NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

Consolidated Financial Statements as of
June 30, 2019
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 28, 2019

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, 2019, and the related consolidated statements of activities, consolidated statement of functional expense, 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, 2019, 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.

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

www.bonadio.com

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Change in Accounting Principle
As described in Note 2 to the financial statements, Northern Rivers Family Services, Inc. implemented Accounting Standards Update 2016-14, and the effects of the implementation have been included in these financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information
We have previously audited the consolidated financial statements of Northern Rivers Family Services, Inc. and Affiliates as of June 30, 2018, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our reported dated October 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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, 2019
(With Comparative Totals for 2018)

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash	$ 1,677,921	$ 1,392,088
Accounts receivable, net	17,577,839	17,083,691
Pledges receivable	293,426	185,779
Investments	8,704,146	8,188,308
Prepaid expenses and inventory	257,732	318,713
Total current assets	28,511,064	27,168,579
INVESTMENTS, restricted	4,707,276	4,468,775
PROPERTY AND EQUIPMENT, net	28,676,288	21,465,924
OTHER ASSETS:		
Other assets	33,648	33,648
Beneficial interest in trusts	1,665,528	1,668,111
Investment in CHHUNY, LLC	30,000	25,000
Total other assets	1,729,176	1,726,759
TOTAL ASSETS	$ 63,623,804	$ 54,830,037
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	$ 123,544	$ 455,256
Accounts payable	1,861,746	1,302,455
Accrued salaries and expenses	6,768,723	5,418,967
Due to third party	83,279	586,496
Refundable advances	3,211,975	3,751,838
Deferred revenue, current	140,000	-
Long-term debt, current	1,810,891	1,335,971
Total current liabilities	14,000,158	12,850,983
LONG-TERM LIABILITIES:		
Long-term debt	19,383,785	16,509,090
Deferred revenue	3,911,156	-
Accrued post-retirement benefits	1,522,725	980,687
Liability for pension benefits	10,416,878	6,444,866
Total long-term liabilities	35,234,544	23,934,643
TOTAL LIABILITIES	49,234,702	36,785,626
NET ASSETS		
Without donor restrictions	8,063,007	12,085,147
With donor restriction	6,326,095	5,959,264
TOTAL NET ASSETS	14,389,102	18,044,411
	$ 63,623,804	$ 54,830,037

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, 2019
(With Comparative Totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Program service fees	$ 81,542,030	$ -	$ 81,542,030	$ 77,365,066
Fundraising	708,949	330,739	1,039,688	1,471,159
Change in value of beneficial interests in trusts	-	(2,583)	(2,583)	54,987
Miscellaneous	404,173	-	404,173	165,418
Net assets released from restrictions	185,389	(185,389)	-	-
Total support and revenue	82,840,541	142,767	82,983,308	79,056,630
EXPENSES:				
Program services	71,613,560	-	71,613,560	67,352,596
Management and general	10,336,789	-	10,336,789	9,658,314
Fundraising and non-operating	826,539	-	826,539	808,706
Total expenses	82,776,888	-	82,776,888	77,819,616
OPERATING GAIN (LOSS)	63,653	142,767	206,420	1,237,014
NON-OPERATING GAIN (LOSS):				
Investment income, net	539,160	224,064	763,224	773,842
Prior period depreciation	-	-	-	(87,638)
Loss on sale of property and equipment	(1,194)	-	(1,194)	(805,682)
Actuarial (loss) gain arising during period	(4,623,759)	-	(4,623,759)	2,513,184
Total non-operating gain, net	(4,085,793)	224,064	(3,861,729)	2,393,706
CHANGE IN NET ASSETS	(4,022,140)	366,831	(3,655,309)	3,630,720
NET ASSETS - beginning of year	12,085,147	5,959,264	18,044,411	14,413,691
NET ASSETS - end of year	$ 8,063,007	$ 6,326,095	$ 14,389,102	$ 18,044,411

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, 2019
(With Comparative Totals for 2018)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (3,755,308)	$ 3,630,720
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Actuarial (gains) losses arising during period	4,623,759	(2,513,184)
Depreciation and amortization	1,700,174	2,008,342
Amortization of capital lease	480,681	-
Interest expense - bond issuance costs	23,548	23,548
(Gain) loss on sale of property and equipment	1,194	805,682
(Gain) loss on investments	(552,114)	(538,497)
Change in value of beneficial interest in trusts	2,583	(54,987)
Changes in:		
Accounts receivable	(394,148)	(3,930,282)
Prepaid expenses and inventory	60,981	11,539
Pledges receivable	(107,647)	(183,710)
Accounts payable	20,555	171,762
Accrued salaries and expenses	1,349,756	781,497
Due to third party payors	(503,217)	-
Refundable advances	(190,765)	2,151,288
Liability for pension and post retirement benefits	(109,709)	(115,838)
Net cash flow from operating activities	2,650,323	2,247,880
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase for property and equipment	(5,157,117)	(1,723,528)
Purchase of capital leased asset	-	(3,804,420)
Proceeds from sale of property and equipment	-	2,436,681
Proceeds from sale of investments	4,173,792	1,405,395
Purchase of investments	(4,376,017)	(2,044,258)
Investment in CHHUNY, LLC	(5,000)	-
Net cash flow from investing activities	(5,364,342)	(3,730,130)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds of line of credit	(331,712)	10,550
Net proceeds (repayment) of notes payable	(404,270)	(325,268)
Payments on capital leases obligations	(483,457)	(92,991)
Proceeds from capital leases	4,650,786	3,804,420
Repayment of bonds payable	(270,000)	(271,666)
Repayment of mortgages payable	(161,495)	(1,797,573)
Proceeds from notes payable	-	317,011
Net cash flow from financing activities	2,999,852	1,644,483
CHANGE IN CASH	285,833	162,233
CASH - beginning of year	1,392,088	1,229,855
CASH - end of year	$ 1,677,921	$ 1,392,088
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 719,643	$ 873,524
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Donated land	$ 40,000	$ -
Purchase of property and equipment included in accounts payable	$ 549,039	$ -
Purchase of property and equipment included in deferred revenue	$ 3,702,058	$ -

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program	Management & General	Fundraising & Non-Operating	Total
Salaries	$ 43,469,021	$ 5,320,965	$ 193,455	$ 48,983,441
Employee health and retirement benefits	6,308,400	1,195,830	39,887	7,544,117
Payroll Taxes	4,362,885	6,357	1,241	4,370,483
Total compensation and benefits	54,140,306	6,523,152	234,583	60,898,041
Purchase of services	3,007,024	1,157,955	162,790	4,327,769
Boarding home	3,203,423	-	-	3,203,423
Rent	1,291,641	724,286	236,574	2,252,501
Auto and transportation	1,730,590	20,966	2,374	1,753,930
Depreciation and amortization	1,604,195	112,115	12,907	1,729,217
Supplies and equipment	1,156,730	45,195	8,091	1,210,016
Insurance	998,988	63,117	1,416	1,063,521
Interest	711,511	907	35	712,453
Repair and maintenance	249,974	436,642	19,334	705,950
Food	698,685	-	-	698,685
Telecommunications	490,880	51,618	20,887	563,385
Utilities and property taxes	508,638	38,199	9,716	556,553
Conferences and administrative expense	204,942	113,698	72,372	391,012
Publicity	234,355	108,725	15,782	358,862
Dues, licenses and permits	90,410	238,685	731	329,826
Allowances	313,696	400,000	2,265	715,961
Recreation	217,505	180	14,223	231,908
Legal and professional fees	11,679	154,240	153	166,072
In-Kind expense	185,587	-	-	185,587
Office supplies and expense	133,872	20,284	2,594	156,750
Staff development	137,691	9,817	5,596	153,104
Discrectionary funds	124,325	-	-	124,325
Background checks	-	106,066	-	106,066
Clothing	67,437	-	-	67,437
Subscription and publications	31,074	10,628	222	41,924
Postage and shipping	37,645	314	3,894	41,853
Bedding	14,854	-	-	14,854
Camp fees	12,540	-	-	12,540
School expense	3,187	-	-	3,187
Sales tax	176	-	-	176
	$ 71,613,560	$ 10,336,789	$ 826,539	$ 82,776,888

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).

Change in Accounting Principle
In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* with the purpose of improving financial reporting by not-for-profit (NFP) entities. ASU 2016-14 includes many changes affecting the presentation and accounting for the Organization's consolidated financial statements including:

- Reducing the number of classes of net assets from three to two (net assets with donor restrictions and net assets without donor restrictions);
- Requiring the presentation of expenses in both natural and functional classifications; and
- Requiring qualitative and quantitative disclosure regarding the Organization's liquidity and availability of resources (Note 3).

ASU 2016-14 is effective for the Society's fiscal year ending June 30, 2019 and was applied retrospectively with the exception of the presentation of expenses in both natural and functional classifications and the disclosures regarding liquidity and the availability of resources. The effects of this ASU have been included in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 $650,000 and $150,000 as of June 30, 2019 and 2018, respectively.

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, 2019 and 2018.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

DASNY (Dormitory Authority of the State of New York) Bond Funds
The DASNY Bond Funds were created as the result of the issuance of the Series 2008 A-1 for the construction of a new Children's Home. These funds 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.

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

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 2019 and 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 two net asset categories: net assets without donor restrictions and net assets with donor restrictions.

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

Net assets with donor restrictions represent donor-imposed restrictions that permit the Organization to use up or expend the donated assets as specified. This classification of net assets includes the beneficial interest in perpetual trust as noted above. This temporary restriction is satisfied by the passage of time or by actions of the Organization. See information about these restrictions in Note 12.

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, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions. If net assets with donor restrictions are received and earned in the same year, it is reported as net assets without donor restriction.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)
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.

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

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

Reclassifications
Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Financial assets:	
Cash	$ 1,677,921
Accounts receivable, net	17,477,839
Pledges receivable	293,426
Investments	13,411,422
Beneficial interest in trusts	1,665,528
Total financial assets	34,526,136
Less: those unavailable for general expenditure due to:	
Donor restrictions	(6,326,095)
Reserves held for mortgage payable	(4,600,000)
Debt service reserves	(486,034)
Total financial assets available	$ 23,114,007

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

4. 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:

	2019	2018
Receivables due in less than one year	$ 321,407	$ 199,592
Less: Discount to present value	(27,981)	(13,813)
Pledge receivables	$ 293,426	$ 185,779

5. INVESTMENTS

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

	2019	2018
Cash equivalents	$ 3,188,375	$ 333,367
Debt securities	3,176,829	3,051,675
Equities	5,467,643	6,288,497
Mutual funds	1,578,575	2,983,544
Total	$ 13,411,422	$ 12,657,083

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Land	$ 180,530	$ 140,530
Building and improvements	38,404,606	38,130,736
Furniture, vehicles and equipment	5,942,176	5,595,852
Less: Accumulated depreciation	(28,937,183)	(27,273,221)
Construction in progress	9,762,421	1,064,832
Total	$ 25,352,550	$ 17,658,729
Assets under capital lease	$ 3,804,420	$ 3,807,195
Less: accumulated amortization	(480,682)	-
	$ 28,676,288	$ 21,465,924

Depreciation and amortization expense was $1,729,219 and $2,008,342 for the years ended June 30, 2019 and 2018, respectively.

7. LINE OF CREDIT

The Organization has a revolving line-of-credit with KeyBank, totaling $500,000, which expires on May 31, 2020. The line bears interest at prime (5.5% at June 30, 2019). There was no outstanding balance as of June 30, 2019 and 2018.

The Center has a revolving line-of-credit with KeyBank, totaling $3,500,000, which expires on May 31, 2020. The line bears interest at prime (5.5% at June 30, 2019). There was no outstanding balance as of June 30, 2019 and 2018.

The Society has a revolving line-of-credit with Key Bank, totaling approximately $3,000,000, which expires May 31, 2020. The line bears interest at prime (5.50% at June 30, 2019). There was no balance outstanding as of June 30, 2019. 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, 2019, the covenant was met.

The Organization has a revolving equipment line-of-credit with Key Bank, totaling approximately $1,000,000, which expires May 31, 2020. The Center and Society also have the ability to draw on this line as well. The line bears interest at prime (5.50% at June 30, 2019). The balance at June 30, 2019 was $123,544. There was no balance outstanding on this line of credit as of June 30, 2018. In accordance with the terms of the security agreement, the Organization is required to provide their financial statements within 120 days from year end. As of June 30, 2019, the covenant was met.

8. LONG-TERM DEBT

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

Northern Rivers Family Services, Inc.:

	2019	2018
Capital lease with Key Equipment Finance, secured by equipment. Installments of $9,736, including 4.98% interest, are payable monthly. Final payment March 2021.	$ 195,418	299,688
Total Northern Rivers Family Services, Inc.	195,418	299,688

8. LONG-TERM DEBT (Continued)

Parsons Child and Family Center:

	2019	2018
Term loan with NBT, interest at one-month LIBOR plus 1.50%. Equal payments through maturity, December 31, 2021. Secured by approximately $2.4M of investment securities held at NBT. Certain financial covenants apply to this note. Those covenants were met as of June 30, 2019.	$ 900,000	$ 1,200,000
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.	416,282	448,815
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 July 2018.	-	18,473
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.	411,581	457,303
Capital lease obligation with Key Bank, secured by equipment, due in monthly installments of $2,784, including interest, at 3.96%. Final payment due October 2018.	-	2,775
As part of the on-going construction described in Note 14, the Center has a building loan with SEFCU. This building loan allows for a maximum draw of $5.72M at a rate equal to the Prime Rate minus 1.5%, with a floor of 2.75%. The loan is interest only payments until substantial completion. Interest of $55,539 is being capitalized as part of the project as of June 30, 2019.	4,650,786	-
Total Parsons Child and Family Center	6,378,649	2,127,366

8. LONG-TERM DEBT (Continued)

Northeast Parent and Child Society, Inc.:

	2019	2018
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, 2019.	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%.	3,323,738	3,804,420
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.	252,826	292,746
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, 2019. Secured by property at Abbottsford Road, Schenectady, NY.	386,277	400,423
Mortgage note payable with Key Bank 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, 2019 was 5.99%.	73,920	78,724
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, 2019 was 5.99%.	90,746	96,643

8. LONG-TERM DEBT (Continued)

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.	9,228,990	9,504,488
Total Northeast Parent and Child Society, Inc.	14,856,497	15,677,444
Total long-term debt	21,430,564	18,104,498
Less: Current portion of long-term debt	1,810,891	858,340
Less: Unamortized debt issuance costs	235,888	271,319
Long-term debt, net of current installments	$ 19,383,785	$ 16,974,839

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
2020	$ 1,547,124	$ 500,000	$ 2,047,124
2021	1,748,925	500,000	2,248,925
2022	1,704,479	500,000	2,204,479
2023	941,783	500,000	1,441,783
2024	962,313	500,000	1,462,313
Thereafter	11,202,202	1,625,000	12,827,202
Total	18,106,826	4,125,000	22,231,826
Less: Amount representing interest	-	(801,262)	(801,262)
	$ 18,106,826	$ 3,323,738	$ 21,430,564

The Organization incurred interest expense on all obligations of $712,453 and $879,587 for the years ended June 30, 2019 and 2018, respectively, including amortization of debt issuance costs.

Tax Exempt Bonds Payable

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

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

8. LONG-TERM DEBT (Continued)

The following summarizes the outstanding bonds at June 30:

	2019	2018
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%.	$ 3,220,000	$ 3,490,000
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	9,125,000	9,395,000
Premium on Issuance of Bonds	103,990	109,488
Total Tax Exempt Bonds Payable	9,228,990	9,504,488
Less: Unamortized debt issuance costs	235,888	259,437
Bonds Payable, net	$ 8,993,102	$ 9,245,051

9. 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, 2019 and 2018 were $1,123,459 and $481,478, respectively.

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.

During June 2019, the Center changed their plan provider. Since this change was just before year-end, all assets at June 30, 2019 were in interest bearing money market accounts.

9. PENSION PLANS (Continued)

Defined Benefit Plan

The following sets forth the funded status of the Plan:

	2019	2018
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 36,104,520	$ 37,630,043
Service cost	-	329,035
Interest cost	1,541,390	1,425,076
Actuarial gains	4,432,469	(1,714,615)
Benefits paid	(1,852,464)	(1,565,019)
Benefit obligation at end of year	$ 40,225,915	$ 36,104,520
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 29,659,654	$ 28,562,339
Actual return on plan assets	1,544,894	2,018,305
Employer contributions	456,953	703,695
Benefits paid	(1,852,464)	(1,624,685)
Fair value of plan assets at end of year	$ 29,809,037	$ 29,659,654
Funded status:		
Under funded status of the plan	$ 10,416,878	$ 6,444,866

Financial Statement Recognition

As of June 30, 2019 and 2018, the following amounts were recognized in the statement of financial position:

	2019	2018
As a non-current liability	$ 10,416,878	$ 6,444,866

As of June 30, 2019 and 2018, the following amounts were recognized in the statement of activities:

	2019	2018
Net periodic pension costs	$ 309,989	$ 587,855
Gains other than net periodic pension costs	$ (4,118,645)	$ 2,513,184

9. PENSION PLANS (Continued)

Unamortized Items

As of June 30, 2019 and 2018, the following items included in plan net assets had not yet been recognized as a component of benefit expense:

	2019	2018
Transition obligation/(asset)	$ -	$ -
Prior service cost	-	-
Gains/(Losses)	(10,563,842)	(6,445,197)
Total unamortized items	$ (10,563,842)	$ (6,445,197)

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

Transition obligation/(asset)	$ -
Prior service cost	-
(Gains)/Losses	185,000
Total unamortized items	$ 185,000

Assumptions

The following table summarizes the assumptions used by the consulting actuaries and the related benefit cost information. The weighted – average assumptions used as of June 30, 2019 and 2018:

	2019	2018
Discount rate	3.44%	4.40%
Expected long-term return on plan assets	6.00%	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).

9. PENSION PLANS (Continued)

Plan Assets

The pension plan's weighted-average asset allocations as of June 30, 2019 and 2018, by asset category are as follows:

	2019		2018	
Money market funds	$ 29,809,037	100.00%	$ 1,310,230	4.42%
Bond funds	-	0.00%	896,219	3.02%
Equity funds	-	0.00%	4,348,635	14.66%
Exchange traded funds	-	0.00%	23,104,570	77.90%
Total	$ 29,809,037	100%	$ 29,659,654	100%

The fair value of the Plan's assets at June 30, 2019 and 2018 was as follows:

June 30, 2019	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 29,809,037	$ -	$ -	$ 29,809,037
Equity funds	-	-	-	-
Bond funds	-	-	-	-
Exchange traded funds	-	-	-	-
Total Investments	$ 29,809,037	$ -	-	$ 29,809,037

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

Contributions

The Center contributed $456,953 and $703,695 during the years ending June 30, 2019 and 2018, respectively.

9. PENSION PLANS (Continued)

Expected Future Benefit Payments

The following are the expected future benefit payments:

2020	$ 1,409,996
2021	1,492,970
2022	2,835,301
2023	2,349,769
2024	2,629,261
2025-2029	9,719,754
	$ 20,437,051

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.

10. 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, 2019 and 2018, the Society amortized $1,241 and $2,619, respectively, of benefit, resulting in a balance of $13,937 and $14,987 at June 30, 2019 and 2018, 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 a quarterly cash payment of $1,500 and payment will continue until the exhaustion of the employee’s calculated maximum post retirement benefit. The benefit cannot be paid to spouses or beneficiaries. The plan is unfunded. The Plan’s measurement date is June 30. Prior to July 1, 2018, eligible retirees also had the option to take health insurance provided by the Center. This is no longer an available option.

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

10. 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, 2019 and 2018:

	2019	2018
Accumulated postretirement benefit obligation at beginning of year	$ 980,687	$ 986,871
Service cost	-	9,096
Interest cost	-	36,511
Benefits paid / employer contributions	(109,709)	(52,158)
Recognition of actuarial gain	651,747	367
Accumulated postretirement benefit obligation at end of year	$ 1,522,725	$ 980,687

11. ENDOWMENT

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

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

Return Objectives and Risk Parameters
The primary purpose of endowment investment and spending policies at 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.

11. 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.

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, 2019 and 2018.

11. ENDOWMENT (Continued)

For fiscal year ended June 30, 2019, the Center had the following endowment-related activities:

Endowment Net Assets, Beginning of year	$ 3,978,035
Interest and dividend income	81,394
Net realized and unrealized gains on investments	136,160
Contributions, legacies, and bequests	5,000
Amounts appropriated for expenditure	(9,250)
Endowment Net Assets, End of Year	$ 4,191,339

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

Endowment Net Assets, Beginning of year	$ 3,124,033
Interest and dividend income	46,467
Net realized and unrealized gains (losses) on investments	158,779
Contributions, legacies, and bequests	656,698
Amounts appropriated for expenditure	(7,942)
Endowment Net Assets, End of Year	$ 3,978,035

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consist of various purpose restrictions. At June 30, 2019 and 2018, 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 at June 30:

	2019	2018
Restricted by purpose or time:		
Greenhouse Fund	$ 449,428	$ 424,765
Jacob Fund	11,842	16,392
Bryant Fund	80,476	75,230
Lathrop Fund	1,273,401	1,196,114
Stein Library Fund	33,105	30,365
J.K. Miller Fund	313,724	290,883
Sidney Albert Institute	481,044	443,588
Joanne Malick Fund	88,644	81,036
Charbonneau Fund	3,465	2,940
Puels Fund	330,721	312,572
Margaret D. Griffel Trust	53,316	27,324
Capital campaign	330,739	181,137
Other Miscellaneous donor imposed restrictions	10,669	8,814
Total	$ 3,460,574	$ 3,091,160

12. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	2019	2018
Restricted Corpus:		
Parsons Fund	$ 139,826	$ 139,826
Lathrop Fund	135,000	135,000
Stein Library Fund	16,831	16,831
J.K. Miller Fund	102,515	102,515
Sidney Albert Institute	201,520	201,520
Joanne Malick Fund	50,000	50,000
Charbonneau Fund	6,107	6,107
Margaret D. Griffel Trust	420,374	420,374
Beneficial Interest in Perpetual Trusts	1,665,528	1,668,111
Scholarship and Other	127,820	127,820
Total	$ 2,865,521	$ 2,868,104

13. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at June 30, 2019:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money Markets	$ 3,188,375	$ -	$ -	$ 3,188,375
Equities	4,912,999	-	-	4,912,999
Mutual Funds	2,133,219	-	-	2,133,219
Corporate Debt Securities	-	35,701	-	35,701
Government Debt Securities	-	3,141,128	-	3,141,128
Beneficial Interests in Trusts	-	1,665,528	-	1,665,528
Total Investments	$ 10,234,593	$ 4,842,357	$ -	$ 15,076,950

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

14. 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 $106,900 and $150,634 for the years ended June 30, 2019 and 2018, 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, 2019 the Center had incurred costs of approximately $9,500,000 in relation to this contract. These costs are included in construction in process on the accompanying consolidated statement of financial position.

The Center has also received approvals to build a 24-bed residential treatment center. The Center has entered into a contract with a construction manager to execute the building phase of the project. The Center has also secured financing with a bank for up to $5 million dollars. There have been no costs incurred on this project as of June 30, 2019.

Operating Leases

The Center and Society leases various equipment, vehicles and space under non-cancellable operating leases. At June 30, 2019 the minimum rental commitment under these operating leases have remaining terms in excess of one year is as follows:

2020	$	1,474,953
2021		1,014,925
2022		694,172
2023		596,401
2024		532,591
Total	$	4,313,042

15. INVESTMENT IN CHHUNY, LLC

As of June 30, 2019 and 2018, 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, 2019 and 2018, net gain (loss).

15. INVESTMENT IN CHHUNY, LLC (Continued)

The following is a summary of selected financial information from the financial statements of CHHUNY, LLC as of and for the years ended June 30, 2019 and 2018:

	2019	2018
Total Assets	$ 4,043,451	$ 2,539,329
Total Liabilities	(3,871,544)	(2,187,970)
Partners' Capital	$ 171,907	$ 351,359
Revenue	$ 1,116,362	$ 1,352,768
Expenses	(1,390,814)	(1,476,410)
Net Gain (Loss)	$ (274,452)	$ (123,642)

16. SUBSEQUENT EVENTS

On July 1, 2019, the Organization entered into an affiliation agreement with Unlimited Possibilities, Inc., a New York non-profit organization located in Saratoga Springs, NY whereas the Organization will be the sole member.

Subsequent events have been evaluated through October 28, 2019, which is the date the financial statements were available to be issued.