

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

FINANCIAL STATEMENTS

June 30, 2022 and 2021



Old Mill Center  
for Children & Families

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

BOARD OF DIRECTORS

June 30, 2022

**OFFICERS**

George Cuniff, Chair

David Zajicek, Vice Chair  
(Effective January 2022)

Nick Hurley, Vice Chair  
(Through December 2021)

James Starker, Treasurer

Shirley Blake, Co-Secretary

Candy Pierson-Charlton, Co-Secretary  
(Effective February 2022)

**MEMBERS**

Bruce Ashenbrenner

Edwin Bramlett

Katie Chambers Elliott

Bronwyn Evans

Cyrel Gable

Kelly Locey

Tari Morse

Maddie Rudolph

Judy Starnes

Amy Yardley

Yazmin Brambila

**EXECUTIVE DIRECTOR**

Bettina Schempf  
1650 SW 45th Place  
Corvallis, Oregon 97333

**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 statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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**

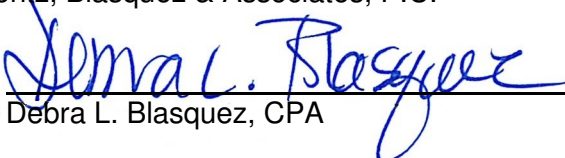
Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require us to perform procedures 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 reviews.

**Accountant's Conclusion**

Based on our reviews, 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.

Koontz, Blasquez & Associates, P.C.

By:   
Debra L. Blasquez, CPA

Albany, Oregon  
January 20, 2023

## **FINANCIAL STATEMENTS**

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 585,346	\$ 613,390
Accounts receivable, net	240,929	304,781
Prepaid expenses	48,668	48,713
Inventory	440	834
Investments	1,728,182	1,998,405
Restricted cash, UST fund	48,095	39,221
<b>TOTAL CURRENT ASSETS</b>	2,651,660	3,005,344
Property and equipment, net of accumulated depreciation	2,198,507	2,261,533
<b>TOTAL ASSETS</b>	<b>\$ 4,850,167</b>	<b>\$ 5,266,877</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 36,614	\$ 56,717
Accrued liabilities	97,741	48,609
Unearned revenue	345,004	255,774
<b>TOTAL LIABILITIES</b>	479,359	361,100
<b>NET ASSETS</b>		
Without donor restrictions	3,695,630	4,123,160
With donor restrictions	675,178	782,617
<b>TOTAL NET ASSETS</b>	4,370,808	4,905,777
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,850,167</b>	<b>\$ 5,266,877</b>

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, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Service revenues	\$ 2,458,296	\$ -	\$ 2,458,296
Grants	314,311	-	314,311
Contributions	445,535	-	445,535
Special events	256,414	-	256,414
Less direct benefit costs	(44,360)	-	(44,360)
Investment returns, net	(147,545)	(105,825)	(253,370)
In-kind building space	25	-	25
Other income	88	-	88
Net assets released from restriction	1,614	(1,614)	-
<b>TOTAL REVENUE, GAINS, AND OTHER SUPPORT</b>	<b>3,284,378</b>	<b>(107,439)</b>	<b>3,176,939</b>
<b>EXPENSES AND LOSSES</b>			
Program services			
Preventative	1,127,557	-	1,127,557
Educational and educational support	408,743	-	408,743
Health	1,758,719	-	1,758,719
Total program services	3,295,019	-	3,295,019
Supporting services			
Management and general	283,695	-	283,695
Fundraising	132,439	-	132,439
Total supporting services	416,134	-	416,134
<b>TOTAL EXPENSES</b>	<b>3,711,153</b>	<b>-</b>	<b>3,711,153</b>
Realized loss on disposal of assets	755	-	755
Realized loss on sale of securities	-	-	-
<b>TOTAL EXPENSES AND LOSSES</b>	<b>3,711,908</b>	<b>-</b>	<b>3,711,908</b>
<b>CHANGE IN NET ASSETS</b>	<b>(427,530)</b>	<b>(107,439)</b>	<b>(534,969)</b>
<b>NET ASSETS AT BEGINNING OF YEAR, as restated</b>	<b>4,123,160</b>	<b>782,617</b>	<b>4,905,777</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,695,630</b>	<b>\$ 675,178</b>	<b>\$ 4,370,808</b>

See accompanying notes and independent accountant's review report.



2021		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 2,380,296	\$ -	\$ 2,380,296
745,693	-	745,693
379,182	-	379,182
253,895	-	253,895
(42,548)	-	(42,548)
299,269	209,007	508,276
-	-	-
33	-	33
<u>89,553</u>	<u>(89,553)</u>	<u>-</u>
<u>4,105,373</u>	<u>119,454</u>	<u>4,224,827</u>
999,761	-	999,761
294,199	-	294,199
<u>1,581,643</u>	<u>-</u>	<u>1,581,643</u>
<u>2,875,603</u>	<u>-</u>	<u>2,875,603</u>
236,747	-	236,747
<u>138,845</u>	<u>-</u>	<u>138,845</u>
<u>375,592</u>	<u>-</u>	<u>375,592</u>
	-	3,251,195
127	-	127
<u>7,631</u>	<u>-</u>	<u>7,631</u>
<u>3,258,953</u>	<u>-</u>	<u>3,258,953</u>
846,420	119,454	965,874
<u>3,276,740</u>	<u>663,163</u>	<u>3,939,903</u>
<u>\$ 4,123,160</u>	<u>\$ 782,617</u>	<u>\$ 4,905,777</u>

**OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.**  
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STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2022 and 2021

	2022			
	Program Services	Management and General	Fundraising	Total
Wages, payroll taxes, and benefits	\$ 2,703,851	\$ 114,488	\$ 99,102	\$ 2,917,441
Direct assistance to families	64,425	-	-	64,425
Accounting	-	9,425	-	9,425
Contract services	83,855	77,891	3,000	164,746
Marketing and advertising	-	-	2,443	2,443
Program and office supplies	19,264	16,090	2,813	38,167
Information technology	95,439	13,457	12,713	121,609
Occupancy	120,776	15,570	4,945	141,291
Travel	21,586	47	35	21,668
Conferences and meetings	17,833	635	15	18,483
Fees	17,837	20,047	2,153	40,037
Depreciation	108,813	14,028	4,455	127,296
Insurance	18,803	1,849	765	21,417
Food and meals	13,162	168	-	13,330
Contractual adjustments and bad debt	9,375	-	-	9,375
 Total	 <u>\$ 3,295,019</u>	 <u>\$ 283,695</u>	 <u>\$ 132,439</u>	 <u>\$ 3,711,153</u>

See accompanying notes and independent accountant's review report.

2021

Program Services	Management and General	Fundraising	Total
\$ 2,416,872	\$ 100,735	\$ 125,176	\$ 2,642,783
41,683	-	-	41,683
-	9,850	-	9,850
72,561	61,324	-	133,885
194	-	1,095	1,289
29,099	13,957	2,341	45,397
43,965	11,079	1,803	56,847
100,128	6,916	2,397	109,441
20,493	-	-	20,493
14,883	821	25	15,729
14,129	19,074	1,376	34,579
97,199	11,362	3,938	112,499
15,801	1,541	573	17,915
8,260	88	121	8,469
336	-	-	336
<u>\$ 2,875,603</u>	<u>\$ 236,747</u>	<u>\$ 138,845</u>	<u>\$ 3,251,195</u>

**OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.**  
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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (534,969)	\$ 965,874
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	127,296	112,499
Realized loss on disposal of assets	755	127
PPP loan forgiveness	-	(475,000)
Net unrealized (gain) loss on investments	336,397	(483,263)
In-kind stock donation	-	(17,862)
Proceeds from sale of contributed securities	-	17,862
Dividends restricted for reinvestment	(96,458)	(60,409)
Transfers to restricted cash	(8,874)	(13,560)
Provisions for bad debts and uncollectible promises to give	30,408	10,472
(Increase) decrease in:		
Accounts receivable	33,444	(197,840)
Prepaid expenses	45	11,529
Inventory	394	407
Unconditional promises to give	-	8,522
Increase (decrease) in:		
Accounts payable	(20,103)	27,765
Accrued liabilities	49,132	(276,050)
Deferred revenue	89,230	255,774
	<u>6,697</u>	<u>(113,153)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	112,216	545,165
Purchases of investments and reinvested dividends	(178,390)	(1,040,803)
Purchase of equipment	(65,025)	(104,222)
	<u>(131,199)</u>	<u>(599,860)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts of dividends restricted for reinvestment	96,458	60,409
	<u>96,458</u>	<u>60,409</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(28,044)	(652,604)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>613,390</u>	<u>1,265,994</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 585,346</u>	<u>\$ 613,390</u>

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, 2022 and 2021

**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).

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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.



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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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 \$4,503 and \$5,252 for the years ended June 30, 2022 and 2021, respectively.

**H. Concentration of Funding**

Approximately 27.1% of the Center's funding is provided through IHN-CCO for Oregon Health Plan members. 34.2% 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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 ensure 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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, 2022 and 2021

**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, 2022 and 2021 are as follows:

	Level 1	
	2022	2021
Mutual funds	<u>\$ 1,728,182</u>	<u>\$ 1,998,405</u>

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 United States Treasury Bills.

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**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 for the years ended June 30, 2022 and 2021.

**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:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5
Land improvements	20
Buildings and improvements	40

**V. Reclassifications**

An amount of net assets without donor restrictions reported at June 30, 2021 have been reclassified to net assets with donor restrictions. Beginning amounts on the statement of activities as of July 1, 2021 have been restated and reported accordingly.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Petty cash	\$ 252	\$ 89
Undeposited funds	(130)	490
Checking accounts	556,271	583,861
Savings and money market accounts	<u>77,048</u>	<u>68,171</u>
Total cash	633,441	652,611
Less restricted cash	<u>(48,095)</u>	<u>(39,221)</u>
Total cash and cash equivalents	<u>\$ 585,346</u>	<u>\$ 613,390</u>

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022, 2021, and 2020 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 312,577	\$ 355,396	\$ 157,557
Less allowance for doubtful accounts	<u>(71,648)</u>	<u>(50,615)</u>	<u>(40,144)</u>
Accounts receivable, net	<u>\$ 240,929</u>	<u>\$ 304,781</u>	<u>\$ 117,413</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 114,631	\$ 114,631
Buildings and improvements	3,479,409	3,436,838
Vehicles and equipment	<u>405,891</u>	<u>416,714</u>
	3,999,931	3,968,183
Less accumulated depreciation	<u>(1,801,424)</u>	<u>(1,706,650)</u>
Property and equipment, net	<u>\$ 2,198,507</u>	<u>\$ 2,261,533</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**NOTE 6 – LEASES**

The Center has a lease for additional office space in Albany, Oregon. Rent expense for the years ended June 30, 2022 and 2021 amounted to \$36,930 and \$17,477, respectively.

The lease for Suite L terminated on September 30, 2021. For the lease period from September 1, 2020 through September 30, 2021, the base monthly rent was \$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 2-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.

Future minimum lease payments are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2023	\$ 34,800
2024	<u>30,450</u>
	<u>\$ 65,250</u>

**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 \$48,095 and \$39,221 at June 30, 2022 and 2021, respectively. Unemployment claims are expensed as paid.

**NOTE 8 – 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.



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NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**NOTE 9 – 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:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 585,346	\$ 613,390
Investments	1,728,182	1,998,405
Total	2,313,528	2,611,795
Less amounts not available to be used within one year:		
Board-designated funds for future use	784,496	1,026,617
Net assets with donor restrictions	675,178	782,617
Total	1,459,674	1,809,234
Financial assets available to meet cash needs for general expenditures over the next twelve months	\$ 853,854	\$ 802,561

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.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**NOTE 10 – NET ASSETS**

Details of the Center’s net asset categories at June 30, 2022 and 2021 are as follows:

	2022	2021
Without donor restrictions:		
Designated for operating reserve	\$ 444,119	\$ 645,840
Designated for capital reserve	340,377	380,777
Invested in property and equipment	2,198,507	2,261,533
Undesignated	712,627	835,010
Total without donor restrictions	3,695,630	4,123,160
With donor restrictions:		
Starker Endowment Fund	199,764	230,999
Harper Family Scholarship Endowment Fund	50,670	60,459
Bev Larson’s Dream Endowment Fund	99,294	114,820
Alan Sugawara Endowment Fund	325,450	376,339
Total with donor restrictions	675,178	782,617
Total net assets	\$ 4,370,808	\$ 4,905,777

During the years ended June 30, 2022 and 2021, \$1,614 and \$89,553 were released from restrictions, respectively.

**NOTE 11 – ENDOWMENT FUNDS**

The Center’s endowment consists of four donor-restricted endowment funds (see Note 10 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.

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NOTES TO FINANCIAL STATEMENTS

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**NOTE 11 – 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, 2022 and 2021, there were no underwater endowments.

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NOTES TO FINANCIAL STATEMENTS

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**NOTE 11 – ENDOWMENT FUNDS (Continued)**

The composition and changes in donor-restricted endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Endowment net assets, beginning of year, as restated	\$ 782,617	\$ 663,163
Net unrealized loss	(105,825)	209,007
Amounts appropriated for expenditure	(1,614)	(89,553)
Endowment net assets, end of year	\$ 675,178	\$ 782,617

**NOTE 12 – 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, 2022, the Center's cash balances in excess of FDIC insurance limits amounted to \$295,392.

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, 2022 and 2021 are as follows:

	2022	2021
IHN-CCO	41.9%	27.5%
State of Oregon	33.1%	47.0%
Commercial third-party payers	24.1%	17.4%
Others	0.9%	8.1%
	100.0%	100.0%

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NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**NOTE 13 – 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. 2016-02, *Leases (Topic 842)* will be effective for the Center beginning with its fiscal year ending June 30, 2023. 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. 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities* will be effective for the Center beginning with its fiscal year ending June 30, 2023. This update allows entities to make an accounting policy election to use a risk-free rate as the discount rate for all leases.

FASB Accounting Standards Update No. 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Governmental Assistance* will be effective for the Center beginning with its fiscal year ending June 30, 2023. This update increases transparency in financial reporting by requiring business entities to disclose information about certain types of government assistance they receive.

FASB Accounting Standards Update No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* will be effective for the Center beginning with its fiscal year ending June 30, 2025. This update requires entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 20, 2023, which was the date that the financial statements were available to be issued.