OLD MILL CENTER FOR
CHILDREN AND FAMILIES, INC.
(a not-for-profit corporation)

FINANCIAL STATEMENTS

June 30, 2021 and 2020

Old Mill Center
for Children & Families

OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.
(a not-for-profit corporation)

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FINANCIAL SECTION

KOONTZ, BLASQUEZ & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Old Mill Center for Children and Families, Inc.
Corvallis, Oregon 97333

We have reviewed the accompanying financial statements of Old Mill Center for Children and Families, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Center management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Old Mill Center for Children and Families, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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Report on 2020 Financial Statements

The financial statements of Old Mill Center for Children and Families, Inc. for the year ended June 30, 2020 were reviewed by other accountants whose report dated February 24, 2021 stated that, based on their review, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Koontz, Blasquez & Associates, P.C.

By: Debra L. Blasquez

Debra L. Blasquez, CPA

Albany, Oregon
February 1, 2022

FINANCIAL STATEMENTS

OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.
(a not-for-profit corporation)

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 613,390	$ 1,265,994
Accounts receivable, net	304,781	117,413
Prepaid expenses	48,713	60,242
Inventory	834	1,241
Unconditional promises to give, net	-	8,522
Investments	1,998,405	1,019,505
Restricted cash, UST fund	39,221	25,661
TOTAL CURRENT ASSETS	3,005,344	2,498,578
Property and equipment, net of accumulated depreciation	2,261,533	2,269,936
TOTAL ASSETS	$ 5,266,877	$ 4,768,514
LIABILITIES		
Accounts payable	$ 56,717	$ 28,952
Accrued liabilities	48,609	324,659
Unearned revenue	255,774	-
Long-term liabilities, current portion	-	475,000
TOTAL LIABILITIES	361,100	828,611
NET ASSETS		
Without donor restrictions	4,132,832	3,276,740
With donor restrictions	772,945	663,163
TOTAL NET ASSETS	4,905,777	3,939,903
TOTAL LIABILITIES AND NET ASSETS	$ 5,266,877	$ 4,768,514

See accompanying notes and independent accountant’s review report.

OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.
(a not-for-profit corporation)

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Service revenues	$ 2,380,296	$ -	$ 2,380,296
Grants	745,693	-	745,693
Contributions	379,182	-	379,182
Special events	253,895	-	253,895
Less direct benefit costs	(42,548)	-	(42,548)
Investment returns, net	308,941	199,335	508,276
In-kind building space	-	-	-
Other income	33	-	33
Net assets released from restriction	89,553	(89,553)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	4,115,045	109,782	4,224,827
EXPENSES AND LOSSES			
Program services			
Preventative	999,761	-	999,761
Educational and educational support	294,199	-	294,199
Health	1,581,643	-	1,581,643
Total program services	2,875,603	-	2,875,603
Supporting services			
Management and general	236,747	-	236,747
Fundraising	138,845	-	138,845
Total supporting services	375,592	-	375,592
TOTAL EXPENSES	3,251,195	-	3,251,195
Realized loss on disposal of assets	127	-	127
Realized loss on sale of securities	7,631	-	7,631
TOTAL EXPENSES AND LOSSES	3,258,953	-	3,258,953
CHANGE IN NET ASSETS	856,092	109,782	965,874
NET ASSETS AT BEGINNING OF YEAR	3,276,740	663,163	3,939,903
NET ASSETS AT END OF YEAR	$ 4,132,832	$ 772,945	$ 4,905,777

See accompanying notes and independent accountant's review report.

2020		
Without Donor Restrictions	With Donor Restrictions	Total
$ 1,774,131	$ -	$ 1,774,131
314,292	-	314,292
850,875	-	850,875
259,994	-	259,994
(9,513)	-	(9,513)
(12,469)	(18,911)	(31,380)
7,200	-	7,200
36	-	36
28,243	(28,243)	-
3,212,789	(47,154)	3,165,635
1,291,426	-	1,291,426
484,014	-	484,014
955,303	-	955,303
2,730,743	-	2,730,743
209,553	-	209,553
120,321	-	120,321
329,874	-	329,874
	-	3,060,617
-	-	-
-	-	-
3,060,617	-	3,060,617
152,172	(47,154)	105,018
3,124,568	710,317	3,834,885
$ 3,276,740	$ 663,163	$ 3,939,903

OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.
(a not-for-profit corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2021 and 2020

	2021			
	Program Services	Management and General	Fundraising	Total
Wages, payroll taxes, and benefits	$ 2,416,872	$ 100,735	$ 125,176	$ 2,642,783
Direct assistance to families	41,683	-	-	41,683
Accounting	-	9,850	-	9,850
Contract services	72,561	61,324	-	133,885
Marketing and advertising	194	-	1,095	1,289
Program and office supplies	29,099	13,957	2,341	45,397
Information technology	43,965	11,079	1,803	56,847
Occupancy	100,128	6,916	2,397	109,441
Travel	20,493	-	-	20,493
Conferences and meetings	14,883	821	25	15,729
Fees	14,129	19,074	1,376	34,579
Depreciation	97,199	11,362	3,938	112,499
Insurance	15,801	1,541	573	17,915
Food and meals	8,260	88	121	8,469
Contractional adjustments and bad debt	336	-	-	336
Total	$ 2,875,603	$ 236,747	$ 138,845	$ 3,251,195

See accompanying notes and independent accountant's review report.

2020			
Program Services	Management and General	Fundraising	Total
$ 2,250,898	$ 107,316	$ 102,871	$ 2,461,085
18,188	-	-	18,188
-	9,850	-	9,850
76,199	18,192	1,432	95,823
614	21	3,258	3,893
36,221	6,450	5,285	47,956
57,558	3,038	1,619	62,215
180,998	20,548	1,510	203,056
22,476	70	5	22,551
12,020	898	96	13,014
748	-	1,070	1,818
60,396	38,642	2,819	101,857
9,473	4,528	356	14,357
4,624	-	-	4,624
330	-	-	330
$ 2,730,743	$ 209,553	$ 120,321	$ 3,060,617

OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.
(a not-for-profit corporation)

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 965,874	$ 105,018
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	112,499	101,857
Realized loss on disposal of assets	127	-
PPP loan forgiveness	(475,000)	-
Net realized and unrealized (gain) loss on investments	(483,263)	52,814
In-kind stock donation	(17,862)	(100,347)
Proceeds from sale of contributed securities	17,862	100,442
Dividends restricted for reinvestment	(60,409)	(30,462)
Transfers to restricted cash	(13,560)	(15,085)
Provisions for bad debts and uncollectible promises to give	10,472	332
(Increase) decrease in:		
Accounts receivable	(197,840)	150,219
Prepaid expenses	11,529	(53,556)
Inventory	407	(651)
Unconditional promises to give	8,522	(8,522)
Charitable lead annuity trust	-	26,774
Increase (decrease) in:		
Accounts payable	27,765	(15,648)
Accrued liabilities	(276,050)	91,162
Deferred revenue	255,774	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(113,153)	404,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	545,165	10,676
Purchases of investments and reinvested dividends	(1,040,803)	(30,462)
Purchase of equipment	(104,222)	(72,076)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(599,860)	(91,862)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of dividends restricted for reinvestment	60,409	30,462
Proceeds from PPP loan	-	475,000
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	60,409	505,462
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(652,604)	817,947
BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,265,994	448,047
ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	$ 613,390	$ 1,265,994

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.
(a not-for-profit corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 – NATURE OF ORGANIZATION

Old Mill Center for Children and Families, Inc. (the Center) is a not-for-profit organization that was founded in 1977 under the laws and regulations of the State of Oregon. The Center, located in Corvallis, Oregon, provides services to address the educational, social, emotional, and family needs of a diverse population of children.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Center have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflects all significant receivables, payables, and other liabilities.

B. Income Taxes

Old Mill Center for Children and Families, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The tax-exempt status can be revoked by the Internal Revenue Service as a result of direct violations of laws and regulations governing 501(c)(3) organizations. The Center's operating policy requires strict adherence to these laws and regulations in order to maintain its tax-exempt status. Management's policy is to engage in activities related to their exempt purpose.

Management evaluates tax positions annually based on the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. FASB ASC 740 prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing, in the financial statements, tax positions taken or expected to be taken on a tax return, including positions that the Center is exempt from income taxes or not subject to income taxes on unrelated business income. The Center presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits.

C. Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations (the Guide).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Under the provisions of the Guide, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. The Center's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

D. Revenue Recognition

1. Government Grants and Contracts

In accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition,* grants awarded by federal agencies or passed through to Old Mill Center for Children and Families, Inc. from another donor that received funding from the United States federal government are generally considered nonreciprocal transactions, restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

2. Contributions

In accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition,* unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair values at the date of donation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Revenue Recognition (Continued)

3. Contracts with Customers

In accordance with FASB ASC 958-606, *Not-for Profit Entities – Revenue from Contracts with Customers,* Old Mill Center for Children and Families, Inc. recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects consideration that the Center expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Center combines it with other performance obligations until a distinct bundle of goods or services exists. Performance obligations are satisfied over time and related revenue is recognized as services are rendered.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, Old Mill Center for Children and Families, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

F. Accounts Receivable

Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. The Center provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances that may affect the ability of clients to meet their obligations. It is the Center’s policy to write off uncollectible accounts receivable when management determines the receivable will not be collected.

The Center considers all client accounts receivable past due 30 days after billing. Clients are notified by letter when their receivable becomes past due. At the Center’s option, services to clients whose receivables are 60 days past due are discontinued. Client accounts receivable are sent to collections when they are 90 days past due and efforts to pay have not been made. The Center reviews their client accounts receivable aging summary monthly. An estimate for the allowance for doubtful accounts is determined by identifying specific accounts that have a low probability of collection and the Center’s past collection history.

Service contracts receivable consist of amounts billed to various governmental and other healthcare organizations for services rendered to clients enrolled in various programs offered by the Center.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Charity Care

The Center provides care to clients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Center's charity care policy aggregated approximately $5,252 and $4,664 for the years ended June 30, 2021 and 2020, respectively.

H. Concentration of Funding

Approximately 23.8% of the Center's funding is provided through IHN-CCO for Oregon Health Plan members. 26.9% of funding is received from the State of Oregon for the Relief Nursery and the Healthy Families and Preschool Promise programs.

I. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restriction.

J. Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services

Preventative

The Healthy Families Program at the Center promotes and supports positive parenting and healthy growth and development for parents and their newly born children. Healthy Families provides free home visiting services and resources to high-risk parents to prevent child abuse.

The Center's Relief Nursery is a therapeutic early childhood program for at-risk children. Comprehensive early intervention services include a variety of parent education options, family strengthening and preservation programs, criminal involvement prevention, special education, advocacy, and substance abuse assessment, counseling treatment, and support.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Program and Supporting Services (Continued)

Program Services (Continued)

Educational and Educational Support

These services include a unique preschool model serving children with special needs alongside those who are typically developing. It is the first program of its kind in the United States. One of a handful in the community achieving accreditation through the National Association for the Education of Young Children (NAEYC), it continues to be “a magical place for all children.”

Health

Intensive Treatment Services

The Intensive Treatment Services (ITS) is a psychiatric day treatment program. This program provides treatment and support to preschool and school aged children (ages 3 to 7) with emotional and behavioral challenges and their families. Children enrolled in the ITS program have been unsuccessful at home, typical preschool, childcare, and/or public school.

Child, Family, and Group Counseling

The Child and Family Therapy Department provides mental health counseling and behavioral health to children and families who have concerns about mental, emotional, or behavioral issues. Children may show distress through depression, anxiety, school failure, and sleep and eating disorders. These issues may stem from family violence, divorce, sexual abuse, abandonment, parental abuse of drugs or alcohol, and foster care placement.

Pediatric Physical and Occupational Therapy

Since January 2020, the Center has provided these services. Occupational therapy is designed to build basic motor and sensory skills enabling children to be successful and independent in their occupations: play, self-help skills, success in learning, and social interactions. Clients include children with fine motor delays, gross motor delays, perceptual motor delays, coordination challenges, eating and swallowing challenges, and behavior challenges related to sensory processing. Physical therapy focuses on helping children build strength, flexibility, coordination, and balance, as well as other gross motor skills needed to fully participate in daily activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Program and Supporting Services (Continued)

Management and General

Management and general expenses relate to the overall direction of the Center and include expenses such as activities of the governing board, business management, finance, general recordkeeping, budgeting, and soliciting funds other than contributions.

Fundraising

Fundraising expenses are costs of all activities that constitute an appeal for financial support and contributions.

K. Designation of Net Assets Without Donor Restrictions

It is the policy of the board of directors of the Center to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

L. Donated Services and Goods

The Center's success in conducting its mission is highly dependent on attracting volunteers. A substantial number of volunteers have donated numerous service hours to the Center's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Professional services, when donated, are reflected in the statement of financial position at their fair value. Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

M. Donated Facilities

In April 2019, the Center entered into a lease agreement with the Monroe School District whereby the Center would lease office space located in Monroe, Oregon to be used for the Relief Nursery operated by the Center. The office space is rent-free for five years. Management has determined the fair market value of the monthly rent to be $600 based on similar available office space.

N. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Expense Allocation

The costs of providing the various programs and other activities of the Center have been summarized on a functional basis on the statement of activities. Some expenses relate directly to specific programs or supporting services. Expenses that relate to more than one program or supporting service are allocated among the applicable functions. Management periodically evaluates its allocation method and revises it when necessary. General and supporting expenses include those expenses that are indirectly identifiable with other specific functions, but provide for the overall support and direction of the Center.

P. Inventories

Inventories of merchandise purchased for resale are stated at cost determined by the first-in, first-out (FIFO) method.

Q. Investments

Investment balances and return on investments, net of fees, including net appreciation and depreciation, and income and losses, are reported as either net assets without or with donor restrictions in accordance with donor specifications. Net assets without and with donor restrictions are invested in a commingled (pooled) manner. The Center employs a time-weighted dollar value accounting method for pooled investments. Income, gains, losses, net appreciation or depreciation, and investment fees are distributed to each fund.

Investments are presented at fair value as determined by methodologies relevant to each asset class with any related gain or loss reported on the statement of activities. The fair value of the investment funds is based on available information and does not necessarily represent amounts that might ultimately be realized. The fair value may differ significantly from the values that would have been used had a ready market for the funds existed.

Money market accounts are valued by the bank or money market manager. Marketable securities held by mutual funds are valued by the fund manager using closing sales, bid, or ask prices from the primary exchange or from brokers where the security is trading depending upon location, convention, or regulation.

The asset allocation of the Center's portfolio is intended to provide exposure to a diverse set of markets. These markets are subject to various risks such as interest rate, market, sovereign, liquidity, event, and credit risks. The Center anticipates that the value of its investments may, from time to time, fluctuate as a result of these risks. The Center believes the carrying amount of these financial instruments is a reasonable estimate of fair value.

Investments are managed in accordance with investment and spending policies approved by the Center's board of directors.

OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.
(a not-for-profit corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures,* the Center accounts for its financial instruments at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset in the principal or most advantageous market for the asset. It does not require assets and liabilities that were previously recorded at cost to be recorded at fair value. For assets and liabilities that are already required to be disclosed at fair value, FASB ASC 820 introduced, or reiterated, a number of key concepts that form the foundation of the fair value measurement approach to be used for financial reporting purposes.

The Center is required by accounting principles generally accepted in the United States of America to categorize its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 – Unadjusted quoted prices for identical investments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; observable inputs other than quoted market prices.
- Level 3 – Unobservable inputs that are supported by little or no market activity.

Fair values of investments at June 30, 2021 and 2020 are as follows:

	Level 1	
	2021	2020
Mutual funds	$ 1,998,405	$ 1,019,505

The fair values of unconditional promises to give that are due in more than one year, if material, as well as of a beneficial interest in a charitable lead annuity trust, are estimated and recorded by discounting the future cash flows using a current risk-free rate of return based on the yield of equivalent U.S. Treasury Bills.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Net Client Service Revenue

Net client service revenue is reported at the estimated net realizable amounts for clients; third-party payers, and others for services rendered. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period that the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

T. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Center recorded unconditional promises to give of $0 and $8,522 for the years ended June 30, 2021 and 2020, respectively.

U. Property and Equipment

The Center capitalizes all expenditures for property and equipment in excess of $200. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Assets	Years
Furniture and equipment	5
Land improvements	20
Buildings and improvements	40

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2021 and 2020:

	2021	2020
Petty cash	$ 89	$ 210
Undeposited funds	490	-
Checking accounts	583,861	837,262
Savings and money market accounts	68,171	454,183
Total cash	652,611	1,291,655
Less restricted cash	(39,221)	(25,661)
Total cash and cash equivalents	$ 613,390	$ 1,265,994

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021 and 2020 are as follows:

	2021	2020
Accounts receivable	$ 355,396	$ 157,557
Less allowance for doubtful accounts	(50,615)	(40,144)
Accounts receivable, net	$ 304,781	$ 117,413

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Land and improvements	$ 114,631	$ 114,631
Buildings and improvements	3,436,838	3,404,455
Vehicles and equipment	416,714	359,775
	3,968,183	3,878,861
Less accumulated depreciation	(1,706,650)	(1,608,925)
Property and equipment, net	$ 2,261,533	$ 2,269,936

NOTE 6 – LEASES

The Center has three leases for additional office space in Albany, Oregon. Rent expense for the years ended June 30, 2021 and 2020 amounted to $17,477 and $17,060, respectively.

The Center has continued to rent Suite K office space. For the period from July 1, 2020 through June 30, 2021, the base monthly rent was $735 per month. The lease for Suite K terminated on June 30, 2021.

The lease for Suite L terminates on September 30, 2021 unless renewed by written agreement between the lessor and lessee. For the lease period from September 1, 2019 through August 31, 2020, the base monthly rent was $690 per month. For the lease period from September 1, 2020 through September 30, 2021, the base monthly rent is $710 per month.

The Center has a lease with the Monroe School District for office space to use for the Relief Nursery. Use of the office space is donated to the Center for the first five years. See Note 1-M.

The Center entered into a three-year lease agreement for 522-528 Ellsworth Street SW in Albany, Oregon on May 5, 2021. The lease began on May 15, 2021. Monthly rent is $2,900.

NOTE 6 – LEASES (Continued)

Future minimum lease payments are as follows:

Years ending June 30,	Amount
2022	$ 36,930
2023	34,800
2024	30,450
	$ 102,180

NOTE 7 – SELF-FUNDED UNEMPLOYMENT INSURANCE

The Center is self-funded for Oregon state unemployment insurance and has an agreement with the Unemployment Services Trust (UST) to hold funds and pay claims as received. The Center funds potential claims through deposits to the UST based on a percentage of payroll. The funds held by the UST totaled $39,221 and $25,661 at June 30, 2021 and 2020, respectively. Unemployment claims are expensed as paid.

NOTE 8 – BENEFICIAL INTEREST IN CHARITABLE LEAD ANNUITY TRUST

During 2010, a donor established a trust with a local financial institution naming the Center as the lead beneficiary of a charitable lead annuity trust. Under the terms of the split-interest agreement, the Center is to receive $30,000 annually for its unrestricted use for a period of 10 years. The trust terminated on February 22, 2020 and the final prorated distribution of $4,274 was made at that time. Based on the use of a 2.97% discount rate, the present value of future benefits expected to be received by the Center was estimated to be $257,117, which was reported in 2010 as a temporarily restricted contribution and a contribution receivable from the charitable lead trust. The Center received $26,774 from the trust during the year ended June 30, 2020, which was recorded as a reduction in the receivable and a corresponding reclassification from net assets with donor restrictions to net assets without donor restrictions.

NOTE 9 – RETIREMENT PLANS

The Center offers its employees the opportunity to have deductions taken from their paychecks to contribute to IRAs that the employees set up for themselves. No plan document needs to be adopted under this arrangement and the employer has no filing requirements. Only employees may make contributions to their IRA accounts. The employer’s responsibility is to transmit the employee’s authorized deductions to the financial institutions.

NOTE 10 – LIQUIDITY

Old Mill Center for Children and Families, Inc.'s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	$ 613,390	$ 1,265,994
Promises receivable	-	8,522
Investments	1,998,405	1,019,505
Total	2,611,795	2,294,021
Less amounts not available to be used within one year:		
Board-designated funds for future use	952,884	602,343
Net assets with donor restrictions	772,945	663,163
Total	1,725,829	1,265,506
Financial assets available to meet cash needs for general expenditures over the next twelve months	$ 885,966	$ 1,028,515

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Old Mill Center for Children and Families, Inc. has not formally adopted a liquidity management policy.

NOTE 11 – NET ASSETS

Details of the Center's net asset categories at June 30, 2021 and 2020 are as follows:

	2021	2020
Without donor restrictions:		
Designated for operating reserve	$ 572,107	$ 250,183
Designated for capital reserve	380,777	352,160
Invested in property and equipment	2,261,533	2,269,936
Undesignated	918,415	404,461
Total without donor restrictions	4,132,832	3,276,740
With donor restrictions:		
Starker Endowment Fund	228,438	175,643
Harper Family Scholarship Endowment Fund	59,772	47,115
Bev Larson's Dream Endowment Fund	113,547	87,305
Alan Sugawara Endowment Fund	371,188	353,100
Total with donor restrictions	772,945	663,163
Total net assets	$ 4,905,777	$ 3,939,903

During the years ended June 30, 2021 and 2020, $89,553 and $28,243 were released from restrictions, respectively.

NOTE 12 – ENDOWMENT FUNDS

The Center's endowment consists of four donor-restricted endowment funds (see Note 11 for individual fund net asset balances) to provide annual funding for specific activities and general operations.

The board of directors of the Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted by Oregon in 2007, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Center, absent explicit donor stipulations to the contrary, retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 12 – ENDOWMENT FUNDS (Continued)

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Center

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The long-term investment objective for the Center is to earn a total rate of return from investment assets, which shall exceed demands placed on the portfolio to support the Center's spending policies plus the rate of inflation as measured by the national Consumer Price Index (CPI). Actual returns in any given year may vary from these general return objectives.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. As of June 30, 2021 and 2020, there were no underwater endowments.

NOTE 12 – ENDOWMENT FUNDS (Continued)

The composition and changes in donor-restricted endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Endowment net assets, beginning of year	$ 663,163	$ 683,543
Contributions	-	-
Investment income	-	11,304
Net unrealized gain	199,335	(30,215)
Amounts appropriated for expenditure	(89,553)	(1,469)
Endowment net assets, end of year	$ 772,945	$ 663,163

NOTE 13 – PAYCHECK PROTECTION PROGRAM

On April 18, 2020, the Center received loan proceeds in the amount of $475,000 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a covered period (8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over 2 or 5 years at an interest rate of 1%, with deferral of payments for 10 months after the end of the covered period. The Center intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

To the extent that the Center is not granted forgiveness, the Center would be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of November 18, 2020. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

For the year ended June 30, 2020, the Center recorded a note payable. The PPP loan was forgiven on November 17, 2020. The Center recorded forgiveness of the loan upon being legally released from the obligation.

NOTE 14 – CONCENTRATIONS OF CREDIT RISK

The Center maintains checking and savings accounts in two financial institutions. Each account's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 or National Credit Union Administration (NCUA) up to $250,000, as applicable. At June 30, 2021, the Center's cash balances in excess of FDIC insurance limits amounted to $336,434.

A money market fund is maintained at a brokerage firm and is insured by the Securities Investor Protection Corporation (SIPC). The SIPC does not insure against losses in the value of stocks or securities, but does provide insurance coverage up to $500,000 of the investor's net equity balance in the event the money, stocks, or securities are stolen by a broker or put at risk when a brokerage fails for other reasons.

The Center grants credit without collateral to its clients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from clients and third-party payers at June 30, 2021 and 2020 are as follows:

	2021	2020
IHN-CCO	27.5%	45.9%
State of Oregon	47.0%	25.0%
Commercial third-party payers	17.4%	27.9%
Others	8.1%	1.2%
	100.0%	100.0%

NOTE 15 – CONTINGENGIES

Old Mill Center for Children and Families, Inc.'s operations may be affected by the recent and ongoing outbreak of the Coronavirus Disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption that may be caused by the outbreak is uncertain; however, it may result in a material impact on the Center's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption of the Center's revenue, absenteeism in the Center's labor workforce, and the unavailability of products and supplies used in operations. The Center is closely monitoring its investment portfolio and its liquidity, and is actively working to minimize the impact of the U.S. and global market declines in value.

NOTE 16 – NEW PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

FASB Accounting Standards Update No. 2020-05 has been issued as a limited deferral of the effective dates for Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update No. 2016-02, *Leases (Topic 842)* to provide immediate, near-term relief for certain entities for whom these updates are either currently effective or imminently effective.

FASB Accounting Standards Update No. 2016-02, *Leases (Topic 842)* will be effective for the Center beginning with its fiscal year ending June 30, 2022. This update provides guidance on recognizing a right-of-use asset and a liability for a lease term by lessees. Lessor accounting is largely unchanged under the new guidance.

FASB Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements* will be effective for the Center beginning with its fiscal year ending June 30, 2022. This update provides guidance on improving financial reporting by requiring timelier recording of credit losses.

FASB Accounting Standards Update No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* will be effective for the Center beginning with its fiscal year ending June 30, 2022. This update provides guidance on simplifying the impairment tests for goodwill, as well as income tax considerations.

FASB Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958)* will be effective for the Center beginning with its fiscal year ending June 30, 2022. This update improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 1, 2022, which was the date that the financial statements were available to be issued.