NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

Consolidated Financial Statements as of
June 30, 2018
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 25, 2018

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

We have audited the accompanying consolidated financial statements of Northern Rivers Family Services, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated 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, 2018, and the consolidated 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.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Prior Period Financial Statements

The consolidated financial statements of Northern Rivers Family Services, Inc. and Affiliates as of June 30, 2017, were audited by other auditors whose report dated October 31, 2017, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co., LLP

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash	$ 1,392,088	$ 1,229,855
Accounts receivable, net	17,083,691	13,121,475
Pledges receivable	185,779	8,722
Investments	8,188,308	8,032,335
Prepaid expenses and inventory	318,713	330,251
Total current assets	27,168,579	22,722,638
INVESTMENTS, restricted	4,468,775	3,447,388
PROPERTY AND EQUIPMENT, net	21,465,924	21,194,179
OTHER ASSETS:		
Escrow account	17,615	17,615
Deposits	16,033	16,033
Beneficial interest in trusts	1,668,111	1,613,124
Investment in CHHUNY, LLC	25,000	25,000
Total other assets	1,726,759	1,671,772
TOTAL ASSETS	$ 54,830,037	$ 49,035,977

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
JUNE 30, 2018
(With Comparative Totals for 2017)

	2018	2017
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	$ 455,256	$ 444,706
Accounts payable	1,302,455	1,122,028
Accrued salaries and expenses	5,418,967	4,953,660
Due to third party	586,496	-
Refundable advances	3,751,838	1,854,240
Capital lease obligations, current	483,457	92,990
Notes payable, current	404,270	307,945
Mortgages payable, current	182,747	191,908
Bonds payable, current	265,497	265,497
Total current liabilities	12,850,983	9,232,974
LONG-TERM LIABILITIES:		
Capitalized lease obligations, net of current portion	3,323,738	2,776
Notes payable, net of current portion	2,595,418	2,700,000
Mortgages payable, net of current portion	1,610,380	3,398,792
Bonds payable, net of current portion	8,979,554	9,233,169
Accrued post-retirement benefits	980,687	986,871
Liability for pension benefits	6,444,866	9,067,704
Total long-term liabilities	23,934,643	25,389,312
TOTAL LIABILITIES	36,785,626	34,622,286
NET ASSETS		
Unrestricted	12,085,147	9,550,818
Temporarily restricted	3,091,160	2,323,964
Permanently restricted	2,868,104	2,538,909
TOTAL NET ASSETS	18,044,411	14,413,691
	$ 54,830,037	$ 49,035,977

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, 2018
(With Comparative Totals for 2017)

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE:					
Program service fees	$ 77,365,066	$ -	$ -	$ 77,365,066	$ 77,820,011
Fundraising	633,324	567,461	270,374	1,471,159	770,657
Change in value of beneficial interests in trusts	-	-	54,987	54,987	77,333
Rental income	-	-	-	-	500
Miscellaneous	165,418	-	-	165,418	70,013
Net assets released from restrictions	7,942	(7,942)	-	-	-
Total support and revenue	78,171,750	559,519	325,361	79,056,630	78,738,514
EXPENSES:					
Program services	69,708,259	-	-	69,708,259	70,755,179
Management and general	7,302,651	-	-	7,302,651	8,102,339
Fundraising and non-operating	808,706	-	-	808,706	742,851
Total expenses	77,819,616	-	-	77,819,616	79,600,369
OPERATING GAIN (LOSS)	352,134	559,519	325,361	1,237,014	(861,855)
NON-OPERATING GAIN (LOSS):					
Investment income	186,447	48,898		235,345	202,874
Investment gains	375,884	158,779	3,834	538,497	760,158
Prior period depreciation	(87,638)	-	-	(87,638)	-
(Loss) gain on sale of property and equipment	(805,682)	-	-	(805,682)	9,261
Actuarial gain arising during period	2,513,184	-	-	2,513,184	2,410,495
Gain on investment in CHHUNY, LLC	-	-	-	-	2,476
Total non-operating gain, net	2,182,195	207,677	3,834	2,393,706	3,385,264
CHANGE IN NET ASSETS	2,534,329	767,196	329,195	3,630,720	2,523,409
NET ASSETS - beginning of year	9,550,818	2,323,964	2,538,909	14,413,691	11,890,282
NET ASSETS - end of year	$ 12,085,147	$ 3,091,160	$ 2,868,104	$ 18,044,411	$ 14,413,691

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, 2018
(With Comparative Totals for 2017)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,630,720	$ 2,523,409
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Actuarial (gains) losses arising during period	(2,513,184)	(2,410,495)
Depreciation and amortization	2,008,342	2,047,431
Interest expense - bond issuance costs	23,548	23,549
Bad debt expense	-	28
(Gain) loss on sale of property and equipment	805,682	(9,261)
(Gain) loss on investments	(538,497)	(760,158)
Change in value of beneficial interest in trusts	(54,987)	(77,333)
(Gain) loss on investment in CHHUNY, LLC	-	(2,476)
Changes in:		
Accounts receivable	(3,930,282)	17,769
Prepaid expenses and inventory	11,539	20,056
Pledges receivable	(183,710)	28,756
Change in deposits	-	19,438
Accounts payable	171,762	(954,521)
Accrued salaries and expenses	781,497	(690,011)
Refundable advances	2,151,288	(1,187,503)
Liability for pension and post retirement benefits	(115,838)	161,789
Net cash flow from operating activities	2,247,880	(1,249,533)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase for property and equipment	(1,723,528)	(795,820)
Purchase of capital leased asset	(3,804,420)	-
Proceeds from sale of property and equipment	2,436,681	122,725
Proceeds from sale of investments	1,405,395	10,366,598
Purchase of investments	(2,044,258)	(10,457,559)
Investment in CHHUNY, LLC	-	45,000
Net cash flow from investing activities	(3,730,130)	(719,056)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds of line of credit	10,550	444,706
Net proceeds (repayment) of notes payable	(325,268)	1,433,331
Payments on capital leases obligations	(92,991)	(184,771)
Proceeds from capital leases	3,804,420	-
Repayment of bonds payable	(271,666)	(250,497)
Repayment of mortgages payable	(1,797,573)	(221,916)
Proceeds from notes payable	317,011	-
Net cash flow from financing activities	1,644,483	1,220,853
CHANGE IN CASH	162,233	(747,736)
CASH - beginning of year	1,229,855	1,977,591
CASH - end of year	$ 1,392,088	$ 1,229,855
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 873,524	$ 792,026
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Donated land	$ -	$ 21,500

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Principals of Consolidation
The accompanying consolidated financial statements include the accounts of Northern Rivers Family Services, Inc., the Center, and the Society, 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 investments 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The carrying amount of accounts receivable is reduced by a valuation that reflects management's best estimate of amounts that will not be collected. Management reviews receivable balances and estimates the portion of the balance that will not be collected based on historical collection percentages and review of open accounts. Accounts receivable are stated net of an allowance for doubtful accounts in the amount of $150,000 as of June 30, 2018 and 2017.

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, 2018 and 2017.

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 (first in, first out) or net realizable value.

In years prior to 2018, the Organization stated inventory at the lower of cost or market. The change was made prospectively as of July 1, 2017 in accordance with adoption of the new FASB standard ASU 2015-11 Simplifying the Measurement of Inventory. The adoption of this ASU had no impact on the 2017 statement of financial position and statement of activities.

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 were held by a Trustee and payments were made only upon proper authorization.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Included in property and equipment as of June 30, 2017, is one of the Society's properties that is used for administrative and program purposes. The structure of the sale was a sale-leaseback transaction where the Society sold the building and then leased the space back from the buyer for a period of time. During 2018, the Society sold a property in Schenectady, NY that was used for administration as well as programmatic purposes. The Society leased back certain space being used from the purchaser. The lease arrangement was capitalized, see Note 5.

Building and equipment under capital lease is capitalized at the present value of future minimum lease payments at the inception of the lease. Assets subject to capital leases are amortized over either the lease term or the life of the related assets, depending upon available purchase options and lease renewal features. Amortization related to assets subject to capital leases is included within depreciation expense.

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.

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 2018 and 2017.

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, but will never receive the assets held in the trust. The beneficial interest is recorded at the fair value of the underlying assets, based upon the market value of the investments held by trusts. The net increase or decrease in the fair value of the underlying assets is reflected in the statement of activities as change in value of beneficial interests in trusts, within the permanently restricted fund class.

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.

Financial Reporting

The Organization reports its activities and the related net assets using three net asset categories: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets include resources which are available for the support of the Organization's operating activities and are not subject to donor-imposed stipulations.

Temporarily restricted net assets represent donor-imposed restrictions that permit the Organization to use up or expend the donated assets as specified. This temporary restriction is satisfied by the passage of time or by actions of the Organization. See information about these restrictions in Note 11.

Permanently restricted net assets include resources that have donor-imposed restrictions that stipulate that resources be maintained intact permanently, but which permit the Organization to use up or expend the income derived from the donated assets for operating purposes. They also include the beneficial interest in perpetual trusts. These restrictions are described in Note 11.

Statement of Activities

The statement of activities are 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If temporarily restricted support is received and earned in the same year, it is reported as unrestricted.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the 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 unrestricted support 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services
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.

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

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

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

Functional Allocation of Expenses
The Organization's directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to programs and supporting services using specific allocation methods. Accordingly, certain costs have been allocated based upon management's estimates of time and resources devoted to each function.

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 an organization other than a private foundation.

Reclassifications
Certain reclassifications have been made to the 2017 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2017, from which the summarized information was derived.

3. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give which have been made by donors, but not yet received by the Organization. The Organization has reviewed for collectability and has determined that no allowance for uncollectible pledges is warranted. Total unconditional promises to give were as follows at June 30:

	2018	2017
Receivables due in less than one year	$ 199,592	$ 8,722
Less: Discount to present value	(13,813)	-
Pledge receivables	$ 185,779	$ 8,722

4. INVESTMENTS

A summary of investments measured at fair value at June 30 is as follows:

	2018	2017
Cash equivalents	$ 333,367	$ 289,091
Debt securities	3,051,675	4,665,350
Equities	6,288,497	4,317,079
Mutual funds	2,983,544	2,208,203
Total	$ 12,657,083	$ 11,479,723

For the years ended June 30, investment income consists of the following:

	2018	2017
Net, realized gains	$ 454,747	$ 368,969
Net, unrealized gains	83,750	391,189
Interest and dividends	235,345	202,874
Total	$ 773,842	$ 963,032

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2018	2017
Land	$ 140,530	$ 434,530
Building and improvements	41,937,931	42,853,249
Furniture, vehicles and equipment	5,595,852	5,305,384
Less: Accumulated depreciation	(27,273,221)	(27,398,984)
Construction in progress	1,064,832	-
Total	$ 21,465,924	$ 21,194,179

5. PROPERTY AND EQUIPMENT (Continued)

Capital Lease

The Society is the lessee of property and equipment under a capital lease. Assets held under capital lease are the following as of June 30:

	2018	2017
Assets under capital lease	$ 3,807,195	$ 314,515
Less: accumulated amortization	-	(288,460)
	$ 3,807,195	$ 26,055

Depreciation and amortization expense was $2,008,342 and $2,047,431 for the years ended June 30, 2018 and 2017, respectively.

6. LINE OF CREDIT

The Center has a revolving line-of-credit with KeyBank, totaling $3,500,000, which expires on February 26, 2019. The line bears interest at prime (5.00% at June 30, 2018). There was no outstanding balance as of June 30, 2018. The Center had a line-of-credit with NBT Bank for $3,000,000, which expired on December 31, 2017, the outstanding balance at June 30, 2017 was $101,405.

The Society has a revolving line-of-credit with Key Bank, totaling approximately $3,000,000. The line bears interest at prime. The balance at June 30, 2018 was $455,256. In accordance with the terms of the security agreement, the Society is required to provide their financial statements within 120 days from year end. As of June 30, 2018, the covenant was met.

The Society had a line-of-credit with Citizens Bank for $3,000,000, which expired on February 28, 2018. The outstanding balance at June 30, 2017 was $343,301 Interest is charged at the one-month London Interbank Offered Rate (LIBOR) (2.09% at June 30, 2018) plus 3.00%.

7. LONG-TERM DEBT

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

Northern Rivers Family Services, Inc.:

	2018	2017
Capital lease with Key Equipment Finance, secured by equipment. Installments of $9,736, including 4.98% interest, are payable monthly. Final payment March 2021.	$ 299,688	-
Total Northern Rivers Family Services, Inc.	299,688	-

7. **LONG-TERM DEBT (CONTINUED)**

Parsons Child and Family Center:

	2018	2017
Term loan with NBT, interest at one-month LIBOR plus 1.50%. Annual principal payments of $300,000 through maturity, March 3, 2022. Secured by approximately $2,200,000 of investment securities held at Charles Schwab. Certain financial covenants apply to this note. Those covenants were met as of June 30, 2018.	$ 1,200,000	$ 1,500,000
Mortgage payable with NBT Bank, due in monthly installments of $4,489, including interest at 4.74%, secured by real property at 125 Bigelow Ave., Schenectady, N.Y. Final payment due February 2024.	448,815	480,289
Mortgage payable - Healy House, New York State Dormitory Authority, due in annual installments on December 1 of $39,200 including interest at 7.79%, secured by real property at 62 Academy Road, Albany, N.Y. Final payment due June 2018.	18,473	54,137
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.	457,303	500,713
Capital lease obligation with First Niagara, secured by equipment, due in monthly installments of $2,784, including interest, at 3.96%. Final payment due October 2018.	2,775	35,375
Capital lease obligation with First Niagara, secured by equipment, due in monthly installments of $7,406, including interest at 3.76%. Final payment December 2017.	-	43,952
Total Parsons Child and Family Center	2,127,366	2,614,466

Northeast Parent and Child Society, Inc.:

	2018	2017
Commercial Loan, Bank of America, unsecured, qualified through New York State Energy Resource Development Authority. Interest at 3.25% payable monthly in 120 installments, final payment September 2017.	$ -	$ 5,083
Commercial Loan, Bank of America, unsecured. Interest at 7.25% payable monthly in 120 installments, final payment September 2017.	-	2,862

7. LONG-TERM DEBT (CONTINUED)

	2018	2017
Term loan with Citizens Bank. Interest at one-month LIBOR plus 3%. Interest only payments through maturity, June 1, 2021. Outstanding principal due in full at maturity. Secured by approximately $2,600,000 of investment securities held at Key Bank. Certain financial covenants apply to this note. Those covenants were met as of June 30, 2018.	1,500,000	1,500,000
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%.	3,804,420	-
Capital lease with Key Equipment Finance, secured by equipment. 36 installments of $5,513, including 3.67% interest, are payable monthly. Final payment September 2017.	-	16,439
Mortgage agreement with Citizens Bank secured by property at Genium Plaza, Schenectady, NY. The rate of interest is computed at the floating one-month LIBOR plus 1.91%. Principal payments in the amount of $3,327 will be paid in addition to interest at the aforesaid rate. Final payment is due November 2025.	292,746	332,665
Mortgage agreement with Bank of America with monthly payments of principal and interest of $10,076. Interest was stated at 6.298%. Mortgage was paid off after the sale of property at Franklin Street, Schenectady, NY.	-	1,623,359
Mortgage note payable with Citizens Bank secured by real estate, due July 2022. Principal payments are due monthly with interest based on a 30 day LIBOR rate plus 1.65%. Certain financial covenants apply to this note. These covenants were met as of June 30, 2018. Secured by property at Abbottsford Road, Schenectady, NY.	400,423	414,098

7. LONG-TERM DEBT (CONTINUED)

	2018	2017
Mortgage note payable with First Niagara Funding secured by real estate located at Park Avenue, Schenectady, NY, furniture and fixtures and assignments of rents and leases, due January, 2020. Principal payments are due monthly with interest based on 200 basis points per annum above the FHLB Rate not to fall below 5.99%. The interest rate at June 30, 2018 was 5.99%.	78,724	83,246
Mortgage note payable secured by real estate at Eastern Parkway, Schenectady, NY, furniture and fixtures and assignments of rents and leases, due January 2020. Principal payments are due monthly with interest based on 200 basis points per annum above the FHLB Rate not to fall below 5.99%. The interest rate at June 30, 2017 was 5.99%	96,643	102,193
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.	9,504,488	9,769,985
Total Northeast Parent and Child Society, Inc.	15,677,444	13,849,930
Total long-term debt	18,104,498	16,464,396
Less: Current portion of long-term debt	1,355,289	858,340
Less: Unamortized debt issuance costs	259,437	271,319
Long-term debt, net of current installments	$ 16,489,772	$ 15,334,737

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

	Mortgages and Loans Payable	Capital Lease Obligations	Total
2019	$ 855,289	$ 500,000	$ 1,355,289
2020	852,992	500,000	1,352,992
2021	2,353,162	500,000	2,853,162
2022	786,408	500,000	1,286,408
2023	525,688	500,000	1,025,688
Thereafter	8,926,539	2,125,000	11,051,539
Total	14,300,078	4,625,000	18,925,078
Less: Amount representing interest	-	(820,580)	(820,580)
	$ 14,300,078	$ 3,804,420	$ 18,104,498

The Organization incurred interest expense on all obligations of $879,587 and $815,587 for the years ended June 30, 2018 and 2017, respectively, including amortization of debt issuance costs.

7. LONG-TERM DEBT (Continued)

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.

The following summarizes the outstanding bonds at June 30:

	2018	2017
Series Bonds: Maturing June1, 2011 through June 1, 2028 with interest rates varying during these years beginning at 3.50% and ending at 5.00%.	$ 3,490,000	$ 3,750,000
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	9,395,000	9,655,000
Premium on Issuance of Bonds	109,488	114,985
Total Tax Exempt Bonds Payable	9,504,488	9,769,985
Less: Unamortized debt issuance costs	259,437	271,319
Bonds Payable, net	$ 9,245,051	$ 9,498,666

8. PENSION 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 Center and Society that are 18 years of age and older with no years of service requirement. Employees who contribute to the plan and have met eligibility requirements are eligible for the Center's and Society's matching contribution that is discretionary up to 2% of an employee's compensation. The Center and Society may also provide a discretionary contribution on behalf of employees meeting eligibility requirements after fiscal year-end. Pension costs for the year ended June 30, 2018 and 2017 were $481,478 and $1,031,131, respectively.

8. PENSION PLANS (Continued)

Defined Benefit Plan

The Center also has a defined benefit pension plan covering substantially all employees hired before July 1, 2012. The benefits are based on years of service and employees' compensation. Contributions to the Plan are intended to provide for benefits attributed to service to date and those expected to be earned in the future. The Plan was amended to close the Plan to new entrants and to discontinue benefit accruals effective June 30, 2013. The Plan's measurement date is June 30. Amounts are estimated based on actuarial assumptions. It is at least reasonably possible that these estimates could change in the near term. The following sets forth the funded status of the Plan:

	2018	2017
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 37,630,043	$ 38,413,063
Service cost	329,035	359,115
Interest cost	1,425,076	1,428,377
Actuarial gains	(1,714,615)	(238,503)
Benefits paid	(1,565,019)	(2,332,009)
Benefit obligation at end of year	$ 36,104,520	$ 37,630,043
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 28,562,339	$ 27,104,657
Actual return on plan assets	2,018,305	2,876,253
Employer contributions	703,695	889,422
Benefits paid	(1,624,685)	(2,307,993)
Fair value of plan assets at end of year	$ 29,659,654	$ 28,562,339
Funded status:		
(Under) funded status of the plan	$ 6,444,866	$ 9,067,704

Financial Statement Recognition

As of June 30, 2018 and 2017, the following amounts were recognized in the statement of financial position:

	2018	2017
As a non-current liability	$ 6,444,866	$ 9,067,704

As of June 30, 2018 and 2017, the following amounts were recognized in the statement of activities:

	2018	2017
Net periodic pension costs	$ 587,855	$ 1,051,211
Gains other than net periodic pension costs	$ 2,513,184	$ 2,410,495

8. PENSION PLANS (Continued)

Unamortized Items

As of June 30, 2018 and 2017, the following items included in plan net assets had not yet been recognized as a component of benefit expense:

	2018	2017
Transition obligation/(asset)	$ -	$ -
Prior service cost	-	-
Gains/(Losses)	(6,445,197)	(8,952,195)
Total unamortized items	$ (6,445,197)	$ (8,952,195)

The expected effect of unamortized items on unrestricted net assets in the next fiscal year is as follows:

Transition obligation/(asset)	$ -
Prior service cost	-
(Gains)/Losses	379,840
Total unamortized items	$ 379,840

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, 2018 and 2017:

	2018	2017
Discount rate	4.40%	3.98%
Expected long-term return on plan assets	6.50%	6.50%
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 are considered to be cash and equivalents, mutual funds, commingled funds, collective trusts and exchange traded funds. The asset mix will be actively managed and, therefore, will 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 should be scheduled to coincide with projected cash flow requirements.

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

8. PENSION PLANS (Continued)

Plan Assets

The pension plan's weighted-average asset allocations as of June 30, 2018 and 2017, by asset category are as follows:

	2018		2017	
Money market funds	$ 1,310,230	4.42%	$ 1,480,499	5.18%
Bond funds	896,219	3.02%	10,008,211	35.04%
Equity funds	4,348,635	14.66%	16,224,158	56.80%
Exchange traded funds	23,104,570	77.90%	849,471	2.97%
Total	$ 29,659,654	100%	$ 28,562,339	100%

The fair value of the Plan's assets at June 30, 2018 and 2017 was as follows:

June 30, 2018	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 1,310,230	$ -	$ -	$ 1,310,230
Equity funds	4,348,635	-	-	4,348,635
Bond funds	-	896,219	-	896,219
Exchange traded funds	-	23,104,570	-	23,104,570
Total Investments	$ 5,658,865	$ 24,000,789	-	$ 29,659,654

June 30, 2017	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 1,480,499	$ -	$ -	$ 1,480,499
Equity funds	16,224,158	-	-	16,224,158
Bond funds	-	10,008,211	-	10,008,211
Exchange traded funds	-	849,471	-	849,471
Total Investments	$ 17,704,657	$ 10,857,682	-	$ 28,562,339

Contributions

The Center contributed $703,695 and $889,422 during the years ending June 30, 2018 and 2017, respectively.

8. PENSION PLANS (Continued)

Expected Future Benefit Payments

The following are the expected future benefit payments:

2019	$	1,577,416
2020		1,763,584
2021		1,744,291
2022		3,621,159
2023		2,535,319
2024-2028		10,289,716
	$	21,531,485

Expected Long-Term Rate of Return on Plan Assets Assumption
The expected long-term rate of return on plan assets assumption of 6.50% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection of Economic Assumptions for Measuring Pension Obligations. Based on the Center's investment policy for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30-year period rolling averages.

9. 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, 2018 and 2017, the Society amortized $2,619 and $1,916, respectively, of benefit, resulting in a balance of $14,987 and $17,606 at June 30, 2018 and 2017, respectively for the present value of this future benefit obligation, which has been recorded as a liability in these consolidated 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 with health insurance through Center sponsored group plans equivalent to the amount of unused sick time. The employee has the option to take the benefit in the form of a cash payment. The benefit cannot be paid to spouses or beneficiaries. The plan is unfunded. The Plan's measurement date is June 30. Amounts are estimated based on actuarial assumptions. It is at least reasonably possible that these estimates could change in the near term.

9. POST-RETIREMENT BENEFIT (Continued)

The following table sets forth the change in accumulated postretirement benefit obligation recorded for the Center in the consolidated statement of financial position at June 30, 2018 and 2017:

	2018	2017
Accumulated postretirement benefit obligation at beginning of year	$ 986,871	$ 994,875
Service cost	9,096	12,040
Interest cost	36,511	36,597
Benefits paid / employer contributions	(52,158)	(49,704)
Recognition of actuarial gain	367	(6,937)
Accumulated postretirement benefit obligation at end of year	$ 980,687	$ 986,871

The net period postretirement health care benefit cost for the years ended June 30, 2018 and 2017 consists of the following components:

	2018	2017
Service cost	$ 20,870	$ 12,040
Interest cost	47,296	36,597
Amortization of transition obligation	34,282	34,282
Amortization of net gain	(56,683)	(68,034)
	$ 45,765	$ 14,885

The weighted average discount rate used in determining the accumulated postretirement benefit obligation for the years ended June 30, 2018 and 2017 was 4.44%.

For measurement purposes, initial per capital claim costs are estimated to be an average of approximately $14,012 for participants less than age 65, and an average of approximately $2,670 for participants 65 and older. These costs are based on premium rates charged by the HMO under which retired employees currently participate. Eligible retirees are provided with health insurance through the Center sponsored group plans equivalent to the amount of unused sick time. It is expected that health care trends will increase in accordance with the trend rates as follows:

	Pre-65	Post-65
2019-2026	5.80%	5.80%
2027-2034	5.70%	5.70%
2035	5.60%	5.60%
2036	5.50%	5.50%
2037-2039	5.40%	5.40%

9. POST-RETIREMENT BENEFIT (Continued)

Assumed health care cost trend rates have a significant effect on the amount reported for health care plans. A 1% point change in the health care trend rates would have the following effects:

	1% Trend Increase	Current Trend	1% Trend Decrease
Effect on total of service and interest cost component	$ 46,466	$ 45,667	$ 41,295
Effect on postretirement benefit obligation	$ 1,037,476	$ 980,687	$ 928,474

Projected claim costs over the next ten years are estimated as follows:

2019	$ 31,876
2020	32,780
2021	42,760
2022	53,423
2023	58,815
Years 2024 - 2028	367,255

10. ENDOWMENT

The Center has received both temporarily restricted and permanently restricted funds 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:

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 permanently and temporarily restricted 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.

10. ENDOWMENT (Continued)

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.

The Investment Manager sends quarterly reports to the Treasurer. The Treasurer reviews the quarterly reports and presents a summary to the Finance Committee. An in-depth presentation by the Investment Manager is conducted annually.

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, 2018 and 2017.

10. ENDOWMENT (Continued)

For fiscal year ended June 30, 2018, the Center had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of year	$ 2,322,234	$ 801,799	$ 3,124,033
Interest and dividend income	46,467	-	46,467
Net realized and unrealized gains on investments	158,779	-	158,779
Contributions, legacies, and bequests	386,324	270,374	656,698
Amounts appropriated for expenditure	(7,942)	-	(7,942)
Endowment Net Assets, End of Year	$ 2,905,862	$ 1,072,173	$ 3,978,035

For fiscal year ended June 30, 2017, the Center had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of year	$ 2,151,573	$ 901,467	$ 3,053,040
Interest and dividend income	22,714	-	22,714
Net realized and unrealized gains (losses) on investments	158,476	-	158,476
Contributions, legacies, and bequests	-	(99,668)	(99,668)
Amounts appropriated for expenditure	(10,529)	-	(10,529)
Endowment Net Assets, End of Year	$ 2,322,234	$ 801,799	$ 3,124,033

11. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of various purpose restrictions. At June 30, 2018 and 2017, the purpose restrictions are primarily for building or the maintenance of various buildings and programs as described by the investment fund titles noted below. Temporarily restricted net assets will be released from restriction when the funds have been spent in accordance with donor restrictions. The following summarizes restricted net assets at June 30:

	2018	2017
Temporarily Restricted:		
Greenhouse Fund	$ 424,765	$ 40,789
Jacob Fund	16,392	22,869
Bryant Fund	75,230	71,555
Lathrop Fund	1,196,114	1,114,874
Stein Library Fund	30,365	27,485
J.K. Miller Fund	290,883	266,873
Sidney Albert Institute	443,588	404,215
Joanne Malick Fund	81,036	73,038
Charbonneau Fund	2,940	2,387
Puels Fund	312,572	293,495
Margaret D. Griffel Trust	27,324	-
Capital campaign	181,137	-
Other Miscellaneous donor imposed restrictions	8,814	6,384
Total	$ 3,091,160	$ 2,323,964

Permanently restricted net assets are subject to donor-imposed restrictions that the Corpus be invested in perpetuity and only the income be made available for program operations.

	2018	2017
Permanently 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	150,000
Beneficial Interest in Perpetual Trusts	1,668,111	1,613,124
Scholarship and Other	127,820	123,986
Total	$ 2,868,104	$ 2,538,909

12. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at June 30, 2018:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money Markets	$ 333,367	$ -	$ -	$ 333,367
Equities	4,881,420	-	-	4,881,420
Mutual Funds	5,046,751	-	-	5,046,751
Corporate Debt Securities	-	65,035	-	65,035
Government Debt Securities	-	2,330,510	-	2,330,510
Beneficial Interests in Trusts	-	1,668,111	-	1,668,111
Total Investments	$ 10,261,538	$ 4,063,656	$ -	$ 14,325,194

The following are measured at fair value on a recurring basis at June 30, 2017:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money Markets	$ 289,091	$ -	$ -	$ 289,091
Equities	4,317,079	-	-	4,317,079
Mutual Funds	2,208,203	-	-	2,208,203
Corporate Debt Securities	-	2,505,067	-	2,505,067
Government Debt Securities	-	2,160,283	-	2,160,283
Beneficial Interests in Trusts	-	1,613,124	-	1,613,124
Total Investments	$ 6,814,373	$ 6,278,474	$ -	$ 13,092,847

13. 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 $150,634 and $86,869 for the years ended June 30, 2018 and 2017, 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.

Construction Commitment
The Center has received approvals to build a multi-million dollar behavioral health center. The Center has entered into a contract with a construction manager to execute the building phase of the project. As of June 30, 2018 the Center had incurred costs of approximately $930,000 in relation to this contract. These costs are included in construction in process on the accompanying consolidated statement of financial position.

13. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases
The Center and Society leases various equipment, vehicles and space under non-cancellable operating leases. At June 30, 2018 the minimum rental commitment under these operating leases have remaining terms in excess of one year is as follows:

2019	$	1,246,724
2020		986,027
2021		546,910
2022		210,664
2023		116,957
Total	$	3,107,282

14. INVESTMENT IN CHHUNY, LLC

As of June 30, 2018 and 2017, 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, 2018 and 2017, net gain (loss).

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, 2018 and 2017:

		2018		2017
Total Assets	$	2,539,329	$	2,638,084
Total Liabilities		(2,187,970)		(2,163,084)
Partners' Capital	$	351,359	$	475,000
Revenue	$	1,352,768	$	1,700,045
Expenses		(1,476,410)		(1,348,188)
Net Gain (Loss)	$	(123,642)	$	351,857

15. SUBSEQUENT EVENTS

During July 2018, the Center received a 25-year loan from SEFCU for $5,721,000 to fund the construction of the Behavioral Health Care Center.

Subsequent events have been evaluated through October 25, 2018, which is the date the financial statements were available to be issued.