PARSONS CHILD AND FAMILY CENTER

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
Parsons Child and Family Center:

Report on the Financial Statements
We have audited the accompanying financial statements of Parsons Child and Family Center (the Center) (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Parsons Child and Family Center as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Change in Accounting Principle
As described in Note 2 to the financial statements, the Center implemented Accounting Standards Update 2016-14, and their effects 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 Center's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report 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.

Report on Supplemental Information
Our audit was conducted for the purpose of forming an opinion on the 2019 financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and* Schedule I are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2019 financial statements as a whole.

The 2018 supplementary information is presented for the purpose of additional analysis and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 supplementary information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*
In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2019, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Bonadio & Co., LLP

PARSONS CHILD AND FAMILY CENTER

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(With Comparative Totals for 2018)

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash	$ 421,931	$ 444,166
Accounts receivable, net	9,321,194	8,923,642
Due from affiliates	54,589	94,438
Prepaid expenses	17,281	25,463
Investments	5,858,632	5,529,464
Total current assets	15,673,627	15,017,173
INVESTMENTS, restricted	4,099,020	3,881,757
PROPERTY AND EQUIPMENT, net	14,192,761	5,859,823
OTHER ASSETS - escrow account	17,615	17,615
TOTAL ASSETS	$ 33,983,023	$ 24,776,368
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 993,543	$ 617,062
Accrued salaries and expenses	3,303,545	2,471,541
Due to affiliates	145,005	87,768
Notes payable, current portion	300,000	300,000
Mortgages payable, current portion	82,634	118,063
Capital lease payable, current portion	-	2,775
Deferred grant revenue, current portion	140,000	-
Refundable advances	2,950,653	3,537,016
Total current liabilities	7,915,380	7,134,225
LONG-TERM LIABILITIES		
Notes payable	600,000	900,000
Mortgages payable	5,396,015	806,528
Deferred grant revenue	3,562,058	-
Accrued post-retirement benefits	1,522,725	980,687
Liability for pension benefits	10,416,878	6,444,866
Total long-term liabilities	21,497,676	9,132,081
TOTAL LIABILITIES	29,413,056	16,266,306
NET ASSETS		
Without donor restrictions	378,628	4,532,027
With donor restrictions	4,191,339	3,978,035
TOTAL NET ASSETS	4,569,967	8,510,062
	$ 33,983,023	$ 24,776,368

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT:				
Program service fees	$ 45,437,519	$ -	$ 45,437,519	$ 42,407,221
Fundraising and in-kind	266,605	-	266,605	936,068
Net loss on sale of assets	(1,194)	-	(1,194)	-
Rent	66,567	-	66,567	26,224
Net assets released from restrictions	4,252	(4,252)	-	-
Total Revenue and Support	45,773,749	(4,252)	45,769,497	43,369,513
EXPENSES:				
Program	40,898,506	-	40,898,506	38,930,702
Management and general	4,684,391	-	4,684,391	4,250,807
Fundraising and non-operating	50,142	-	50,142	79,598
Total Expenses	45,633,039	-	45,633,039	43,261,107
OPERATING GAIN	140,710	(4,252)	136,458	108,406
NON-OPERATING GAIN:				
Investment income, net	329,650	217,556	547,206	594,959
Actuarial (loss) gain arising during period	(4,623,759)	-	(4,623,759)	2,513,184
Total non-operating gain	(4,294,109)	217,556	(4,076,553)	3,108,143
CHANGE IN NET ASSETS	(4,153,399)	213,304	(3,940,095)	3,216,549
NET ASSETS - beginning of year	4,532,027	3,978,035	8,510,062	5,293,513
NET ASSETS - end of year	$ 378,628	$ 4,191,339	$ 4,569,967	$ 8,510,062

The accompanying notes are an integral part of these statements.

PARSONS CHILD AND FAMILY CENTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (3,940,095)	$ 3,216,549
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Actuarial losses (gains) arising during period	4,623,759	(2,513,184)
Depreciation	714,829	818,298
Net loss on sale of property and equipment	1,194	-
Gain on investments	(397,832)	(449,515)
Changes in:		
Accounts receivable	(397,552)	(432,130)
Prepaid expenses	8,182	17,013
Due to affiliate	39,849	(37,340)
Accounts payable	(105,018)	76,099
Accrued salaries and expenses	832,004	32,017
Deferred grant revenue		-
Refundable advances	(586,363)	2,164,188
Liability for pension and post retirement benefits	(109,709)	(115,838)
Net cash flow from operating activities	683,248	2,776,157
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases for property and equipment	(4,808,167)	(1,261,096)
Proceeds from sale of investments	2,804,512	490,265
Purchase of investments	(2,953,111)	(1,131,076)
Net cash flow from investing activities	(4,956,766)	(1,901,907)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds (repayment) of line of credit	-	(101,405)
Net proceeds (repayment) of notes payable	(300,000)	(300,000)
Proceeds on construction draw	4,650,786	-
Repayment of mortgages payable	(96,728)	(110,549)
Payments on capital leases	(2,775)	(76,551)
Net cash flow from financing activities	4,251,283	(588,505)
CHANGE IN CASH	(22,235)	285,745
CASH - beginning of year	444,166	158,421
CASH - end of year	$ 421,931	$ 444,166
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 99,588	$ 137,538
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.

PARSONS CHILD AND FAMILY CENTER

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

	Program	Management and General	Fundraising and Non-operating	Total
FUNCTIONAL EXPENSES:				
Salaries	$ 25,201,319	$ 39,894	$ 3,683	$ 25,244,896
Employee health and retirement benefits	3,720,658	5,463	165	3,726,286
Payroll taxes	2,445,787	6,357	381	2,452,525
Total compensation and benefits	31,367,764	51,714	4,229	31,423,707
Charges from parent organization	-	4,243,797	-	4,243,797
Purchase of services	3,100,837	48,847	13,043	3,162,727
Rent	836,020	6,797	6,614	849,431
Auto and transportation	758,834	932	27	759,793
Depreciation	655,243	54,385	5,201	714,829
Supplies and equipment	671,486	15,997	5,029	692,512
Boarding home	691,865	-	-	691,865
Insurance	491,053	6,994	1,095	499,142
Food	437,751	-	-	437,751
Utilities	249,959	38,199	6,531	294,689
Telecommunications	258,724	876	320	259,920
Allowances	207,520	200,000	-	407,520
In-Kind expense	185,587	-	-	185,587
Repair and maintenance	118,079	10,982	1,902	130,963
Discrectionary funds	124,325	-	-	124,325
Conferences and administrative expense	110,123	1,728	58	111,909
Publicity	103,231	23	1	103,255
Staff development	97,044	-	5,596	102,640
Interest	99,588	-	-	99,588
Recreation	82,066	-	-	82,066
Office supplies and expense	75,291	2,014	333	77,638
Dues, licenses and permits	62,655	1,102	10	63,767
Clothing	41,454	-	-	41,454
Postage and shipping	33,860	4	-	33,864
Subscription and publications	16,063	-	-	16,063
Camp fees	12,540	-	-	12,540
Bedding	7,251	-	-	7,251
School expense	1,785	-	-	1,785
Legal and professional	508	-	153	661
TOTAL OPERATING EXPENSES	$ 40,898,506	$ 4,684,391	$ 50,142	$ 45,633,039

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Center's financial statements have been prepared in accordance with accounting principles generally accepted in the United States (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 changes the presentation and accounting for non-profit organization's financial statements including:

- Reducing the number of classes of net assets from three to two (net assets with donor restriction and net assets without donor restriction);
- Requiring the presentation of expenses in both natural and functional classifications;
- Eliminating the requirement to disclose the components of investment return as well as reporting investment return net of external and direct internal investment expenses;
- Requiring qualitative and quantitative disclosure regarding an entity's liquidity and availability of resources; and

ASU 2016-14 is effective for the Center'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 availability of resources. The effects of this ASU have been included in these financial statements.

Use of Estimates

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

Cash

Cash and equivalents include investments in highly liquid debt instruments with an initial maturity of three months or less. The Center has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash 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, and federal grants; contracts; and third-party reimbursement programs. Substantially all programs are billed on a monthly basis under customary payment terms associated with Medicaid programs and state and federal grants. Payment is normally received within thirty to sixty days. Accounts for which no payment has been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off.

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 $300,000 and $100,000 as of June 30, 2019 and 2018, respectively.

Investments

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

Property and Equipment

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

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

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

Long-Lived Assets

The Center assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value 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)

Deferred Grant Revenue
In order to provide for a proper matching of grant revenue and depreciation expense, the total proceeds from the New York State Department of Health grant were recorded as deferred grant revenue. The grant revenue is being amortized over a 25-year period. The building and related equipment will also be depreciated over the same 25-year period.

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

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

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

Net assets with donor restrictions represent donor-imposed restrictions that permit the Center to use up or expend the donated assets as specified. This restriction is satisfied by the passage of time or by actions of the Center. It also represents donor-imposed restrictions that stipulate that resources be maintained intact permanently, but which permit the Center to use up or expend the income derived from the donated assets for operating purposes. These restrictions are described in Note 11.

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

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

Donated Materials and Services
Donated materials and supplies are recorded as contributions at estimated fair value at the date of gift. The Center receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. The value of the services have not been reflected in these financial statements because the criteria under ASC 958-605 has not been satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Center has financial instruments in the accompanying financial statements, including cash and equivalents and investments including debt securities, equities, 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 Center could invest.

Functional Allocation of Expenses
The Center's identifiable expenses related to a singular program or supporting service are charged fully and directly. Expenses related to more than one program or supporting service are charged as such using specific allocation methods. Fringe benefit expenses are charged to departments based on actual salary expenses, occupancy related expenses are charged to departments based on square footage, and parent organization charges from Northern Rivers are charged to the Center based on a ratio value of applicable revenue. By using these various allocation methods, we are able to fully understand the true cost of operating each individual program or supporting service run by The Center.

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

Reclassification
Certain reclassifications have been made to the 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.

Comparative Financial Information
The 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 conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Financial assets as of June 30, 2019:		
Cash	$	421,931
Accounts receivable		9,321,194
Investments		9,957,652
Other assets		17,615
		19,718,392
Less: those unavailable for general within one year, due to:		
Donor restricted investments		(4,099,020)
Reserves held for mortgage payable		(2,200,000)
Escrow account		(17,615)
Other donor restricted assets		(92,319)
Financial assets available to meet cash need for general expenditure within one year	$	13,309,438

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. The ability to meet cash needs is highly dependent on funding from government agencies and the timely collection of accounts receivable. The Center has designed procedures to bill and collect from these payors as quickly as possible, however, this can sometimes be difficult to predict. Should the Center need to, they can manage vendor relationships to extend payment terms, utilize their available line-of-credit, or request support from one of their related parties. The Center also have a line-of-credit available to drawn on should it need available resources (Note 6).

4. INVESTMENTS

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

		2019		2018
Cash equivalents	$	3,090,852	$	193,154
Debt securities		2,592,075		1,782,012
Equities		3,920,516		4,052,566
Mutual funds		354,209		3,383,489
	$	9,957,652	$	9,411,221

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Land	$ 41,500	$ 41,500
Buildings and improvements	17,143,683	16,933,921
Furniture, vehicles and equipment	2,269,481	2,269,379
Construction in process	9,734,735	938,540
Less: accumulated depreciation	(14,996,638)	(14,323,517)
	$ 14,192,761	$ 5,859,823

Depreciation expense was $714,829 and $818,298 for the years ended June 30, 2019 and 2018, respectively.

6. LINE OF CREDIT

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 (5.25% at June 30, 2019). There was no outstanding balance as of June 30, 2019 and 2018. In accordance with the terms of the security agreement, the Center is required to provide their financial statements within 120 days from year end. As of June 30, 2019, the covenant was met.

The Center has a revolving equipment line-of-credit with KeyBank, totaling $1,000,000, which expires on May 31, 2020. The line bears interest at prime (5.25% at June 30, 2019). There was no outstanding balance as of June 30, 2019 and 2018. In accordance with the terms of the security agreement, the Center is required to provide their financial statements within 120 days from year end. As of June 30, 2019, the covenant was met.

7. LONG-TERM DEBT

Notes Payable	2019	2018
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 NBT The Center must maintain a debt service coverage ratio of not less than 1.20:1.00. The covenant was met as of June 30, 2019.	$ 900,000	$ 1,200,000

7. LONG-TERM DEBT (Continued)

Mortgage Notes Payable	2019	2018
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, N.Y. Final payment due June 2026.	411,581	457,303
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.	4,650,786	-
Capital Leases		
Capital lease obligations with First Niagara, secured by equipment, due in monthly installments of $2,784, including interest at 3.96%. Final payment October 2018.	-	2,775
Total	6,378,649	2,127,366
Less: current portion	(576,156)	(420,838)
	$ 5,802,493	$ 1,706,528

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

2020	$	576,156
2021		785,351
2022		805,365
2023		526,227
2024		530,246
Thereafter		3,155,304
Total	$	6,378,649

Interest expense was $99,589 and $137,538 for the years ended June 30, 2019 and 2018, respectively.

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.

8. PENSION PLANS

Defined Contribution Plan

The Center participates in the Northern Rivers Family Service's 401(K) Plan, a related party (see Note 11). The plan covers substantially all full-time employees of the Center that are 18 years of age and older with no years of service requirement. Employees who contribute to the plan and have met eligibility requirements are eligible for the Center's matching contribution that is discretionary up to 2% of an employee's compensation. The Center may also provide a discretionary contribution on behalf of employees meeting eligibility requirements after fiscal year-end. Contributions to the plan for the year ended June 30, 2019 and 2018, were $647,847 and $290,049, 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.

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

8. PENSION PLANS (Continued)

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

For the years ended 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

Unamortized Items

As of June 30, 2019 and 2018, the following items included in 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 restrictions 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	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

8. PENSION PLANS (Continued)

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).

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 Investements	$ 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 Investements	$ 5,658,865	$ 24,000,789	$ -	$ 29,659,654

8. PENSION PLANS (Continued)

Contributions

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

Expected Future Benefit Payments

The following are the expected future benefit payments for the years ending June 30:

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 6.00% 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

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

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

9. POST-RETIREMENT BENEFIT (Continued)

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

	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	-	367
Loss due to benefit change	651,747	-
Accumulated postretirement benefit obligation at end of year	$ 1,522,725	$ 980,687

10. ENDOWMENT

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

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

Return Objectives and Risk Parameters
The primary purpose of endowment investment and spending policies at Parsons Child and Family Center is to preserve the real (inflation adjusted) purchasing power of endowment assets while providing a prudent, predictable, stable and constant (in real terms) stream of spendable revenues for current use. The policies, if successfully implemented, should result in endowment growth and enhancement of financial resources. The goal of the investment program is to obtain a long-term average annual total return equal to or greater than the sum of the long-term rate of inflation as measured by the Consumer Price Index plus the long-term average annual endowment spending rate. Total return is defined as the sum of dividends, interest, realized and unrealized gains or losses less investment management fees and expenses. The investment policies assume endowment gifts will be used to increase rather than maintain the real purchasing power of endowment assets.

Strategies Employed for Achieving Objectives
The investment policies aimed to generate maximum total return from endowment assets should be balanced against acceptable levels of risk to avoid significant short-term losses. Funds invested in individual fixed income securities shall be rated no less than investment grade, "BBB" by Moody's and/or Standard and Poor's. Split ratings shall be considered the lower of the two ratings. Funds in below investment grade issues must be held in mutual funds with an average rating of no less than "BB" and shall not exceed more than 10% of the portfolio.

10. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives (Continued)

Individual equity investments shall be limited to no more than 5% in any one name and be limited to generally large cap names. Up to 15% of the portfolio may be invested in international mutual funds.

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

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

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.

10. ENDOWMENT (Continued)

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. 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	28,071
Net realized and unrealized gains on investments	177,175
Contributions, legacies, and bequests	656,698
Amounts appropriated for expenditure	(7,942)
Endowment Net Assets, End of Year	$ 3,978,035

11. 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	443,587
Joanne Malick Fund	88,644	81,036
Charbonneau Fund	3,465	2,940
Puels Fund	330,721	312,572
Margaret D. Griffel Trust (see Note 8)	53,316	27,324
Other Miscellaneous donor imposed restrictions	-	4,654
Total	$ 3,119,166	$ 2,905,862

11. 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 (see Note 8)	420,374	420,374
Total	$ 1,072,173	$ 1,072,173

12. 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	$ 3,090,852	$ -	$ -	$ 3,090,852
Equities	3,920,516	-	-	3,920,516
Mutual Funds	354,209	-	-	354,209
Corporate Debt Securities	-	35,701	-	35,701
Government Debt Securities	-	2,556,374	-	2,556,374
Total Investments	$ 7,365,577	$ 2,592,075	$ -	$ 9,957,652

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	$ 193,154	$ -	$ -	$ 193,154
Equities	4,052,566	-	-	4,052,566
Mutual Funds	3,383,489	-	-	3,383,489
Corporate Debt Securities	-	65,035	-	65,035
Government Debt Securities	-	1,716,977	-	1,716,977
Total Investments	$ 7,629,209	$ 1,782,012	$ -	$ 9,411,221

There were no changes in valuation techniques during 2019 or 2018. The Center recognized transfers between levels in the fair value hierarchy at the end of the reporting period.

13. RELATED PARTY TRANSACTIONS

Northern Rivers Family Services, Inc.

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

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

The Center paid $4,484,388 and $4,250,807 in fees to Northern Rivers Family Services during the years ended June 30, 2019 and 2018, respectively. Northern Rivers Family Services also pays rent to the Center for occupancy, equipment, telecommunications, and maintenance related services. The Center charged rent in the amount $66,567 and $25,549 for the years ended June 30, 2019 and 2018, respectively.

Northeast Parent and Child Society, Inc.

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

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

The Society recorded expenses of approximately $125,000 for training services provided by the Center during both the years ended June 30, 2019 and 2018. The Center also incurred rent expense for the use of space at Northeast Parent and Child Society, Inc. in the amount of $281,462 and $192,585 for the years ended June 30, 2019 and 2018, respectively. Northeast contracts with the Center to provide waiver services. The Center received $227,341 and $213,978 from Northeast for these services for the years ended June 30, 2019 and 2018, respectively.

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

	2019	2018
Due From Related Party:		
Northern Rivers Family Services, Inc.	$ 25,746	$ 68,431
Northeast Parent and Child Society, Inc.	28,843	26,007
Total	$ 54,589	$ 94,438
Due To Related Party:		
Northern Rivers Family Services, Inc.	$ 90,002	$ 15,318
Northeast Parent and Child Society, Inc.	55,003	72,450
Total	$ 145,005	$ 87,768

14. COMMITMENTS AND CONTINGENCIES

Self-Funded Unemployment Insurance

The Center's Unemployment Compensation Insurance program is self-funded. Unemployment benefits that separated employees receive are determined by New York State statute and are administered by New York State Department of Labor (NYSDOL). The Center is billed quarterly by NYSDOL for benefits paid to former employees. Unemployment is budgeted annually based on prior year results. The Center incurred costs of $35,517 and $38,493 for the years ended June 30, 2019 and 2018, respectively.

Reimbursement Rates

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

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 in the accompanying 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 leases equipment, facilities and vehicles pursuant to non-cancelable operating lease agreements expiring in various years through 2023.

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

2020		$ 504,027
2021		192,928
2022		115,019
2023		63,810
2024		-
	Total	$ 875,784

Rental expense for the years ending June 30, 2019 and 2018, was $567,965 and $632,190, respectively and is included in occupancy.

15. SUBSEQUENT EVENTS

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

PARSONS CHILD AND FAMILY CENTER Schedule I

SCHEDULE OF REVENUE FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	2019											
	Residential Care	Behavioral Health Services	Case Management Services	Early Childhood Services	Family Foster Care	Training and Research	Prevention Services	Education Services	Management and General	Fundraising and Non-operating	Total	2018
REVENUE	$ 11,353,718	$ 6,389,443	$ 9,653,053	$ 3,655,408	$ 2,108,287	$ 1,154,738	$ 2,372,513	$ 9,074,655	$ -	$ 576,050	$ 46,337,865	$ 46,461,483
FUNCTIONAL EXPENSES:												
Salaries	$ 6,141,874	$ 4,135,193	$ 4,620,125	$ 2,312,898	$ 729,873	$ 754,054	$ 1,552,661	$ 4,954,641	$ 39,894	$ 3,683	$ 25,244,896	$ 23,363,868
Employee Health and Retirement Benefits	897,266	634,680	701,472	316,152	99,989	112,369	240,337	718,393	5,463	165	3,726,286	3,312,386
Payroll Taxes	628,683	369,696	447,422	219,224	82,321	69,818	141,010	487,613	6,357	381	2,452,525	2,228,022
Total compensation and benefits	7,667,823	5,139,569	5,769,019	2,848,274	912,183	936,241	1,934,008	6,160,647	51,714	4,229	31,423,707	28,904,276
Allowances - children	13,121	-	-	-	-	312	4,475	-	-	-	17,908	16,009
Allowances - parents	65	-	-	-	-	-	-	-	-	-	65	654
Allowances - uncollectible receivables	-	177,438	39	2,446	7,202	140	616	1,666	200,000	-	389,547	662,413
Auto and transportation	70,255	52,480	417,399	39,140	49,580	71,112	46,543	12,325	932	27	759,793	656,783
Bedding	6,851	-	-	-	-	400	-	-	-	-	7,251	3,515
Boarding home	413	-	400	-	639,914	-	51,138	-	-	-	691,865	737,769
Camp fees	-	-	-	-	-	12,540	-	-	-	-	12,540	15,840
Charges from Parent Organization	-	-	-	-	-	-	-	-	4,243,797	-	4,243,797	3,956,389
Clothing	41,339	-	-	-	-	18	97	-	-	-	41,454	41,980
Conferences and Administrative Expense	3,797	6,576	65,849	2,916	15,224	6,321	4,864	4,576	1,728	58	111,909	96,171
Discretionary Funds	10,483	-	102,695	50	2,642	-	8,455	-	-	-	124,325	153,762
Dues, licenses and permits	3,334	22,925	6,026	1,178	374	20,742	252	7,824	1,102	10	63,767	24,798
Food	238,513	-	328	127,569	5,851	1,463	1,408	62,619	-	-	437,751	397,847
In-Kind expense	-	-	-	185,587	-	-	-	-	-	-	185,587	207,135
Insurance	175,096	39,805	51,314	24,383	13,821	11,193	45,343	130,098	6,994	1,095	499,142	454,561
Interest	45,225	1,873	7,122	33,401	2,001	-	4,740	5,226	-	-	99,588	137,538
Legal, professional and investment fees	128	176	204	-	-	-	-	-	-	153	661	43,580
Office supplies and expense	15,851	20,030	9,482	6,915	3,188	4,528	5,101	10,196	2,014	333	77,638	68,477
Postage and shipping	8,500	4,460	6,239	3,669	1,377	997	2,235	6,383	4	-	33,864	16,764
Publicity	4,602	66,365	1,823	1,345	17,319	3,343	521	7,913	23	1	103,255	27,875
Purchase of health services	367,219	109,761	485,301	46,904	21,375	-	-	202,792	-	-	1,233,352	1,114,223
Purchase of services - other	465,178	252,018	267,369	149,758	83,335	68,158	109,407	472,262	48,847	13,043	1,929,375	1,990,177
Recreation	31,101	947	295	6,535	4,669	5,027	3,204	30,288	-	-	82,066	119,655
Rent	-	261,175	368,658	-	4,565	-	82,912	-	-	-	717,310	690,502
Rent - furnishings and equipment	12,295	16,648	11,903	813	1,626	5,084	4,500	17,334	6,204	6,596	83,003	86,544
Rent - vehicles	25,362	1,529	18	625	8,487	9,362	229	2,895	593	18	49,118	47,728
Repair and Maintenance	7,324	13,796	25,842	4,984	4,534	11,059	2,472	9,893	9,330	1,261	90,495	84,364
Repair and Maintenance - vehicles	20,731	2,879	29	654	835	667	2,110	10,270	1,652	641	40,468	45,799
School expense	1,656	-	-	-	-	-	129	-	-	-	1,785	3,697
Staff development	6,408	1,242	10,096	37,464	161	29,795	2,045	9,833	-	5,596	102,640	99,364
Subscription and publications	1,885	99	703	3,441	1,825	1,520	-	6,590	-	-	16,063	14,145
Supplies and equipment	174,747	41,122	36,340	56,595	8,301	18,253	15,060	89,388	15,997	5,029	460,832	445,392
Supplies and equipment - education	-	-	-	40,114	-	-	364	37,595	-	-	78,073	78,230
Supplies and equipment - medical	150,496	2,100	-	857	10	-	-	144	-	-	153,607	366,743
Telecommunications	58,107	52,364	67,031	13,745	13,432	3,297	20,543	30,205	876	320	259,920	323,961
Utilities and property taxes	86,962	344	4,709	41,238	6,655	10,443	13,758	85,850	38,199	6,531	294,689	308,150
Depreciation	200,495	11,402	8,161	137,788	20,776	44,019	22,250	210,352	54,385	5,201	714,829	818,296
Total operating expenses	$ 9,915,362	$ 6,299,123	$ 7,724,394	$ 3,818,388	$ 1,851,262	$ 1,276,034	$ 2,388,779	$ 7,625,164	$ 4,684,391	$ 50,142	$ 45,633,039	$ 43,261,107
Operating gain (loss)	$ 1,438,356	$ 90,320	$ 1,928,659	$ (162,980)	$ 257,025	$ (121,296)	$ (16,266)	$ 1,449,491	$ (4,684,391)	$ 525,908		

The accompanying notes are an integral part of these schedules.

PARSONS CHILD AND FAMILY CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Grantor's Number	Federal CFDA Number	Passed to Sub recipients	Expenditures
Passed-through New York State Education Department:				
School Breakfast Program *	NA	10.553	$ -	$ 53,740
National School Lunch Program *	NA	10.555	-	78,241
Total Child Nutrition Cluster			-	131,981
Child and Adult Care Food Program	N/A	10.558	-	110,701
Total U.S. Department of Agriculture			-	242,682
U.S. Department of Health and Human Services				
Head Start	N/A	93.600	-	1,642,596
Total U.S. Department of Health and Human Services			-	1,642,596
U.S. Department of Education				
Passed-through Albany City School District				
Title I Grants to Local Educational Agencies ^	NA	84.010	-	38,924
Passed-through New York State Education Department				
Special Education - Grant to State	0427-16-0051	84.027	-	275,952
Special Education - Preschool Grants	0427-16-0112	84.173	-	18,946
Total Special Education Grants			-	294,898
Total U.S. Department of Education			-	333,822
Total Expenditures of Federal Awards			$ -	$ 2,219,100

* Child Nutrition Cluster
^ Title I, Part A Cluster
# TANF Cluster
NA Not available

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of Parsons Child and Family Center (the Center) for the year ended June 30, 2019. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the schedule.

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

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

2. INDIRECT COST RATES

The Center has elected not to use the 10% de minimis cost rate, because the major program is exempt from the provisions of the OMB cost principal. However, the Center has negotiated an indirect cost rate of 10.80% for their major program.

3. FEDERAL LOANS AND LOAN GUARANTEES

The Center had no federal loans or loan guarantees outstanding as of June 30, 2019.

4. INSURANCE

The Center did not participate in any federal insurance programs for the year ended June 30, 2019.

5. SUBRECIPIENTS

The Center does not have any subrecipients of funds.

6. NON-CASH ASSISTANCE

The Center did not receive any non-cash assistance that should be reported in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2019.

Bonadio & Co., LLP
Certified Public Accountants

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

October 28, 2019

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Parsons Child and Family Center (the Center), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, and cash flows for the year then ended, related notes to the financial statements, and have issued our report thereon dated October 28, 2019.

Internal Control over Financial Reporting

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

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

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

(Continued)

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

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

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

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

October 28, 2019

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

Report on Compliance for Each Major Federal Program
We have audited Parsons Child and Family Center's (Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2019. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program
In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Bonadio & Co., LLP

PARSONS CHILD AND FAMILY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

Financial statements:

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	______ Yes ___x__ No
Significant deficiencies identified that are not considered to be material weaknesses?	______ Yes ___x___ None noted
Noncompliance material to financial statements noted?	______ Yes ___x__ No

Federal Awards:

Internal control over the major programs:	
Material weakness(es) identified?	______ Yes___x___ No
Significant deficiencies identified that are not considered to be material weaknesses?	______ Yes ___x___ None noted
Type of auditor's report issued on compliance for the major programs:	Unmodified
Any audit findings that are required to be reported in accordance with the Uniform Guidance	______ Yes ___x__ No

Identification of the major program:

CFDA Number	*Name of Federal Program or Cluster*
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs?	$750,000
Auditee qualified as low-risk auditee:	__x___Yes _____ No

(Continued)

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None