Old Mill Center for Children and Families, Inc

Financial Statements

June 30, 2020

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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, 2020, 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 24, 2021

Old Mill Center for Children and Families Inc

Statement of Financial Position

June 30, 2020

Assets		
Cash and cash equivalents	$	1,265,994
Accounts receivable, net		117,413
Prepaid expenses		60,242
Inventory		1,241
Unconditional promises to give, net		8,522
Investments		1,019,505
Restricted Cash, UST fund		25,661
Property and equipment, net		2,269,936
Total assets	$	4,768,514
Liabilities		
Accounts payable	$	28,952
Accrued liabilities		324,659
Paycheck protection program loan		475,000
Total liabilities		828,611
Net assets		
Without donor restrictions		3,276,740
With donor restrictions		663,163
Total net assets		3,939,903
Total liabilities and net assets	$	4,768,514

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Service revenues, net	$ 1,774,131	$ -	$ 1,774,131
Grants	314,292	-	314,292
Contributions	850,875	-	850,875
Special events	259,994	-	259,994
Less direct benefit costs	(9,513)	-	(9,513)
Investment returns, net	(12,469)	(18,911)	(31,380)
In-kind building space	7,200	-	7,200
Miscellaneous	36	-	36
Net assets released from restrictions	28,243	(28,243)	-
Total support and revenue	3,212,789	(47,154)	3,165,635
Expenses			
Program services			
Preventative	1,291,426	-	1,291,426
Educational and educational support	484,014	-	484,014
Child, family and group counseling	955,303	-	955,303
Total program services	2,730,743	-	2,730,743
Supporting services			
Management and general	209,553	-	209,553
Fundraising	120,321	-	120,321
Total supporting services	329,874	-	329,874
Total expenses	3,060,617	-	3,060,617
Change in net assets	152,172	(47,154)	105,018
Net assets, beginning of year, restated	3,124,568	710,317	3,834,885
Net assets, end of year	$ 3,276,740	$ 663,163	$ 3,939,903

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, 2020

	Program Services				*Supporting Services*			
	Preventative	Educational and Educational Support	Child, Family and Group Counseling	Total Programs	Management and General	Fundraising	Total Supporting	Totals
Wages, payroll taxes, and benefits	$ 1,014,535	$ 405,852	$ 830,511	$ 2,250,898	$ 107,316	$ 102,871	$ 210,187	$ 2,461,085
Direct assistance to families	16,396	79	1,713	18,188	-	-	-	18,188
Accounting	-	-	-	-	9,850	-	9,850	9,850
Contract services	22,108	20,463	33,628	76,199	18,192	1,432	19,624	95,823
Marketing and advertising	411	60	143	614	21	3,258	3,279	3,893
Program and office supplies	19,892	8,793	7,536	36,221	6,450	5,285	11,735	47,956
Information technology	20,756	10,117	26,685	57,558	3,038	1,619	4,657	62,215
Occupancy	150,804	11,062	19,132	180,998	20,548	1,510	22,058	203,056
Travel	13,565	669	8,242	22,476	70	5	75	22,551
Conferences and meetings	5,040	1,800	5,180	12,020	898	96	994	13,014
Fees	220	214	314	748	-	1,070	1,070	1,818
Depreciation	20,853	20,646	18,897	60,396	38,642	2,819	41,461	101,857
Insurance	4,782	1,706	2,985	9,473	4,528	356	4,884	14,357
Food and meals	2,064	2,223	337	4,624	-	-	-	4,624
Contractional adjustments and bad debt	-	330	-	330	-	-	-	330
Total expenses	$ 1,291,426	$ 484,014	$ 955,303	$ 2,730,743	$ 209,553	$ 120,321	$ 329,874	$ 3,060,617

See Independent Accountant's Review Report and Accompanying Notes

Old Mill Center for Childrenand Families Inc

Statement of Cash Flows

For the Year Ended June 30, 2020

Cash flows from operating activities	
Change in net assets	$ 105,018
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	101,857
Net realized and unrealized (gain) loss on investments	52,814
Contributions of securities	(100,347)
Proceeds from sale of contributed securities	100,442
Dividends restricted for reinvestment	(30,462)
Transfers to restricted cash	(15,085)
Provisions for bad debts and uncollectible promises to give	332
Amortization of discount:	
(Increase) decrease in:	
Accounts receivable	150,219
Prepaid expenses	(53,556)
Inventory	(651)
Unconditional promises to give	(8,522)
Charitable lead annuity trust	26,774
Increase (decrease) in:	
Accounts payable	(15,648)
Accrued liabilities	91,162
Net cash provided by operating activities	404,347
Cash flows from investing activities	
Proceeds from sale of investments	10,676
Purchases of investments and reinvested dividends	(30,462)
Purchases of equipment	(72,076)
Net cash used in investing activities	(91,862)
Cash flows from financing activities	
Receipts of dividends restricted for reinvestment	30,462
Proceeds from PPP loan	475,000
Net cash provided by financing activities	505,462
Net increase in cash and cash equivalents	817,947
Cash and cash equivalents, beginning of year	448,047
Cash and cash equivalents, end of year	$ 1,265,994
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 assts 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.

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 $4,664 for the year ended June 30, 2020.

Concentration of Funding

Approximately 29.1%% of the Center's funding is provided through IHN-CCO for Oregon Health Plan members. 16.2%% 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.

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.

Pediatric Physical and Occupational Therapy

Since January 2020 Old Mill Center provides 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.

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.

Donated Facilities

In April 2019, the Center entered into a lease agreement with the Monroe School District whereby the Center would lease from the Monroe School District office space located in Monroe, Oregon to be used for a 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. The Center has recorded occupancy expense and a contribution in amount of $7,200.

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.

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:

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.

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 a unconditional promise to give for $8,522 which was subsequently after June 30, 2020.

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

Covid-19 Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Old Mill Center for Children and Families, Inc. is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on Old Mill Center for Children and Families, Inc.'s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Old Mill Center for Children and Families, Inc.'s customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Old Mill Center for Children and Families, Inc.'s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE B – Receivables

Accounts receivable as of June 30, 2020:

Accounts receivable	$ 157,557
Less allowance for doubtful accounts	(40,144)
Accounts receivable, net	$ 117,413

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, 2020, the Center's uninsured cash balances at banking institutions total $587,263.

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, 2020 are as follows:

IHN-CCO	45.9%
State of Oregon	25.0%
Commercial third-party payers	27.9%
Others	1.2%
	100.0%

NOTE D – Property and Equipment

Property and equipment include the following at June 30, 2020:

Land	$ 114,631
Building	3,404,455
Equipment	359,775
	3,878,861
Less accumulated depreciation	(1,608,925)
	$ 2,269,936

NOTE E – Leases

The Center has two leases for additional office space in Albany, Oregon. Rent expense for the year ended June 30, 2020 totaled $17,060.

The lease for Suite K terminated on March 31, 2020. The Center has continued to rent Suite K office space. For the lease period from April 1, 2019 through March 31, 2020 the base monthly rent was $735 per month. Rental expense for Suite K has been $735 per month for the period subsequent to March 31, 2020.

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 is $690 per month. For the lease period from September 1, 2020 through September, 2021 the base monthly rent is $710 per month.

The Center has a lease with the Monroe School Office for office space to use for relief nursery. Use of the office space is donated to the Center for the first five years. See Donated Facilities in Note A.

Management of the Center expects to continue both leases in Albany for the next five year period. Future minimum lease payments are as follows:

Years Ending June 30,	Amount
2021	$ 17,300
2022	17,340
2023	17,340
2024	17,340
2025	17,340
	$ 86,660

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 $25,661, at June 30, 2020. 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 terminated on February 22, 2020 and the final prorated distribution of $4,274 was 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 $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 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, 2020:

	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Mutual Funds	$1,019,505	$ -	$ -	$1,019,505

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	$ 1,265,994
Promises receivable	8,522
Investments	1,019,505
Total financial assets	2,294,021
Less amounts not available to be used within one year:	
Board-designated funds for future use	602,343
Net assets with donor restrictions	663,163
	1,265,506
Financial assets available to meet cash needs for general expenditures over the next twelve months	$ 1,028,515

NOTE K – Net Assets

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

Without donor restrictions:	
Designated for operating reserve	$ 250,183
Designated for capital reserve	352,160
Invested in property and equipment	2,269,936
Undesignated	404,461
Total without donor restrictions	3,276,740
With donor restrictions:	
Starker Endowment Fund	175,643
Harper Family Scholarship Endowment Fund	47,115
Bev Larson's Dream Endowment Fund	87,305
Alan Sugawara Endowment Fund	353,100
Total with donor restrictions	663,163
Total net assets	$ 3,939,903

NOTE L – Endowment Funds

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.

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.

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, 2020, there were no underwater endowments.

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

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

NOTE M – 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 Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight 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 two or five 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 event so 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.

The Center has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended June 30, 2020. Subsequent to June 30, 2020 the PPP loan was forgiven and forgiveness will be recognized for the year ending June 30, 2021.

NOTE N – Prior Period Correction

During the year ended June 30, 2020, the Center became aware of $147,376 of investment earnings that had been incorrectly recorded as without donor restrictions in prior periods. The beginning balances for net assets have been restated reclassifying the $147,376 from without donor restrictions to with donor restrictions. This correction had no effect on total net assets for the year ended June 30, 2020.

NOTE O – Subsequent Events

Management has evaluated subsequent events through February 24, 2021 which was the date that the financial statements were available to be issued.