______ Yes ___x___ None noted

Noncompliance material to financial statements noted? ______ Yes ___x___ No

Federal Awards:

Internal control over the major programs:

Material weakness(es) identified? ______ Yes___x___ No

Significant deficiencies identified that are not considered to be material weaknesses? ______ Yes ___x___ None noted

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

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

Identification of the major program:

Assistance Listing Number	*Name of Federal Program or Cluster*
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs? $750,000

Auditee qualified as low-risk auditee: ___Yes ___x__ No

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None