OLD MILL CENTER FOR CHILDREN AND FAMILIES, INC.

(a not-for-profit corporation)

FINANCIAL STATEMENTS

June 30, 2023 and 2022

Old Mill Center
for Children & Families

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

BOARD OF DIRECTORS

June 30, 2023

OFFICERS

George Cuniff, Chair

David Zajicek, Vice Chair

James Starker, Treasurer

Shirley Blake, Co-Secretary

Candy Pierson-Charlton, Co-Secretary

MEMBERS

Bruce Ashenbrenner

Katie Chambers Elliott

Bronwyn Evans

Cyrel Gable

Marc Koenig

Kelly Locey

Tari Morse

Maddie Rudolph

Judy Starnes

Amy Yardley

EXECUTIVE DIRECTOR

Bettina Schempf
1650 SW 45th Place
Corvallis, Oregon 97333

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

TABLE OF CONTENTS

June 30, 2023 and 2022

	Page Number
INTRODUCTORY SECTION	
Title Page	
Board of Directors	
Table of Contents	
FINANCIAL SECTION	
Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-22

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, 2023 and 2022, 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
Debra L. Blasquez, CPA

Albany, Oregon
January 25, 2024

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FINANCIAL STATEMENTS

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 375,793	$ 585,346
Accounts receivable, net	314,186	240,929
Contribution receivable, current portion	7,200	7,200
Prepaid expenses and deposits	49,827	48,668
Inventory	-	440
Investments	1,871,082	1,728,182
Restricted cash, UST fund	58,709	48,095
TOTAL CURRENT ASSETS	2,676,797	2,658,860
Contribution receivable, less current portion	1,200	8,400
Right to use lease assets, net of accumulated amortization	124,392	152,766
Property and equipment, net of accumulated depreciation	2,176,540	2,198,507
TOTAL ASSETS	$ 4,978,929	$ 5,018,533
LIABILITIES		
Accounts payable	$ 26,120	$ 36,614
Accrued liabilities	110,653	97,741
Leases payable, current portion	29,098	27,157
Unearned revenue	271,452	345,004
TOTAL CURRENT LIABILITIES	437,323	506,516
Leases payable, less current portion	97,933	127,031
TOTAL LIABILITIES	535,256	633,547
NET ASSETS		
Without donor restrictions	3,705,932	3,694,208
With donor restrictions	737,741	690,778
TOTAL NET ASSETS	4,443,673	4,384,986
TOTAL LIABILITIES AND NET ASSETS	$ 4,978,929	$ 5,018,533

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, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Service revenues	$ 2,921,718	$ -	$ 2,921,718
Grants	441,122	-	441,122
Contributions	480,186	-	480,186
Special events	315,716	-	315,716
Less direct benefit costs	(84,973)	-	(84,973)
Investment returns, net	102,471	55,829	158,300
In-kind building space	2,000	-	2,000
Other income	3,764	-	3,764
Realized gain on disposal of assets	373	-	373
Net assets released from restriction	8,866	(8,866)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	4,191,243	46,963	4,238,206
EXPENSES AND LOSSES			
Program services			
Preventative	1,366,690	-	1,366,690
Educational and educational support	456,140	-	456,140
Health	1,906,060	-	1,906,060
Total program services	3,728,890	-	3,728,890
Supporting services			
Management and general	296,408	-	296,408
Fundraising	154,221	-	154,221
Total supporting services	450,629	-	450,629
TOTAL EXPENSES	4,179,519	-	4,179,519
Realized loss on disposal of assets	-	-	-
TOTAL EXPENSES AND LOSSES	4,179,519	-	4,179,519
CHANGE IN NET ASSETS	11,724	46,963	58,687
NET ASSETS AT BEGINNING OF YEAR, as restated	3,694,208	690,778	4,384,986
NET ASSETS AT END OF YEAR	$ 3,705,932	$ 737,741	$ 4,443,673

See accompanying notes and independent accountant's review report.

2022		
Without Donor Restrictions	With Donor Restrictions	Total
$ 2,458,296	$ -	$ 2,458,296
314,311	-	314,311
445,535	-	445,535
256,414	-	256,414
(44,360)	-	(44,360)
(147,545)	(105,825)	(253,370)
25	-	25
88	-	88
-	-	-
8,814	(8,814)	-
3,291,578	(114,639)	3,176,939
1,131,357	-	1,131,357
410,121	-	410,121
1,764,646	-	1,764,646
3,306,124	-	3,306,124
281,656	-	281,656
131,791	-	131,791
413,447	-	413,447
3,719,571	-	3,719,571
755	-	755
3,720,326	-	3,720,326
(428,748)	(114,639)	(543,387)
4,122,956	805,417	4,928,373
$ 3,694,208	$ 690,778	$ 4,384,986

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

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2023 and 2022

	2023			
	Program Services	Management and General	Fundraising	Total
Wages, payroll taxes, and benefits	$ 3,087,383	$ 126,793	$ 115,054	$ 3,329,230
Direct assistance to families	72,492	-	-	72,492
Accounting	-	9,425	-	9,425
Contract services	109,144	74,981	-	184,125
Marketing and advertising	956	67	17,576	18,599
Program and office supplies	20,858	14,602	3,847	39,307
Information technology	66,916	14,483	8,129	89,528
Occupancy	115,595	14,810	3,618	134,023
Travel	28,255	67	197	28,519
Conferences and meetings	19,744	5,176	456	25,376
Fees	20,539	18,339	752	39,630
Depreciation	120,227	15,403	3,764	139,394
Amortization	28,374	-	-	28,374
Insurance	20,602	2,126	790	23,518
Food and meals	17,805	136	38	17,979
Contractional adjustments and bad debt	-	-	-	-
Total	$ 3,728,890	$ 296,408	$ 154,221	$ 4,179,519

See accompanying notes and independent accountant’s review report.

2022			
Program Services	Management and General	Fundraising	Total
$ 2,703,851	$ 114,488	$ 99,102	$ 2,917,441
64,425	-	-	64,425
-	9,425	-	9,425
83,855	77,891	3,000	164,746
-	-	2,443	2,443
19,264	16,090	2,813	38,167
95,439	13,457	12,713	121,609
104,956	13,531	4,297	122,784
21,586	47	35	21,668
17,833	635	15	18,483
17,837	20,047	2,153	40,037
108,813	14,028	4,455	127,296
26,925	-	-	26,925
18,803	1,849	765	21,417
13,162	168	-	13,330
9,375	-	-	9,375
$ 3,306,124	$ 281,656	$ 131,791	$ 3,719,571

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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 58,687	$ (543,387)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	139,394	127,296
Amortization	27,626	26,177
Realized loss on disposal of assets	-	755
Net unrealized (gain) loss on investments	(131,769)	336,397
Dividends restricted for reinvestment	(39,138)	(96,458)
Transfers to restricted cash	(10,614)	(8,874)
Provisions for bad debts and uncollectible promises to give	-	30,408
(Increase) decrease in:		
Accounts receivable	(73,257)	33,444
Contribution receivable	7,200	7,200
Deferred rent	748	748
Prepaid expenses	(1,159)	45
Inventory	440	394
Increase (decrease) in:		
Accounts payable	(10,494)	(20,103)
Accrued liabilities	12,912	49,132
Deferred revenue	(73,552)	89,230
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(92,976)	32,404
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	66,041	112,216
Purchases of investments and reinvested dividends	(77,172)	(178,390)
Purchase of equipment	(117,427)	(65,025)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(128,558)	(131,199)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of dividends restricted for reinvestment	39,138	96,458
Payments on lease	(27,157)	(25,707)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	11,981	70,751
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(209,553)	(28,044)
BEGINNING CASH AND CASH EQUIVALENTS	585,346	613,390
ENDING CASH AND CASH EQUIVALENTS	$ 375,793	$ 585,346
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND OPERATING ACTIVITIES		
Acquisition of right to use lease assets in exchange for lease liabilities, net of amortization	$ -	$ 148,080

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, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Income Taxes

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

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

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

C. Basis of Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

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

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

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

D. Revenue Recognition

1. Government Grants and Contracts

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

2. Contributions

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Revenue Recognition (Continued)

3. Contracts with Customers

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

E. Cash and Cash Equivalents

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

F. Accounts Receivable

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Charity Care

The Center provides care to clients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Center's charity care policy aggregated approximately $9,890 and $4,503 for the years ended June 30, 2023 and 2022, respectively.

H. Concentration of Funding

Approximately 25.03% of the Center's funding is provided through IHN-CCO for Oregon Health Plan members. 35.32% 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 on the statement of activities as net assets released from restriction.

J. Program and Supporting Services

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

Program Services

Preventative

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Program and Supporting Services (Continued)

Program Services (Continued)

Educational and Educational Support

These services include a unique preschool model serving children with special needs alongside those who are typically developing. It is the first program of its kind in the United States.

Health

Intensive Treatment Services

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

Child, Family, and Group Counseling

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

Pediatric Physical and Occupational Therapy

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Program and Supporting Services (Continued)

Management and General

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

Fundraising

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

K. Designation of Net Assets Without Donor Restrictions

It is the policy of the board of directors of the Center to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to 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, beginning in September 2019. Management has determined the fair market value of the monthly rent to be $600 based on similar available office space.

N. Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Expense Allocation

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

P. Inventories

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

Q. Investments

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

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

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

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

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

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, 2023 and 2022 are as follows:

	Level 1	
	2023	2022
Mutual funds	$ 1,871,082	$ 1,728,182

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.

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, 2023 and 2022.

U. Right to Use Lease Assets

The Center has recorded right to use lease assets as a result of implementing FASB ASU 2016-02, *Leases (Topic 842)*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the terms of the related leases.

V. Property and Equipment

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2023 and 2022:

	2023	2022
Petty cash	$ 148	$ 252
Undeposited funds	43,635	(130)
Checking accounts	302,310	556,271
Savings and money market accounts	88,409	77,048
Total cash	434,502	633,441
Less restricted cash	(58,709)	(48,095)
Total cash and cash equivalents	$ 375,793	$ 585,346

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
Accounts receivable	$ 400,341	$ 312,577	$ 355,396
Less allowance for doubtful accounts	(86,155)	(71,648)	(50,615)
Accounts receivable, net	$ 314,186	$ 240,929	$ 304,781

NOTE 5 – RIGHT TO USE LEASE ASSETS

The Center has recorded a right to use lease asset for office space. The related lease is discussed in Note 7. The right to use lease asset is amortized on a straight-line basis over the terms of the related lease.

Right to use lease asset activity for the Center for the year ended June 30, 2023 was as follows:

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Right to use lease assets				
Office space	$ 184,043	$ -	$ -	$ 184,043
Less accumulated amortization for				
Office space	(31,277)	(28,374)	-	(59,651)
Total right to use assets being amortized, net	$ 152,766	$ (28,374)	$ -	$ 124,392

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Land and improvements	$ 114,631	$ 114,631
Buildings and improvements	3,549,110	3,479,409
Vehicles and equipment	449,506	405,891
	4,113,247	3,999,931
Less accumulated depreciation	(1,936,707)	(1,801,424)
Property and equipment, net	$ 2,176,540	$ 2,198,507

NOTE 7 – LEASES PAYABLE

The Center has entered into an agreement to lease office space. The lease agreement qualifies as an other than short-term lease under FASB ASU 2016-02, *Leases (Topic 842),* and therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

Old Mill Center for Children and Families, Inc.'s leases payable at June 30, 2023 are as follows:

	Interest Rates	Original Amount	Beginning Balance, As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Leases payable							
Office space	5.5%	$ 184,044	$ 154,188	$ -	$ 27,157	$ 127,031	$ 29,098

On May 15, 2021, the Center entered into a contract to lease office space for counseling, occupational therapy, and healthy families at 522-528 Ellsworth Street SW in Albany, Oregon. Monthly rent is $2,900 and has an automatic renewal, unless terminated, for an additional three-year term subject to a 7% escalator applied to the base rent. The federal rate during the year of implementation was 5.5% and was used as the discount rate in determining the lease liability.

Future lease payments are as follows:

Year Ending June 30	Amount
2024	$ 29,098
2025	32,840
2026	34,692
2027	30,401
	$ 127,031

NOTE 8 – 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 $58,709 and $48,095 at June 30, 2023 and 2022, respectively. Unemployment claims are expensed as paid.

NOTE 9 – RETIREMENT PLANS

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

NOTE 10 – LIQUIDITY

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

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	$ 375,793	$ 585,346
Investments	1,871,082	1,728,182
Total	2,246,875	2,313,528
Less amounts not available to be used within one year:		
Board-designated funds for future use	768,930	783,074
Net assets with donor restrictions	737,741	690,778
Total	1,506,671	1,473,852
Financial assets available to meet cash needs for general expenditures over the next twelve months	$ 740,204	$ 839,676

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

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

NOTE 11 – NET ASSETS

Details of the Center's net asset categories at June 30, 2023 and 2022 are as follows:

	2023	2022
Without donor restrictions:		
Designated for operating reserve	$ 387,651	$ 442,697
Designated for capital reserve	381,279	340,377
Invested in property and equipment	2,176,540	2,198,507
Undesignated	760,462	712,627
Total without donor restrictions	3,705,932	3,694,208
With donor restrictions:		
Starker Endowment Fund	216,282	199,764
Harper Family Scholarship Endowment Fund	53,193	50,670
Bev Larson's Dream Endowment Fund	107,505	99,294
Alan Sugawara Endowment Fund	352,361	325,450
In-kind rent contribution	8,400	15,600
Total with donor restrictions	737,741	690,778
Total net assets, as restated	$ 4,443,673	$ 4,384,986

During the years ended June 30, 2023 and 2022, $8,866 and $8,814 were released from restrictions, respectively.

NOTE 12 – ENDOWMENT FUNDS

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

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

NOTE 12 – ENDOWMENT FUNDS (Continued)

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

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

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. As of June 30, 2023 and 2022, there were no underwater endowments.

NOTE 12 – ENDOWMENT FUNDS (Continued)

The composition and changes in donor-restricted endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Endowment net assets, beginning of year	$ 675,178	$ 782,617
Net unrealized loss	55,829	(105,825)
Amounts appropriated for expenditure	(1,666)	(1,614)
Endowment net assets, end of year	$ 729,341	$ 675,178

NOTE 13 – 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, 2023, the Center's cash balances in excess of FDIC insurance limits amounted to $62,292.

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, 2023 and 2022 are as follows:

	2023	2022
IHN-CCO	35.0%	41.9%
State of Oregon	36.2%	33.1%
Commercial third-party payers	22.8%	24.1%
Others	6.0%	0.9%
	100.0%	100.0%

NOTE 14 – RESTATEMENT

Beginning net assets for the years ended June 30, 2022 and June 30, 2023 were restated to reflect adjustments made for in-kind contributions of rent and implementation of FASB ASU 2016-02, *Leases (Topic 842),* recognizing right to use lease assets and lease liabilities on the statement of financial position.

Beginning net assets were restated as follows:

Net assets - beginning, as originally reported June 30, 2022	$ 4,905,777
In-kind rent donation	22,800
Implementation of FASB ASU 2016-02	(204)
Net assets - beginning, as restated June 30, 2022	$ 4,928,373

Net assets - beginning, as originally reported June 30, 2023	$ 4,370,808
In-kind rent donation	15,600
Implementation of FASB ASU 2016-02	(1,422)
Net assets - beginning, as restated June 30, 2023	$ 4,384,986

NOTE 15 – 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. 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.

FASB Accounting Standards Update No. 2023-01, *Leases (Topic 842): Common Control Arrangements* will be effective for the Center beginning with its fiscal year ending June 30, 2025. This update requires entities to determine whether a related party arrangement between entities under common control is a lease. If the arrangement is determined to be a lease, an entity must classify and account for the lease on the same basis as an arrangement with an unrelated party.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 25, 2024, which was the date that the financial statements were available to be issued.