NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

Consolidated Financial Statements as of
June 30, 2020
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

April 14, 2021

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, 2020, 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, 2020, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Change in Accounting Principle
As described in Note 2 to the financial statements, Northern Rivers Family Services, Inc. and Affiliates implemented Accounting Standards Updates: 2014-09, *Revenue from Contracts with Customers* (Topic 606), and 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The 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 consolidated financial statements of Northern Rivers Family Services, Inc. and Affiliates as of June 30, 2019, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our reported dated October 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 consolidated 2020 financial statements as a whole. The supplementary information in Schedule I, II and III is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 supplemental information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Bonadio & Co., LLP

NORTHERN RIVERS FAMILY SERVICES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash	$ 15,543,293	$ 1,677,921
Accounts receivable, net	15,850,320	17,577,839
Pledges receivable	325,277	293,426
Investments	8,840,323	8,704,146
Prepaid expenses and inventory	270,463	257,732
Total current assets	40,829,676	28,511,064
INVESTMENTS, restricted	4,874,038	4,707,276
PROPERTY AND EQUIPMENT, net	32,173,186	28,676,288
OTHER ASSETS:		
Other assets	33,648	33,648
Beneficial interest in trusts	1,672,533	1,665,528
Investment in CHHUNY and UPP	886,161	30,000
Total other assets	2,592,342	1,729,176
	$ 80,469,242	$ 63,623,804
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	$ 656,253	$ 123,544
Accounts payable	1,146,219	1,861,746
Accrued salaries and expenses	5,845,139	6,768,723
Due to third party	-	83,279
Refundable advances	1,818,781	3,211,975
Deferred revenue, current	341,767	140,000
Long-term debt, current	1,915,341	1,810,891
Total current liabilities	11,723,500	14,000,158
LONG-TERM LIABILITIES:		
Long-term debt	35,956,481	19,383,785
Deferred revenue	-	3,911,156
Accrued post-retirement benefits	1,388,309	1,522,725
Liability for pension benefits	15,729,923	10,416,878
Total long-term liabilities	53,074,713	35,234,544
TOTAL LIABILITIES	64,798,213	49,234,702
NET ASSETS		
Without donor restrictions	9,357,840	8,063,007
With donor restrictions	6,313,189	6,326,095
TOTAL NET ASSETS	15,671,029	14,389,102
	$ 80,469,242	$ 63,623,804

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, 2020
(With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Program service fees	$ 88,452,237	$ -	$ 88,452,237	$ 81,542,030
Fundraising	666,803	158,726	825,529	1,039,688
Change in value of beneficial interests in trusts	-	7,005	7,005	(2,583)
Miscellaneous	1,288,220	-	1,288,220	404,173
Net assets released from restrictions	331,940	(331,940)	-	-
Total support and revenue	90,739,200	(166,209)	90,572,991	82,983,308
EXPENSES:				
Program services	74,805,572	-	74,805,572	71,613,560
Management and general	9,025,401	-	9,025,401	10,336,789
Fundraising and non-operating	1,058,802	-	1,058,802	826,539
Total expenses	84,889,775	-	84,889,775	82,776,888
OPERATING GAIN (LOSS)	5,849,425	(166,209)	5,683,216	206,420
NON-OPERATING GAIN (LOSS):				
Investment income, net	353,727	153,303	507,030	763,224
Loss on sale of property and equipment	(81,213)	-	(81,213)	(1,194)
State paid depreciation	(126,000)	-	(126,000)	-
Equity transfer - Unlimited Potential	711,939	-	711,939	-
Actuarial (loss) gain arising during period	(5,313,045)	-	(5,313,045)	(4,623,759)
Total non-operating gain, net	(4,454,592)	153,303	(4,301,289)	(3,861,729)
CHANGE IN NET ASSETS	1,394,833	(12,906)	1,381,927	(3,655,309)
NET ASSETS - beginning of year	7,963,007	6,326,095	14,289,102	18,044,411
NET ASSETS - end of year	$ 9,357,840	$ 6,313,189	$ 15,671,029	$ 14,389,102

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, 2020
(With Comparative Totals for 2019)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,381,927	$ (3,755,308)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Actuarial losses arising during period	5,313,045	4,623,759
Depreciation and amortization	2,157,143	1,700,174
Amortization of capital lease	457,289	480,681
Interest expense - bond issuance costs	23,548	23,548
Loss on sale of property and equipment	138,763	1,194
Loss (gain) loss on investments	55,960	(552,114)
Implicit price concessions	25,557	-
Change in value of beneficial interest in trusts	(7,005)	2,583
Equity transfer	(711,939)	-
Changes in:		
Accounts receivable	1,785,624	(394,148)
Prepaid expenses and inventory	13,777	60,981
Pledges receivable	(31,851)	(107,647)
Accounts payable	(910,139)	20,555
Accrued salaries and expenses	(990,221)	1,349,756
Deferred grant revenue	(3,709,389)	-
Due to third party payors	(83,279)	(503,217)
Refundable advances	(1,393,194)	(190,765)
Liability for pension and post retirement benefits	(134,416)	(109,709)
Net cash flow from operating activities	3,381,200	2,650,323
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase for property and equipment	(6,369,752)	(5,157,117)
Proceeds from sale of property and equipment	116,692	-
Proceeds from sale of investments	12,732,717	4,173,792
Purchase of investments	(13,055,276)	(4,376,017)
Investment in CHHUNY and UP	-	(5,000)
Net cash flow from investing activities	(6,575,619)	(5,364,342)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds of line of credit	532,709	(331,712)
Net proceeds (repayment) of notes payable	12,013,666	(404,270)
Payments on capital leases obligations	(457,289)	(483,457)
Proceeds from capital leases	5,403,224	4,650,786
Repayment of bonds payable	(290,000)	(270,000)
Repayment of mortgages payable	(142,519)	(161,495)
Net cash flow from financing activities	17,059,791	2,999,852
CHANGE IN CASH	13,865,372	285,833
CASH - beginning of year	1,677,921	1,392,088
CASH - end of year	$ 15,543,293	$ 1,677,921
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 692,161	$ 719,643
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Donated land	$ -	$ 40,000
Purchase of property and equipment included in accounts payable	$ 13,459	$ 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, 2020

	Program	Management & General	Fundraising & Non-Operating	Total
Salaries	$ 46,236,718	$ 5,279,393	$ 183,240	$ 51,699,351
Employee health and retirement benefits	5,753,062	1,125,370	35,889	6,914,321
Payroll Taxes	4,685,092	6,863	907	4,692,862
Total compensation and benefits	56,674,872	6,411,626	220,036	63,306,534
Purchase of services	2,747,745	797,498	338,370	3,883,613
Boarding home	3,004,650	-	-	3,004,650
Rent	1,747,520	665,812	232,302	2,645,634
Auto and transportation	1,426,594	16,463	1,536	1,444,593
Depreciation and amortization	1,739,356	191,605	132,470	2,063,431
Supplies and equipment	1,456,259	28,117	2,418	1,486,794
Insurance	1,169,790	73,965	1,846	1,245,601
Interest	670,891	5,404	67	676,362
Repair and maintenance	629,692	118,773	18,880	767,345
Food	665,894	-	96	665,990
Telecommunications	518,484	52,112	19,481	590,077
Utilities and property taxes	536,693	47,934	4,015	588,642
Conferences and administrative expense	(13,128)	68,580	32,056	87,508
Publicity	156,402	67,091	18,260	241,753
Dues, licenses and permits	65,017	199,501	822	265,340
Allowances	846,907	-	8,979	855,886
Recreation	182,050	-	8,725	190,775
Legal and professional fees	9,167	186,855	8,920	204,942
In-Kind expense	140,399	-	-	140,399
Office supplies and expense	114,726	15,589	1,919	132,234
Staff development	103,411	8,415	3,253	115,079
Discrectionary funds	39,373	-	-	39,373
Background checks	-	62,044	-	62,044
Clothing	66,753	-	-	66,753
Subscription and publications	19,615	5,587	65	25,267
Postage and shipping	64,871	2,430	4,286	71,587
Bedding	11,199	-	-	11,199
Camp fees	7,920	-	-	7,920
School expense	2,300	-	-	2,300
Sales tax	150	-	-	150
	$ 74,805,572	$ 9,025,401	$ 1,058,802	$ 84,889,775

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, Northeast Parent and Child Society, Inc. and Unlimited Possibilities, Inc. Northern Rivers Family Services, Inc. is the sole corporate member of Parsons Child and Family Center, Northeast Parent and Child Society, Inc. and Unlimited Possibilities, Inc.

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

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

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

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 Principles
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively “ASC 606”). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Organization adopted ASC 606 on July 1, 2019, using a modified retrospective approach. There was no effect on total net assets or changes in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principles

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore had no effect on the consolidated financial position or results of operations for the year ended June 30, 2019. There was no effect from the change in accounting principle on the consolidated financial position or results of operations for the year ended June 30, 2020.

Principals of Consolidation

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

Use of Estimates

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

Cash

Cash includes 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.

For accounts receivable subsequent to the adoption of ASC 606, the estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction of accounts receivable. Implicit price concessions are $650,000 as of June 30, 2020 and 2019.

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, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

Inventory

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

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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2020 and 2019.

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

Contributions

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

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

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

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

Third-Party Reimbursement and Revenue Recognition

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

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

Prior to the adoption of ASC 606, the Organization provided an allowance for doubtful accounts based on review of the individual's ability to pay for services provided. Amounts due from third party payors were written off when they were determined to be uncollectible.

After adoption of ASC 606, the Organization reviews individual contracts at the time of performance, in order to determine estimated uncollectable accounts due from third party payors and records these implicit price concessions as a direct reduction to revenue. Estimates of implicit price concessions are determined based on historical collection experience using a portfolio approach as a practical expedient to account for the contracts as a collective group.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy

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

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

The Organization has financial instruments in the accompanying consolidated financial statements, including cash and equivalents and investments including money market funds, debt securities, equities, mutual funds, and beneficial interest in perpetual trusts. The carrying value of cash and equivalents, and investments in equities, and mutual funds notes are a reasonable approximation of fair value due to the short-term nature of the instruments and are considered to be a level 1 measurement. The fair value of the corporate debt securities, 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 2019 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2019, 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 June 30:

	2020	2019
Financial assets:		
Cash	$ 15,543,293	$ 1,677,921
Accounts receivable, net	15,850,320	17,577,839
Pledges receivable	325,277	293,426
Investments	13,714,361	13,411,422
Beneficial interest in trusts	1,672,533	1,665,528
Total financial assets	47,105,784	34,626,136
Less: those unavailable for general expenditure due to:		
Donor restrictions	(6,313,189)	(6,326,095)
Reserves held for mortgage payable	(4,600,000)	(4,600,000)
Debt service reserves	(584,086)	(486,034)
Total financial assets available	$ 35,608,509	$ 23,214,007

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:

	2020	2019
Receivables due in less than one year	$ 330,801	$ 321,407
Less: Discount to present value	(5,524)	(27,981)
Pledge receivables	$ 325,277	$ 293,426

5. INVESTMENTS

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

	2020	2019
Cash equivalents	$ 293,603	$ 3,188,375
Debt securities	3,144,567	3,176,829
Equities	8,749,426	5,467,643
Mutual funds	1,526,765	1,578,575
Total	$ 13,714,361	$ 13,411,422

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2020	2019
Land	$ 140,530	$ 180,530
Building and improvements	46,599,055	38,404,606
Furniture, vehicles and equipment	7,752,572	5,942,176
Less: Accumulated depreciation	(31,028,373)	(28,937,183)
Construction in progress	5,842,953	9,762,421
Total	$ 29,306,737	$ 25,352,550
Assets under capital lease	$ 3,804,420	$ 3,804,420
Less: accumulated amortization	(937,971)	(480,682)
	$ 32,173,186	$ 28,676,288

Depreciation and amortization expense was $2,189,432 and $1,729,217 for the years ended June 30, 2020 and 2019, respectively.

7. LINE OF CREDIT

The Organization has a revolving line-of-credit with KeyBank, totaling $500,000, which expires on May 31, 2021. The line bears interest at prime (3.25% at June 30, 2020). There was no outstanding balance as of June 30, 2020 and 2019.

The Center has a revolving line-of-credit with KeyBank, totaling $3,500,000, which expires on May 31, 2021. The line bears interest at prime (3.25% at June 30, 2020). There was no outstanding balance as of June 30, 2020 and 2019. 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, 2020, the covenant was met.

The Society has a revolving line-of-credit with Key Bank, totaling approximately $3,000,000, which expires May 31, 2021. The line bears interest at prime (3.25% at June 30, 2020). There was no balance outstanding as of June 30, 2020 and 2019. 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, 2020, the covenant was met.

7. LINE OF CREDIT (Continued)

The Organization has a revolving equipment line-of-credit with Key Bank, totaling approximately $1,000,000, which expires May 31, 2021. The Center and Society also have the ability to draw on this line as well. The line bears interest at prime (1.68% at June 30, 2020). The balance at June 30, 2020 and 2019 was $656,253 and $123,544, respectively. 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, 2020, the covenant was met.

UP has an on-demand line-of-credit from Adirondack Trust for $100,000, with interest at 1% above the bank's base lending rate (4.5% at June 30, 2020). All borrowings under this line-of-credit are secured by a first security interest in all inventory, accounts receivable, and furniture and equipment. At June 30, 2020 there was no outstanding balance.

8. PAYCHECK PROTECTION LOAN

In April 2020, the Organization entered into four separate unsecured promissory notes payable to a bank in the total amount of $13,055,261. The notes were entered in by the Organization as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing to be forgiven to the extent the Organization meets defined requirements related to expenditure of the funds and management of the Organization's personnel complement. Through the date the financial statements were available to be issued, the Organization is unable to determine the amount of potential loan forgiveness. If no forgiveness is granted, the terms of this agreement require the Organization to make monthly principle payments of approximately $550,000, including 1%.

9. LONG-TERM DEBT

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

Northern Rivers Family Services, Inc.:

	2020	2019
Capital lease with Key Equipment Finance, secured by equipment. Installments of $9,736, including 4.98% interest, are payable monthly. Final payment March 2021.	$ 85,836	195,418
Total Northern Rivers Family Services, Inc.	85,836	195,418

9. LONG-TERM DEBT (Continued)

Parsons Child and Family Center:

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.	$ 600,000	$ 900,000
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.	383,071	416,282
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.	363,426	411,581
As part of the on-going construction described in Note 14, the Center has a building loan with Saratoga National Bank. This building loan allows for a maximum draw of $5M at a rate of 4.99%. The loan is interest only payments until substantial completion. Interest of $48,399 is being capitalized as part of the project as of June 30, 2020.	4,658,565	-
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 $455,897 is being capitalized as part of the project as of June 30, 2020.	5,395,445	4,650,786
Total Parsons Child and Family Center	11,400,507	6,378,649

9. LONG-TERM DEBT (Continued)

Northeast Parent and Child Society, Inc.:

Term loan with NBT. Interest at one-month LIBOR plus 1.5%. 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, 2020.	$ 1,000,000	$ 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%.	2,866,449	3,323,738
Mortgage agreement with Citizens Bank secured by property at Gonium 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.	212,906	252,826
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, 2020. Secured by property at Abbottsford Road, Schenectady, NY.	371,589	386,277
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 February 2030. Principal payments are due monthly with interest of 3.37%.	70,982	73,920
Mortgage note payable secured by real estate at Eastern Parkway, Schenectady, NY, furniture and fixtures and assignments of rents and leases, due due February 2030. Principal payments are due monthly with interest of 3.37%.	87,139	90,746
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.	8,933,493	9,228,990
Total Northeast Parent and Child Society, Inc.	13,542,558	14,856,497
Total long-term debt	25,028,901	21,430,564
Less: Unamortized debt issuance costs	212,340	235,888
	24,816,561	21,194,676
Less: Current portion of long-term debt	1,915,341	1,810,891
Long-term debt, net of current installments	$ 22,901,220	$ 19,383,785

9. LONG-TERM DEBT (Continued)

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

	Mortgages and Loans Payable	Capital Lease Obligations	Total
2021	$ 1,492,353	$ 500,000	$ 1,992,353
2022	1,558,378	500,000	2,058,378
2023	789,693	500,000	1,289,693
2024	802,971	500,000	1,302,971
2025	810,341	500,000	1,310,341
Thereafter	16,708,716	366,449	17,075,165
Total	22,162,452	2,866,449	25,028,901
Less: Amount representing interest	-	(1,008,551)	(1,008,551)
	$ 22,162,452	$ 1,857,898	$ 24,020,350

The Organization incurred interest expense on all obligations of $676,363 and $712,453 for the years ended June 30, 2020 and 2019, 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.

The following summarizes the outstanding bonds at June 30:

	2020	2019
Series Bonds: Maturing through June 1, 2028 with interest rates varying during these years beginning at 3.50% and ending at 5.00%.	$ 2,930,000	$ 3,220,000
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	8,835,000	9,125,000
Premium on Issuance of Bonds	98,493	103,990
Total Tax Exempt Bonds Payable	8,933,493	9,228,990
Less: Unamortized debt issuance costs	212,340	235,888
Bonds Payable, net	$ 8,721,153	$ 8,993,102

10. RETIREMENT PLANS

Defined Contribution Plan

The Organization sponsors a 401(K) plan, the Northern Rivers Family Service's 401(K) Plan. The plan covers substantially all full-time employees of the 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, 2020 and 2019 were $532,729 and $1,123,459, respectively.

UP Simple IRA

UP has a simple IRA plan and will match employee contributions up to 3% of total annual compensation. Simple IRA expense for the year ended June 30, 2020 was $12,200.

Defined Benefit Plan

The Center also has a defined benefit pension plan covering substantially all employees hired before July 1, 2012. The benefits are based on years of service and employees' compensation. Contributions to the Plan are intended to provide for benefits attributed to service to date and those expected to be earned in the future. The Plan was amended to close the Plan to new entrants and to discontinue benefit accruals effective June 30, 2013.

The Plan's measurement date is June 30. Amounts are estimated based on actuarial assumptions. It is at least reasonably possible that these estimates could change in the near term.

The following sets forth the funded status of the Plan:

	2020	2019
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 40,225,915	$ 36,104,520
Service cost	-	-
Interest cost	1,337,160	1,541,390
Actuarial gains	4,735,796	4,432,469
Benefits paid	(3,523,530)	(1,852,464)
Benefit obligation at end of year	$ 42,775,341	$ 40,225,915
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 29,809,037	$ 29,659,654
Actual return on plan assets	309,911	1,544,894
Employer contributions	450,000	456,953
Benefits paid	(3,523,530)	(1,852,464)
Fair value of plan assets at end of year	$ 27,045,418	$ 29,809,037
Funded status:		
(Under) funded status of the plan	$ 15,729,923	$ 10,416,878

10. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Financial Statement Recognition

As of June 30, 2020 and 2019, the following amounts were recognized in the statement of financial position:

	2020	2019
As a non-current liability	$ 15,729,923	$ 10,416,878

As of June 30, 2020 and 2019, the following amounts were recognized in the statement of activities:

	2020	2019
Net periodic pension costs	$ 1,284,719	$ 309,989
Gains other than net periodic pension costs	$ (4,495,995)	$ (4,118,645)

Unamortized Items

As of June 30, 2020 and 2019, the following items included in plan net assets had not yet been recognized as a component of benefit expense:

	2020	2019
Transition obligation/(asset)	$ -	$ -
Prior service cost	-	-
Gains/(Losses)	(15,042,168)	(10,563,842)
Total unamortized items	$ (15,042,168)	$ (10,563,842)

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	315,000
Total unamortized items	$ 315,000

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, 2020 and 2019:

10. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

	2020	2019
Discount rate	2.66%	3.44%
Expected long-term return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A

Determination of Investment Policy

The Plan's investment policy is designed for a moderate risk tolerance with a long-term investment horizon. The allowable investments 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, 2020 and 2019, by asset category are as follows:

	2020		2019	
Money market funds	$ 514,256	1.90%	$ 29,809,037	100.00%
Bond funds	8,543,589	31.59%	-	0.00%
Equity funds	17,987,573	66.51%	-	0.00%
Total	$ 27,045,418	100%	$ 29,809,037	100%

The fair value of the Plan's assets at June 30, 2020 and 2019 was as follows:

June 30, 2020	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 514,256	$ -	$ -	$ 514,256
Equity funds	17,987,573	-	-	17,987,573
Bond funds	8,543,589	-	-	8,543,589
Total Investments	$ 27,045,418	$ -	$ -	$ 27,045,418

10. RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

June 30, 2019	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 29,809,037	$ -	$ -	$ 29,809,037
Total Investments	$ 29,809,037	$ -	$ -	$ 29,809,037

Contributions

The Center contributed $450,000 and $456,953 during the years ending June 30, 2020 and 2019, respectively.

Expected Future Benefit Payments

The following are the expected future benefit payments:

2021	$ 1,530,016
2022	2,332,911
2023	2,178,297
2024	2,368,568
2025	1,612,637
2026-2030	10,101,538
	$ 20,123,967

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.

11. 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, 2020 and 2019, the Society amortized $1,007 and $1,241, respectively, of benefit, resulting in a balance of $12,930 and $13,937 at June 30, 2020 and 2019, respectively for the present value of this future benefit obligation, which has been recorded as a liability in these consolidated financial statements.

11. POST-RETIREMENT BENEFIT (Continued)

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

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

The following table sets forth the change in accumulated postretirement benefit obligation recorded for the Center in the consolidated statement of financial position at June 30, 2020 and 2019:

	2020	2019
Accumulated postretirement benefit obligation at beginning of year	$ 1,522,725	$ 980,687
Benefits paid / employer contributions	(134,416)	(109,709)
Loss due to benefit change	-	651,747
Accumulated postretirement benefit obligation at end of year	$ 1,388,309	$ 1,522,725

12. 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.

12. ENDOWMENT (Continued)

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. 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.

12. ENDOWMENT (Continued)

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, 2020 and 2019.

For fiscal year ended June 30, 2020, the Center had the following endowment-related activities:

Endowment Net Assets, Beginning of year	$ 4,191,339
Interest and dividend income	306,249
Net realized and unrealized loss on investments	(155,448)
Contributions, legacies, and bequests	-
Amounts appropriated for expenditure	(1,201)
Endowment Net Assets, End of Year	$ 4,340,939

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 (losses) 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

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consist of various purpose restrictions. At June 30, 2020 and 2019, 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:

	2020	2019
Restricted by purpose or time:		
Greenhouse Fund	$ 466,930	$ 449,428
Jacob Fund	7,642	11,842
Bryant Fund	80,185	80,476
Lathrop Fund	1,328,228	1,273,401
Stein Library Fund	35,054	33,105
J.K. Miller Fund	329,924	313,724
Sidney Albert Institute	507,624	481,044
Joanne Malick Fund	94,048	88,644
Charbonneau Fund	3,786	3,465
Puels Fund	343,597	330,721
Margaret D. Griffel Trust	71,748	53,316
Capital campaign	158,726	330,739
Other Miscellaneous donor imposed restrictions	13,171	10,669
Total	$ 3,440,663	$ 3,460,574

	2020	2019
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	1,672,533	1,665,528
Scholarship and Other	127,820	127,820
Total	$ 2,872,526	$ 2,865,521

14. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at June 30, 2020:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money Markets	$ 293,602	$ -	$ -	$ 293,602
Equities	8,749,427	-	-	8,749,427
Mutual Funds	1,526,765	-	-	1,526,765
Government Debt Securities	-	3,144,567	-	3,144,567
Beneficial Interests in Trusts	-	1,672,533	-	1,672,533
Total Investments	$ 10,569,794	$ 4,817,100	$ -	$ 15,386,894

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

	Inputs	Inputs	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

15. 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 $201,533 and $106,900 for the years ended June 30, 2020 and 2019, 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 24-bed residential treatment center. The Center has entered into a contract with a construction manager to execute the building phase of the project. As of June 30, 2020 the Center had incurred costs of approximately $4,600,000 of the $5,024,000 total contract. These costs are included in construction in process on the accompanying consolidated statement of financial position.

15. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases

The Center and Society leases various equipment, vehicles and space under non-cancellable operating leases. At June 30, 2020 the minimum rental commitment under these operating leases have remaining terms in excess of one year is as follows:

2021	$ 1,213,877
2022	901,309
2023	788,838
2024	725,028
2025	725,028
Total	$ 4,354,080

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.

Child Victims Act

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

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

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

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

16. INVESTMENT IN CHHUNY, LLC

As of June 30, 2020 and 2019, 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, 2020 and 2019, net gain (loss).

The following is a summary of selected financial information from the financial statements of CHHUNY, LLC as of and for the years ended June 30, 2020 and 2019:

	2020	2019
Total Assets	$ 8,365,295	$ 4,043,451
Total Liabilities	(8,193,647)	(3,871,544)
Partners' Capital	$ 171,648	$ 171,907
Revenue	$ 2,006,335	$ 1,116,362
Expenses	(2,006,594)	(1,390,814)
Net Gain (Loss)	$ (259)	$ (274,452)

17. SUBSEQUENT EVENTS

In September 2020, the Organization received $1,615,727 as part of the CARES Act Provider Relief Funds to be used for healthcare-related expenses or lost revenue due to COVID-19. These funds are not to be repaid, assuming the Organization complies with the terms and conditions.

As of June 30, 2020, $480,693 of these funds were recognized into revenue related to expenses incurred through year end relating to COVID-19 and is within miscellaneous income on the consolidated statement of activities.

Subsequent events have been evaluated through April 14, 2021, which is the date the financial statements were available to be issued.

NORTHERN RIVERS FAMILY SERVICES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

Schedule I

	Northeast Parent and Child Society, Inc.	Northern Rivers Family Services, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
ASSETS							
CURRENT ASSETS:							
Cash	$ 5,767,942	$ 2,667,980	$ 7,070,000	$ 37,371	$ 15,543,293	$ -	$ 15,543,293
Accounts receivable, net	7,845,570	1,181	7,954,259	49,310	15,850,320	-	15,850,320
Pledges receivable	-	325,277	-	-	325,277	-	325,277
Prepaid expenses and inventory	57,170	163,904	22,881	26,508	270,463	-	270,463
Due from affiliates	252,393	313,175	482,246	-	1,047,814	(1,047,814)	-
Investments	2,870,823	-	5,969,500	-	8,840,323	-	8,840,323
Total current assets	16,793,898	3,471,517	21,498,886	113,189	41,877,490	(1,047,814)	40,829,676
INVESTMENTS, restricted	620,927	-	4,253,111	-	4,874,038	-	4,874,038
PROPERTY AND EQUIPMENT	12,844,545	336,573	18,989,538	2,530	32,173,186	-	32,173,186
OTHER ASSETS							
Escrow account	-	-	17,615	-	17,615	-	17,615
Deposits	16,033	-	-	-	16,033	-	16,033
Beneficial interests in trusts	1,672,533	-	-	-	1,672,533	-	1,672,533
Investment in CHHUNY and UPP	-	30,000	-	856,161	886,161	-	886,161
Total other assets	1,688,566	30,000	17,615	856,161	2,592,342	-	2,592,342
TOTAL ASSETS	$ 31,947,936	$ 3,838,090	$ 44,759,150	$ 971,880	$ 81,517,056	$ (1,047,814)	$ 80,469,242

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
JUNE 30, 2020

Schedule II

	Northeast Parent and Child Society, Inc.	Northern Rivers Family Services, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Line of credit	$ 314,413	$ 73,492	$ 268,348	$ -	$ 656,253	$ -	$ 656,253
Accounts payable	554,315	142,980	445,412	3,512	1,146,219	-	1,146,219
Accrued salaries and expenses	2,130,110	647,283	3,001,635	66,111	5,845,139	-	5,845,139
Due to affiliate	179,940	611,924	255,950	-	1,047,814	(1,047,814)	-
Refundable advances	302,195	-	1,516,586	-	1,818,781	-	1,818,781
Deferred revenue, current	341,767	-	-	-	341,767	-	341,767
Capital lease obligations, current	435,031	-	-	-	435,031	-	435,031
Notes payable, current	500,000	85,836	300,000	-	885,836	-	885,836
Mortgages payable, current	55,198	-	228,779	-	283,977	-	283,977
Bonds payable, current	310,497	-	-	-	310,497	-	310,497
Total current liabilities	5,123,466	1,561,515	6,016,710	69,623	12,771,314	(1,047,814)	11,723,500
LONG-TERM LIABILITIES							
Capitalized lease obligations	2,431,418	-	-	-	2,431,418	-	2,431,418
Notes payable	500,000	-	300,000	-	800,000	-	800,000
Mortgages payable	687,418	-	10,571,728	-	11,259,146	-	11,259,146
Paycheck protection loan payable	4,849,693	1,331,400	6,742,155	132,013	13,055,261	-	13,055,261
Bonds payable	8,410,656	-	-	-	8,410,656	-	8,410,656
Deferred revenue	-	-	-	-	-	-	-
Accrued post-retirement benefits	-	-	1,388,309	-	1,388,309	-	1,388,309
Liability for pension benefits	-	-	15,729,923	-	15,729,923	-	15,729,923
Total long-term liabilities	16,879,185	1,331,400	34,732,115	132,013	53,074,713	-	53,074,713
TOTAL LIABILITIES	22,002,651	2,892,915	40,748,825	201,636	65,846,027	(1,047,814)	64,798,213
NET ASSETS							
Without donor restrictions	8,131,761	786,449	(330,614)	770,244	9,357,840	-	9,357,840
With donor restrictions	1,813,524	158,726	4,340,939	-	6,313,189	-	6,313,189
TOTAL NET ASSETS	9,945,285	945,175	4,010,325	770,244	15,671,029	-	15,671,029
TOTAL LIABILITIES AND NET ASSETS	$ 31,947,936	$ 3,838,090	$ 44,759,150	$ 971,880	$ 81,517,056	$ (1,047,814)	$ 80,469,242

The accompanying notes are an integral part of these statements.

NORTHERN RIVERS FAMILY SERVICES, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Schedule III

	Northeast Parent and Child Society, Inc.	Northern Rivers Family Services, Inc.	Parsons Child And Family Center	Unlimited Potential	Total	Elimination	Total
SUPPORT AND REVENUE							
Program service fees	$ 36,928,848	$ 8,355,862	$ 50,764,880	$ 711,009	$ 96,760,599	$ (8,308,362)	$ 88,452,237
Fundraising	86,571	632,508	203,079	17,075	939,233	(113,704)	825,529
Change in value of beneficial interests in trusts	7,005	-	-	-	7,005		7,005
Rental income	277,687	-	7,602	16,500	301,789	(301,789)	-
Miscellaneous	141,203	476,890	578,670	91,457	1,288,220	-	1,288,220
Total Support and Revenue	37,441,314	9,465,260	51,554,231	836,041	99,296,846	(8,723,855)	90,572,991
EXPENSES							
Program services	33,587,893	271,218	42,577,834	563,746	77,000,691	(2,185,582)	74,815,109
Management and general	2,899,616	8,333,114	4,019,970	211,653	15,464,353	(6,424,569)	9,039,784
Fundraising and non-operating	362,291	465,136	318,806	2,353	1,148,586	(113,704)	1,034,882
Total Expenses	36,849,800	9,069,468	46,916,610	777,752	93,613,630	(8,723,855)	84,889,775
CHANGE IN NET ASSETS FROM OPERATIONS	591,514	395,792	4,637,621	58,289	5,683,216	-	5,683,216
CHANGE IN NET ASSETS NON-OPERATING							
Investment income, net	111,692	975	394,347	16	507,030	-	507,030
(Loss) gain on sale of asset	28,775	42,577	(152,565)	-	(81,213)	-	(81,213)
State paid depreciation	-	-	(126,000)	-	(126,000)	-	(126,000)
Equity transfer - Unlimited Potential	-	-	-	711,939	711,939	-	711,939
Actuarial gain (loss) arising during period	-	-	(5,313,045)	-	(5,313,045)	-	(5,313,045)
Total Other Changes in Net Assets	140,467	43,552	(5,197,263)	711,955	(4,301,289)	-	(4,301,289)
CHANGE IN NET ASSETS	731,981	439,344	(559,642)	770,244	1,381,927	-	1,381,927
NET ASSETS - beginning of year	9,213,304	505,831	4,569,967	-	14,289,102	-	14,289,102
NET ASSETS - end of year	$ 9,945,285	$ 945,175	$ 4,010,325	$ 770,244	$ 15,671,029	$ -	$ 15,671,029

The accompanying notes are an integral part of these statements.