PARSONS CHILD AND FAMILY CENTER

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
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, 2020, 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, 2020, 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 Principles
As described in Note 2 to the financial statements, Parsons Child and Family Center 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 Center's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report 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 2020 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 2020 financial statements as a whole.

The 2019 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 2019 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 2019 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 April 5, 2021, 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, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash	$ 7,070,000	$ 421,931
Accounts receivable	7,954,259	9,321,194
Due from affiliates	482,246	54,589
Prepaid expenses	22,881	17,281
Investments	5,969,500	5,858,632
Total current assets	21,498,886	15,673,627
INVESTMENTS, restricted	4,253,111	4,099,020
PROPERTY AND EQUIPMENT, net	18,989,538	14,192,761
OTHER ASSETS - escrow account	17,615	17,615
	$ 44,759,150	$ 33,983,023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line-of-credit	$ 268,348	$ -
Accounts payable	445,412	993,543
Accrued salaries and expenses	3,001,635	3,303,545
Due to affiliates	255,950	145,005
Notes payable, current portion	300,000	300,000
Mortgages payable, current portion	228,779	82,634
Deferred grant revenue, current portion	-	140,000
Refundable advances	1,516,586	2,950,653
Total current liabilities	6,016,710	7,915,380
LONG-TERM LIABILITIES:		
Notes payable	300,000	600,000
Mortgages payable	10,571,728	5,396,015
Deferred grant revenue	-	3,562,058
Paycheck protection loan payable	6,742,155	-
Accrued post-retirement benefits	1,388,309	1,522,725
Liability for pension benefits	15,729,923	10,416,878
Total long-term liabilities	34,732,115	21,497,676
Total liabilities	40,748,825	29,413,056
NET ASSETS		
Without donor restrictions	(330,614)	378,628
With donor restrictions	4,340,939	4,191,339
Total net assets	4,010,325	4,569,967
	$ 44,759,150	$ 33,983,023

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, 2020
(With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT:				
Program service fees	46,232,146	$ -	$ 46,232,146	45,100,496
Grant revenue - behavioral health center	3,978,171	-	3,978,171	-
DSRIP revenue	420,737	-	420,737	-
Fundraising and in-kind	203,079	-	203,079	266,605
Net loss on sale of assets	(152,565)	-	(152,565)	(1,194)
Rent	7,602	-	7,602	66,567
Miscellaneous	712,496	-	712,496	337,023
Net assets released from restrictions	1,201	(1,201)	-	-
Total Revenue and Support	51,402,867	(1,201)	51,401,666	45,769,497
EXPENSES:				
Program	42,577,834	-	42,577,834	40,898,506
Management and general	3,999,117	-	3,999,117	4,684,391
Fundraising and non-operating	339,659	-	339,659	50,142
Total Expenses	46,916,610	-	46,916,610	45,633,039
OPERATING GAIN	4,486,257	(1,201)	4,485,056	136,458
NON-OPERATING GAIN (LOSS):				
Investment income, net	243,546	150,801	394,347	547,206
State paid depreciation	(126,000)	-	(126,000)	-
Actuarial loss arising during period	(5,313,045)	-	(5,313,045)	(4,623,759)
Total non-operating gain (loss)	(5,195,499)	150,801	(5,044,698)	(4,076,553)
CHANGES IN NET ASSETS	(709,242)	149,600	(559,642)	(3,940,095)
NET ASSETS - beginning of year	378,628	4,191,339	4,569,967	8,510,062
NET ASSETS - end of year	$ (330,614)	$ 4,340,939	$ 4,010,325	$ 4,569,967

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, 2020
(With Comparative Totals for 2019)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (559,642)	$ (3,940,095)
Adjustments to reconcile change in net assets to		
net cash flow from operating activities:		
Actuarial losses arising during period	5,313,045	4,623,759
Depreciation	1,075,215	714,829
Net loss on sale of property and equipment	152,565	1,194
Loss (gain) on investments	74,439	(397,832)
Changes in:		
Accounts receivable	1,366,935	(397,552)
Prepaid expenses	(5,600)	8,182
Due to/from affiliate	(316,712)	39,849
Accounts payable	(584,471)	(105,018)
Accrued salaries and expenses	(301,910)	832,004
Deferred grant revenue	(3,702,058)	-
Refundable advances	(1,434,067)	(586,363)
Liability for pension and post retirement benefits	(134,416)	(109,709)
Net cash flow from operating activities	943,323	683,248
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases for property and equipment	(6,024,557)	(4,808,167)
Proceeds from sale of investments	15,724,204	2,804,512
Purchase of investments	(16,027,262)	(2,953,111)
Net cash flow from investing activities	(6,327,615)	(4,956,766)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds of line of credit	268,348	-
Repayment of notes payable	(300,000)	(300,000)
Proceeds on construction draw	5,403,224	4,650,786
Proceeds from payment protection loan payable	6,742,155	-
Repayment of mortgages payable	(81,366)	(96,728)
Payments on capital leases	-	(2,775)
Net cash flow from financing activities	12,032,361	4,251,283
CHANGE IN CASH	6,648,069	(22,235)
CASH - beginning of year	421,931	444,166
CASH - end of year	$ 7,070,000	$ 421,931
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 108,244	$ 99,588
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.

PARSONS CHILD AND FAMILY CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for 2019)

	Program	Management and General	Fundraising and Non-operating	2020 Total	2019 Total
Salaries	$ 26,785,072	$ 39,758	$ 1,214	$ 26,826,044	$ 25,244,896
Employee health and retirement benefits	3,381,178	4,771	146	3,386,095	3,726,286
Payroll taxes	2,648,390	6,863	210	2,655,463	2,452,525
Total compensation and benefits	32,814,640	51,392	1,570	32,867,602	31,423,707
Charges from parent organization	-	3,722,349	-	3,722,349	4,243,797
Purchase of services	3,141,791	74,347	212,503	3,428,641	3,162,727
Rent	941,228	9,815	142	951,185	849,431
Depreciation	757,388	64,333	127,494	949,215	714,829
Supplies and equipment	821,900	8,520	320	830,740	692,512
Auto and transportation	644,954	644	21	645,619	759,793
Boarding home	634,921	-	-	634,921	691,865
Insurance	600,793	10,050	1,213	612,056	499,142
Food	402,867	-	96	402,963	437,751
Allowances	342,542	-	-	342,542	407,520
Utilities	257,025	46,570	1,045	304,640	294,689
Repair and maintenance	278,611	4,662	84	283,357	130,963
Telecommunications	280,526	995	15	281,536	259,920
In-Kind expense	140,399	-	-	140,399	185,587
State paid depreciation	126,000	-	-	126,000	-
Interest	106,246	1,953	45	108,244	99,588
Recreation	90,218	-	-	90,218	82,066
Staff development	75,251	-	3,228	78,479	102,640
Office supplies and expense	69,958	1,243	28	71,229	77,638
Publicity	69,752	-	-	69,752	103,255
Discretionary funds	39,373	-	-	39,373	124,325
Clothing	38,113	-	-	38,113	41,454
Postage and shipping	36,953	1	-	36,954	33,864
Dues, licenses and permits	33,678	935	2	34,615	63,767
Subscription and publications	11,071	-	-	11,071	16,063
Camp fees	7,920	-	-	7,920	12,540
Bedding	5,307	-	-	5,307	7,251
School expense	1,404	-	-	1,404	1,785
Legal and professional	2,078	-	(8,104)	(6,026)	661
Conferences and administrative expense	(69,073)	1,308	(43)	(67,808)	111,909
	$ 42,703,834	$ 3,999,117	$ 339,659	$ 47,042,610	$ 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 of America (U.S. GAAP).

Change in Accounting Principle
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 and 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 Center adopted ASC 606 as of July 1, 2019 using a modified retrospective approach. There was no effect on total net assets or changes in net assets.

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 financial position or results of operations for the year ended June 30, 2019. There was no effect from the change in financial position or results of operations for the year ended June 30, 2020.

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.

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 $300,000 as of June 30, 2020 and 2019.

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 2020 and 2019.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Refundable Advances

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 12.

Third-Party Reimbursement and Revenue Recognition

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Activities

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

Contributions

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

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

Donated Materials and Services

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 financial statements include certain prior-year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2020	2019
Financial assets as of June 30,		
Cash	$ 7,070,000	$ 421,931
Accounts receivable	7,954,259	9,321,194
Investments	10,222,611	9,957,652
Other assets	17,615	17,615
	25,264,485	19,718,392
Less: those unavailable for general within one year, due to:		
Donor restricted	(4,340,939)	(4,191,339)
Reserves held for mortgage payable	(2,200,000)	(2,200,000)
Escrow account	(17,615)	(17,615)
Financial assets available to meet cash need for general expenditure within one year	$ 18,705,931	$ 13,309,438

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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:

	2020	2019
Cash equivalents	$ 228,729	$ 3,090,852
Debt securities	2,648,309	2,592,075
Equities	6,759,567	3,920,516
Mutual funds	586,006	354,209
	$ 10,222,611	$ 9,957,652

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2020	2019
Land	$ 41,500	$ 41,500
Buildings and improvements	25,517,031	17,143,683
Furniture, vehicles and equipment	3,458,836	2,269,481
Construction in process	5,805,435	9,734,735
Less: accumulated depreciation	(15,833,264)	(14,996,638)
	$ 18,989,538	$ 14,192,761

Depreciation expense was $1,075,215 and $714,829 for the years ended June 30, 2020 and 2019, respectively. $126,000 of this expense is shown as non-operating expense on the statement of activities.

6. LINE OF CREDIT

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 Center has a revolving equipment line-of-credit with KeyBank, totaling $1,000,000, which expires on May 31, 2021. The line bears interest at prime (1.68% at June 30, 2020). There was a balance due of $268,348 as of June 30, 2020. There was no balance due as of June 30, 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 Center received a waiver for this covenant.

7. LONG-TERM DEBT

Notes Payable	2020	2019
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, 2020.	$ 600,000	$ 900,000
Mortgage Notes Payable		
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, N.Y. 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. Subsequent to year end, this loan was termed out and regular monthly payments of $29,411 began on April 2021.	4,658,565	-

7. LONG-TERM DEBT (Continued)

	2020	2019
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. Subsequent to year end this loan was termed out and regular monthly payments of $25,565 began on February 2021.	5,395,445	4,650,786
Total	11,400,507	6,378,649
Less: current portion	(528,779)	(576,156)
	$ 10,871,728	$ 5,802,493

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

2021	$	528,779
2022		657,352
2023		372,494
2024		369,572
2025		360,674
Thereafter		9,111,636
Total	$	11,400,507

Interest expense was $108,244 and $99,588 for the years ended June 30, 2020 and 2019, respectively.

8. PAYCHECK PROTECTION LOAN

In April 2020, the Center entered into an unsecured promissory note payable to a bank in the amount of $6,742,155. The note was entered in by the Center 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 Center meets defined requirements related to expenditure of the funds and management of the Center's personnel complement. Through the date the financial statements were available to be issued, the Center is unable to determine the amount of potential loan forgiveness. If no forgiveness is granted, the terms of this agreement require the Center to make monthly principle payments of approximately $281,000, including 1% interest.

9. RETIREMENT PLANS

Defined Contribution Plan

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

9. RETIREMENT PLANS (Continued)

Employees who contribute to the plan and have met eligibility requirements are eligible for the Center's matching contribution that is discretionary up to 2% of an employee's compensation. The Center may also provide a discretionary contribution on behalf of employees meeting eligibility requirements after fiscal year-end. The Center's contributions to the plan for the year ended June 30, 2020 and 2019, were $288,648 and $647,847, 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.

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

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

For the years ended 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)

9. RETIREMENT PLANS (Continued)

Unamortized Items

As of June 30, 2020 and 2019, the following items included in 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 restrictions 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	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, and that the total portfolio's investment returns are expected to outperform the Plan's benchmark over a complete market cycle (generally considered three to five years).

9. RETIREMENT PLANS (Continued)

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
Fixed income	17,987,573	-	-	17,987,573
Equity funds	-	8,543,589	-	8,543,589
Total Investements	$ 18,501,829	$ 8,543,589	$ -	$ 27,045,418

June 30, 2019	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money markets	$ 29,809,037	$ -	$ -	$ 29,809,037
Total Investements	$ 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 for the years ending June 30:

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.

10. POST-RETIREMENT BENEFIT

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

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

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

	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

11. 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.

11. ENDOWMENT (Continued)

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.

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.

11. 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, 2020. 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 gains 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 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

12. 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
Total	$ 3,268,766	$ 3,119,166

12. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

13. 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	$	228,729	$	-	$	-	$	228,729
Equities		6,759,567		-		-		6,759,567
Mutual Funds		586,006		-		-		586,006
Government Debt Securities		-		2,648,309		-		2,648,309
Total Investments	$	7,574,302	$	2,648,309	$	-	$	10,222,611

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

There were no changes in valuation techniques during 2020 or 2019. The Center recognized transfers between levels in the fair value hierarchy at the end of the reporting period.

14. 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.

14. RELATED PARTY TRANSACTIONS (Continued)

The Center paid $3,998,423 and $4,484,388 in fees to Northern Rivers Family Services during the years ended June 30, 2020 and 2019, 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 $7,602 and $66,567 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019. The Center also incurred rent expense for the use of space at Northeast Parent and Child Society, Inc. in the amount of $275,327 and $281,462 for the years ended June 30, 2020 and 2019, respectively. Northeast contracts with the Center to provide waiver services. The Center received $0 and $227,341 from Northeast for these services for the years ended June 30, 2020 and 2019, respectively.

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

	2020	2019
Due From Related Party:		
Northern Rivers Family Services, Inc.	$ 447,174	$ 25,746
Northeast Parent and Child Society, Inc.	35,072	28,843
Total	$ 482,246	$ 54,589
Due To Related Party:		
Northern Rivers Family Services, Inc.	$ 168,307	$ 90,002
Northeast Parent and Child Society, Inc.	87,643	55,003
Total	$ 255,950	$ 145,005

15. 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 $62,510 and $35,517 for the years ended June 30, 2020 and 2019, respectively.

15. COMMITMENTS AND CONTINGENCIES (Continued)

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 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 $4,660,000 of the $5,024,000 total contract. These costs are included in construction in process in the accompanying statement of financial position.

Operating Leases

The Center leases equipment, facilities and vehicles pursuant to non-cancelable operating lease agreements expiring in various years through 2025.

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

2021		$ 371,565
2022		293,656
2023		242,447
2024		178,637
2025		178,637
	Total	$ 1,264,942

Rental expense for the years ending June 30, 2020 and 2019, was $675,858 and $567,965, respectively and is included in occupancy expense.

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 Center 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 Center had a combination of commercial insurance coverage and self-insurance programs. At present, the Center is not certain as to the amount of commercial coverage available to assist it in meeting its obligations for these matters.

15. COMMITMENTS AND CONTINGENCIES (Continued)

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

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 a 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 Center and its future results and financial position is not presently determinable.

16. SUBSEQUENT EVENTS

In September 2020, the Center received $899,663 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 Center complies with the terms and conditions.

As of June 30, 2020, $133,826 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 statement of activities and changes in net assets.

Subsequent events have been evaluated through April 14, 2021, 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, 2020
(With Comparative Totals for 2019)

	2020											
	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	2019
REVENUE	$ 11,270,875	$ 8,751,116	$ 9,178,562	$ 3,608,452	$ 1,933,341	$ 1,157,832	$ 2,680,911	$ 8,579,214	$ 26,273	$ 4,609,437	$ 51,796,013	$ 46,337,865
FUNCTIONAL EXPENSES:												
Salaries	$ 6,282,626	$ 5,705,078	$ 4,558,094	$ 2,151,525	$ 716,347	$ 781,433	$ 1,637,922	$ 4,952,047	$ 39,758	$ 1,214	$ 26,826,044	$ 25,244,896
Employee Health and Retirement Benefits	772,198	769,462	574,588	284,911	102,103	101,095	184,381	592,440	4,771	146	3,386,095	3,726,286
Payroll Taxes	661,230	525,189	443,042	222,239	70,680	80,362	148,963	496,685	6,863	210	2,655,463	2,452,525
Total compensation and benefits	7,716,054	6,999,729	5,575,724	2,658,675	889,130	962,890	1,971,266	6,041,172	51,392	1,570	32,867,602	31,423,707
Allowances - children	15,748	-	-	-	-	-	3,448	-	-	-	19,196	17,908
Allowances - parents	879	-	-	-	481	162	-	28	-	-	1,550	65
Allowances - uncollectible receivables	8,445	272,363	(2,596)	17,125	14,472	10,498	3,155	(1,666)	-	-	321,796	389,547
Auto and transportation	52,539	60,917	354,766	33,385	40,516	48,108	42,933	11,790	644	21	645,619	759,793
Bedding	5,135	52	1	-	-	119	-	-	-	-	5,307	7,251
Boarding home	617	95	10,804	-	610,231	-	13,174	-	-	-	634,921	691,865
Camp fees	-	-	-	-	-	7,920	-	-	-	-	7,920	12,540
Charges from Parent Organization	-	-	-	-	-	-	-	-	3,722,349	-	3,722,349	4,243,797
Clothing	37,579	-	-	-	534	-	-	-	-	-	38,113	41,454
Conferences and Administrative Expense	(59,711)	(27,518)	92,055	(14,208)	(5,454)	(812)	(10,311)	(43,114)	1,308	(43)	(67,808)	111,909
Discretionary Funds	7,034	-	7,377	-	2,526	-	22,436	-	-	-	39,373	124,325
Dues, licenses and permits	2,446	5,702	3,584	3,476	240	14,427	161	3,642	935	2	34,615	63,767
Food	194,563	14,709	726	101,240	3,460	97	1,325	86,747	-	96	402,963	437,751
In-Kind expense	-	-	-	140,399	-	-	-	-	-	-	140,399	185,587
Insurance	206,455	80,319	58,871	26,915	15,864	12,704	51,405	148,260	10,050	1,213	612,056	499,142
Interest	48,272	1,942	7,377	34,604	2,317	97	5,807	5,830	1,953	45	108,244	99,588
Legal, professional and investment fees	1,681	1,365	12	-	-	(980)	-	-	-	(8,104)	(6,026)	661
Office supplies and expense	21,674	19,977	5,090	4,575	1,469	3,205	4,529	9,439	1,243	28	71,229	77,638
Postage and shipping	8,978	5,855	6,456	3,789	1,300	882	2,607	7,086	1	-	36,954	33,864
Publicity	23,674	32,902	309	-	11,517	814	536	-	-	-	69,752	103,255
Purchase of health services	320,157	123,820	38,456	60,138	12,184	1,607	-	231,236	-	-	787,598	1,233,352
Purchase of services - other	556,749	499,852	243,948	178,598	151,375	56,545	105,544	561,582	74,347	212,503	2,641,043	1,929,375
Recreation	27,277	8	273	4,094	15,966	4,934	11,166	26,500	-	-	90,218	82,066
Rent	-	413,378	333,101	-	6,906	11,750	81,073	-	-	-	846,208	717,310
Rent - furnishings and equipment	14,144	20,065	12,063	484	1,598	6,256	3,999	16,880	9,717	139	85,345	83,003
Rent - vehicles	4,734	235	3	66	5,995	7,573	447	478	98	3	19,632	49,118
Repair and Maintenance	44,733	89,686	25,654	5,175	9,539	12,276	1,829	64,036	4,363	74	257,365	90,495
Repair and Maintenance - vehicles	15,039	1,707	9	203	1,262	255	1,296	5,912	299	10	25,992	40,468
School expense	1,254	-	-	-	-	150	-	-	-	-	1,404	1,785
Staff development	10,554	1,621	7,299	34,776	137	4,262	4,388	12,214	-	3,228	78,479	102,640
Subscription and publications	1,575	-	-	-	-	2,643	-	6,853	-	-	11,071	16,063
Supplies and equipment	191,997	109,043	34,986	49,251	7,212	9,653	17,626	149,723	8,432	320	578,243	460,832
Supplies and equipment - education	-	-	-	29,148	-	-	186	44,952	-	-	74,286	78,073
Supplies and equipment - medical	167,939	3,478	1,270	2,010	161	152	386	2,727	88	-	178,211	153,607
Telecommunications	64,375	59,883	69,066	15,991	15,191	3,289	24,792	27,939	995	15	281,536	259,920
Utilities and property taxes	86,156	11,556	4,101	41,057	6,556	10,313	12,440	84,846	46,570	1,045	304,640	294,689
Depreciation	275,882	57,051	4,075	138,918	11,839	43,835	19,211	206,577	64,333	127,494	949,215	714,829
Total operating expenses	$ 10,074,627	$ 8,859,792	$ 6,894,860	$ 3,569,884	$ 1,834,524	$ 1,235,624	$ 2,396,854	$ 7,711,669	$ 3,999,117	$ 339,659	$ 46,916,610	$ 45,633,039
Operating gain (loss)	$ 1,196,248	$ (108,676)	$ 2,283,702	$ 38,568	$ 98,817	$ (77,792)	$ 284,057	$ 867,545	$ (3,972,844)	$ 4,269,778		

PARSONS CHILD AND FAMILY CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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	$ -	$ 46,042
National School Lunch Program *	NA	10.555	-	61,067
Total Child Nutrition Cluster			-	107,109
Child and Adult Care Food Program	N/A	10.558	-	97,433
Total U.S. Department of Agriculture			-	204,542
U.S. Department of Health and Human Services				
Head Start	N/A	93.600	-	1,634,228
Total U.S. Department of Health and Human Services			-	1,634,228
U.S. Department of Education				
Passed-through Albany City School District				
Title I Grants to Local Educational Agencies ^	NA	84.010	-	38,532
Passed-through New York State Education Department				
Special Education - Grant to State	0427-16-0051	84.027	-	231,834
Special Education - Preschool Grants	0427-16-0112	84.173	-	21,563
Total Special Education Grants			-	253,397
Total U.S. Department of Education			-	291,929
Total Expenditures of Federal Awards			$ -	$ 2,130,699

^ Title I, Part A Cluster
NA Not available

The accompanying notes are an integral part of these schedules.

PARSONS CHILD AND FAMILY CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

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, 2020. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the schedule.

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

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

2. INDIRECT COST RATES

The Center has elected not to use the 10% de minimis cost rate as allowed by the Uniform Guidance. The Center has negotiated an indirect cost rate of 9.87% for their major program.

Bonadio & Co., LLP
Certified Public Accountants

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

April 14, 2021

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, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, related notes to the financial statements, and have issued our report thereon dated April 5, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

Bonadio & Co., LLP
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

April 14, 2021

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, 2020. 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, 2020.

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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.

PARSONS CHILD AND FAMILY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

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

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None