

Old Mill Center for Children and Families, Inc

Financial Statements

June 30, 2019

Table of Contents

Independent Accountant's Review Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6



Independent Accountant's Review Report

To the Board of Directors
Old Mill Center for Children and Families, Inc
Corvallis, Oregon

We have reviewed the accompanying financial statements of Old Mill Center for Children and Families, Inc (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 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 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 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.

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.

Tax + Wealth Management, LLP

Corvallis, Oregon
February 26, 2020

Old Mill Center for Children and Families Inc

Statement of Financial Position

June 30, 2019

Assets

Cash and cash equivalents	\$	448,047
Accounts receivable, net		267,964
Prepaid expenses		6,686
Inventory		590
Contribution receivable - charitable lead trust		26,774
Investments		1,052,628
Restricted Cash, UST fund		10,576
Property and equipment, net		<u>2,299,716</u>
Total assets	\$	<u>4,112,981</u>

Liabilities

Accounts payable	\$	44,600
Accrued liabilities		<u>233,497</u>
Total liabilities		<u>278,097</u>

Net assets

Without donor restrictions		3,319,097
With donor restrictions		<u>515,787</u>
Total net assets		<u>3,834,884</u>
Total liabilities and net assets	\$	<u>4,112,981</u>

See Independent Accountant's Review Report and Accompanying Notes

Old Mill Center for Children and Families Inc

Statement of Activities

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Service revenues, net	\$ 1,806,328	\$ -	\$ 1,806,328
Grants	208,418	-	208,418
Contributions	351,317	-	351,317
Special events	263,502	-	263,502
Less direct benefit costs	(35,511)	-	(35,511)
Investment income	63,764	2,575	66,339
Loss on disposal of assets	(138)	-	(138)
Miscellaneous	13	-	13
Net assets released from restrictions	<u>30,601</u>	<u>(30,601)</u>	<u>-</u>
Total support and revenue	<u>2,688,294</u>	<u>(28,026)</u>	<u>2,660,268</u>
Expenses			
Program services			
Preventative	1,029,108	-	1,029,108
Educational and educational support	510,991	-	510,991
Child, family and group counseling	<u>874,918</u>	<u>-</u>	<u>874,918</u>
Total program services	<u>2,415,017</u>	<u>-</u>	<u>2,415,017</u>
Supporting services			
Management and general	201,509		201,509
Fundraising	<u>113,718</u>		<u>113,718</u>
Total supporting services	<u>315,227</u>		<u>315,227</u>
Total expenses	<u>2,730,244</u>	<u>-</u>	<u>2,730,244</u>
Change in net assets	(41,950)	(28,026)	(69,976)
Net assets, beginning of year	<u>3,361,047</u>	<u>543,813</u>	<u>3,904,860</u>
Net assets, end of year	<u>\$ 3,319,097</u>	<u>\$ 515,787</u>	<u>\$ 3,834,884</u>

See Independent Accountant's Review Report and Accompanying Notes

Old Mill Center for Children and Families Inc
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<i>Program Services</i>				<i>Supporting Services</i>			<u>Totals</u>
	<u>Preventative</u>	<u>Educational and Educational Support</u>	<u>Child, Family and Group Counseling</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting</u>	
Wages, payroll taxes, and benefits	\$ 850,775	\$ 432,664	\$ 744,922	\$ 2,028,361	\$ 97,738	\$ 92,400	\$ 190,138	\$ 2,218,499
Direct assistance to families	12,730	324	2,922	15,976	-	-	-	15,976
Accounting	-	-	-	-	10,400	-	10,400	10,400
Contract services	10,857	19,258	17,827	47,942	9,647	705	10,352	58,294
Marketing and advertising	789	476	61	1,326	81	4,908	4,989	6,315
Program and office supplies	33,051	8,470	8,438	49,959	6,422	6,891	13,313	63,272
Information technology	24,777	5,202	16,038	46,017	2,508	2,412	4,920	50,937
Occupancy	25,372	14,050	21,865	61,287	25,082	1,919	27,001	88,288
Travel	19,562	869	9,585	30,016	236	-	236	30,252
Conferences and meetings	16,397	3,730	12,516	32,643	642	47	689	33,332
Fees	2,921	1,625	2,945	7,491	3,329	1,066	4,395	11,886
Depreciation	20,493	20,289	18,570	59,352	37,973	2,770	40,743	100,095
Insurance	6,501	2,980	5,599	15,080	7,448	545	7,993	23,073
Food and meals	4,883	3,127	947	8,957	3	55	58	9,015
Contractual adjustments and bad debt	-	(2,073)	12,683	10,610	-	-	-	10,610
Total expenses	\$ 1,029,108	\$ 510,991	\$ 874,918	\$ 2,415,017	\$ 201,509	\$ 113,718	\$ 315,227	\$ 2,730,244

See Independent Accountant's Review Report and Accompanying Notes

Old Mill Center for Children and Families Inc

Statement of Cash Flows

For the Year Ended June 30, 2019

Cash flows from operating activities	
Change in net assets	\$ (69,976)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	100,095
Realized (gain) loss on disposals of equipment	138
Net realized and unrealized (gain) loss on investments	(19,547)
Contributions of securities	(7,048)
Proceeds from sale of contributed securities	7,048
Transfers to restricted cash	8,476
Provisions for bad debts and uncollectible promises to give	10,610
Amortization of discount:	
Charitable lead annuity trust	(771)
(Increase) decrease in:	
Accounts receivable	(81,067)
Prepaid expenses	18,399
Inventory	254
Charitable lead annuity trust	30,000
Increase (decrease) in:	
Accounts payable	18,688
Accrued liabilities	<u>(5,971)</u>
Net cash provided by operating activities	<u>9,328</u>
Cash flows from investing activities	
Proceeds from sale of investments	77,210
Purchase of investments and reinvested dividends	(110,261)
Purchases of equipment	<u>(17,149)</u>
Net cash used in investing activities	<u>(50,200)</u>
Cash flows from financing activities	
Cash flows from financing activities	<u>-</u>
Net cash provided by financing activities	<u>-</u>
Net increase in cash and cash equivalents	(40,872)
Cash and cash equivalents, beginning of year	<u>488,919</u>
Cash and cash equivalents, end of year	<u>\$ 448,047</u>
Supplemental disclosures	
Cash paid for interest	\$ -

See Independent Accountant's Review Report and Accompanying Notes

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

NOTE A – Summary of Significant Accounting Policies

Organization

Old Mill Center for Children and Families, Inc. (the Center), is a not-for-profit organization 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.

Basis of Accounting

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

Basis of Presentation

The Center is required to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets without restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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, which may affect the ability of clients to meet their obligations. It is the Center's policy to charge off uncollectible accounts receivables 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 ageing 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.

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

Cash and Cash Equivalents

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

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 \$7,876 for the year ended June 30, 2019.

Concentration of Funding

Approximately 30.7% of the Center's funding is provided through IHN-CCO for Oregon Health Plan members. 26.5% of funding is received from the State of Oregon for the Relief Nursery and Healthy Families programs.

Contributions

Contributions received are record 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 an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 restrictions and reported in the statement of activities as net assets released from restrictions.

Descriptions of Program and Supporting Services

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

Preventative

The Healthy Families Program at Old Mill 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.

Educational and educational support

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."

The Intensive Treatment Services (ITS) is Psychiatric Day treatment program. Here we provide treatment and support for preschool and school aged children (3-7) with emotional and behavioral challenges and their families. Children enrolled in the ITS program have been unsuccessful at home, typical preschool, child care and/or public school.

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

Child, Family and Group Counseling

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, sleep and eating disorder. These issues may stem from family violence, divorce, sexual abuse, abandonment, parental abuse or drugs or alcohol, and foster care placement.

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.

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.

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 fund-raising 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 operations at their fair value. Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of the donation.

Estimates

The preparation of financial statements in conformity 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 may differ from those estimates.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Some expenses relate directly to specific programs or supportive services while others do not. 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.

Income Taxes

The Center is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private organization.

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

Inventories

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

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 which 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.

Fair Value Measurements

In accordance with Financial Accounting Standards Board Accounting Standards Codification (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, ASC 820 introduced, or reiterated, a number of key concepts which form the foundation of the fair value measurement approach to be used for financial reporting purposes.

Fair value is a market based measurement, not an entity-specific measurement. Therefore, the Center uses assumptions that market participants would use in pricing the asset.

The Center is required by US GAAP to categorize its financial instruments based on the priority of the inputs to the valuation technique into a three level fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobserved inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. Financial instruments recorded on the state of financial position are categorized based on the inputs to the valuation techniques as follows:

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The types of investments included in Level 1 are publicly traded mutual funds or equity securities.

Level 2 – Pricing inputs other than quoted prices in active markets for identical assets and liabilities, including inputs in markets that are not considered to be active.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (supported by little or no market activity).

Unconditional promises to give: The fair value of unconditional promises to give that are due in more than one year, if material, are estimated by discounting the future cash flows using a current risk free rate of return based on the yield of equivalent U.S. Treasury Bills.

Beneficial interest in charitable lead annuity trust: The fair value of a beneficial interest in a charitable lead annuity trust is recorded by discounting the future cash flows from the trust using a current risk free rate of return based on the yield of equivalent U.S. Treasury Bills.

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 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has adjusted the presentation of these financial statements accordingly.

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.

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:

Land improvements	20 years
Building and improvements	40 years
Furniture and equipment	5 years

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

NOTE B – Receivables

Accounts receivable as of June 30, 2019:

Accounts receivable	\$ 307,776
Less allowance for doubtful accounts	<u>(39,812)</u>
Accounts receivable, net	<u>\$ 267,964</u>

NOTE C – Concentrations of Credit Risk

The Center maintains its cash and cash equivalent balances checking and savings accounts in two banking institutions and in a money market fund maintained at a brokerage firm. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, the Center's uninsured cash balances at banking institutions total \$25,797.

The money market fund 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 are local residents and are insured under third-party payer agreements. The mix of receivables from clients and third-party payers at June 30, 2019 are as follows:

IHN-CCO	43.8%
State of Oregon	31.3%
Commercial third-party payers	4.7%
Others	<u>20.2%</u>
	<u>100.0%</u>

NOTE D – Property and Equipment

Property and equipment include the following at June 30, 2019:

Land	\$ 114,631
Building	3,352,673
Equipment	<u>339,859</u>
	3,807,163
Less accumulated depreciation	<u>(1,507,447)</u>
	<u>\$ 2,299,716</u>

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

NOTE E – Leases

The Center has two leases additional office space in Albany, Oregon. The first lease terminates on March 31, 2020 unless renewed by written agreement between the lessor and lessee. For the lease period from April 1, 2018 through March 31, 2019 the base monthly rent was \$715 per month. For the lease period from April 1, 2019 through March 31, 2020 the base monthly rent is \$735 per month.

The second lease terminates on August 31, 2021 unless renewed by written agreement between the lessor and lessee. For the lease period from August 1, 2017 through August 31, 2018 the base monthly rent is \$650 per month. For the lease period from September 1, 2018 through August 31, 2021 the base monthly rent is \$670 per month. Rent expense for the year ended June 30, 2019 totaled \$8,160.

Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	\$ 16,860
2021	16,860
2022	16,860
2023	16,860
2024	16,860
	<u>\$ 84,300</u>

NOTE F – Self-Funded Unemployment Insurance

The Center is self-funded for Oregon state unemployment insurance and has agreement with Unemployment Services Trust (UST) to hold funds and pay claims as received. The Center funds potential claims through deposits to UST based on a percentage of payroll. The deposit funds held by UST totaled \$10,576, at June 30, 2019. Unemployment claims are expensed as paid.

NOTE G – 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 ten years. The trust will terminate on February 22, 2020 and the final prorated distribution of \$4,274 will be made at that time. When the trust terminates the remaining trust assets are to be distributed to others. 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 charitable lead trust. The Center received \$30,000 from the trust during the year ended June 30, 2019, 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. The Center also recorded amortization of the discount on the estimated present value of future benefits of \$771 during the year ended June 30, 2019.

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

NOTE H – Fair Value Measurements

The following table presents a summary of the levels within the fair value hierarchy for the Center as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual Funds	\$1,052,628	\$ -	\$ -	\$1,052,628
Unconditional promises to give				
Unconditional promises to give	\$ -	\$ -	\$ -	\$ -
Split-interest agreement				
Beneficial interest in charitable lead annuity trust	\$ -	\$ -	\$ 26,774	\$ 26,774

NOTE I – 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 deduction to the financial institution.

NOTE J – Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Financial assets at year end:	
Cash and cash equivalents	\$ 448,047
Contributions receivable	26,774
Investments	1,052,628
Total financial assets	1,527,449
Less amounts not available to be used within one year:	
Net assets with donor restrictions	515,787
Less net assets with time restrictions to be met in less than a year	(26,774)
Board-designated funds for future use	589,085
	1,078,098
Financial assets available to meet general expenditures over the next twelve months	\$ 449,351

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

NOTE K – Net Assets

Details of the Center's net asset categories at June 30, 2019 are as follows:

Without donor restrictions:	
Designated for capital reserve	\$ 305,052
Designated for operating reserve	478,563
Invested in property and equipment	2,299,716
Undesignated	<u>235,766</u>
Total without donor restrictions	<u>3,319,097</u>
With donor restrictions:	
Beneficial interest in charitable lead annuity trust	26,774
Harper Family Scholarship Endowment Fund	50,162
Starker Endowment Fund	101,000
Bev Larson's Dream Endowment Fund	58,483
Alan Sugawara Endowment Fund	<u>279,368</u>
Total with donor restrictions	<u>515,787</u>
Total net assets	<u>\$ 3,834,884</u>

NOTE L – Endowment

The Center's endowment consists of four donor-restricted endowment funds (see Note K 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. 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.

Old Mill Center for Children and Families, Inc

Notes to Financial Statements

The composition and changes in donor-restricted endowment net assets for the year ended June 30, 2019, are as follows:

Endowment net assets, beginning of year	\$ 487,810
Contributions	-
Investment income	2,575
Net unrealized gain	-
Amounts appropriated for expenditure	<u>(1,372)</u>
Endowment net assets, end of year	<u>\$ 489,013</u>

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(s) 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.

NOTE M – Subsequent Events

Management has evaluated subsequent events through February 26, 2020 which was the date that the financial statements were available to be issued.