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

FINANCIAL STATEMENTS

June 30, 2024 and 2023

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

BOARD OF DIRECTORS

June 30, 2024

OFFICERS

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Tari Morse, Vice Chair

Brenda Coleman, Treasurer

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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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June 30, 2024 and 2023

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, 2024 and 2023, 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 7, 2025

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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, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 405,598	$ 375,793
Accounts receivable, net	289,276	314,186
Contribution receivable, current portion	1,200	7,200
Prepaid expenses and deposits	13,734	49,827
Investments	1,932,891	1,871,082
Restricted cash, UST fund	82,223	58,709
TOTAL CURRENT ASSETS	2,724,922	2,676,797
Contribution receivable, less current portion	-	1,200
Right to use lease assets, net of accumulated amortization	94,482	124,392
Property and equipment, net of accumulated depreciation	2,120,581	2,176,540
TOTAL ASSETS	$ 4,939,985	$ 4,978,929
LIABILITIES		
Accounts payable	$ 48,175	$ 26,120
Accrued liabilities	109,539	110,653
Leases payable, current portion	32,840	29,098
Unearned revenue	142,563	271,452
TOTAL CURRENT LIABILITIES	333,117	437,323
Leases payable, less current portion	65,093	97,933
TOTAL LIABILITIES	398,210	535,256
NET ASSETS		
Without donor restrictions	3,710,740	3,705,932
With donor restrictions	831,035	737,741
TOTAL NET ASSETS	4,541,775	4,443,673
TOTAL LIABILITIES AND NET ASSETS	$ 4,939,985	$ 4,978,929

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, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Service revenues	$ 2,932,465	$ -	$ 2,932,465
Grants	222,275	-	222,275
Contributions	525,887	-	525,887
Special events	356,979	-	356,979
Less direct benefit costs	(95,147)	-	(95,147)
Investment returns, net	193,083	102,052	295,135
In-kind building space	1,600	-	1,600
Other income	5,032	-	5,032
Realized gain on disposal of assets	2,768	-	2,768
Net assets released from restriction	8,758	(8,758)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	4,153,700	93,294	4,246,994
EXPENSES			
Program services			
Preventative	1,551,383	-	1,551,383
Educational and educational support	352,397	-	352,397
Health	1,893,263	-	1,893,263
Total program services	3,797,043	-	3,797,043
Supporting services			
Management and general	198,654	-	198,654
Fundraising	153,195	-	153,195
Total supporting services	351,849	-	351,849
TOTAL EXPENSES	4,148,892	-	4,148,892
CHANGE IN NET ASSETS	4,808	93,294	98,102
NET ASSETS AT BEGINNING OF YEAR	3,705,932	737,741	4,443,673
NET ASSETS AT END OF YEAR	$ 3,710,740	$ 831,035	$ 4,541,775

2023		
Without Donor Restrictions	With Donor Restrictions	Total
$ 2,921,718	$ -	$ 2,921,718
441,122	-	441,122
480,186	-	480,186
315,716	-	315,716
(84,973)	-	(84,973)
102,471	55,829	158,300
2,000	-	2,000
3,764	-	3,764
373	-	373
8,866	(8,866)	-
4,191,243	46,963	4,238,206
1,366,690	-	1,366,690
456,140	-	456,140
1,906,060	-	1,906,060
3,728,890	-	3,728,890
296,408	-	296,408
154,221	-	154,221
450,629	-	450,629
4,179,519	-	4,179,519
11,724	46,963	58,687
3,694,208	690,778	4,384,986
$ 3,705,932	$ 737,741	$ 4,443,673

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

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2024 and 2023

	2024			
	Program Services	Management and General	Fundraising	Total
Wages, payroll taxes, and benefits	$ 3,047,035	$ 132,647	$ 128,116	$ 3,307,798
Direct assistance to families	66,034	-	-	66,034
Accounting	-	9,938	-	9,938
Contract services	173,000	-	-	173,000
Marketing and advertising	1,380	550	3,796	5,726
Program and office supplies	36,067	1,673	599	38,339
Information technology	71,425	6,778	9,928	88,131
Occupancy	127,454	10,625	3,715	141,794
Travel	28,264	588	85	28,937
Conferences and meetings	16,146	3,102	1,107	20,355
Fees	27,422	18,485	765	46,672
Depreciation	128,006	11,171	3,906	143,083
Amortization	29,910	-	-	29,910
Insurance	28,688	3,076	1,101	32,865
Food and meals	16,212	21	77	16,310
Total	$ 3,797,043	$ 198,654	$ 153,195	$ 4,148,892

2023			
Program Services	Management and General	Fundraising	Total
$ 3,087,383	$ 126,793	$ 115,054	$ 3,329,230
72,492	-	-	72,492
-	9,425	-	9,425
109,144	74,981	-	184,125
956	67	17,576	18,599
20,858	14,602	3,847	39,307
66,916	14,483	8,129	89,528
115,595	14,810	3,618	134,023
28,255	67	197	28,519
19,744	5,176	456	25,376
20,539	18,339	752	39,630
120,227	15,403	3,764	139,394
28,374	-	-	28,374
20,602	2,126	790	23,518
17,805	136	38	17,979
$ 3,728,890	$ 296,408	$ 154,221	$ 4,179,519

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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 98,102	$ 58,687
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	143,083	139,394
Amortization	29,161	27,626
(Gain) loss on disposal of equipment	1,232	-
Net unrealized (gain) loss on investments	(253,298)	(131,769)
Dividends restricted for reinvestment	(57,145)	(39,138)
Transfers to restricted cash	(23,514)	(10,614)
Provisions for bad debts and uncollectible promises to give	14,206	-
(Increase) decrease in:		
Accounts receivable	10,704	(73,257)
Contribution receivable	7,200	7,200
Deferred rent	749	748
Prepaid expenses	36,093	(1,159)
Inventory	-	440
Increase (decrease) in:		
Accounts payable	22,055	(10,494)
Accrued liabilities	(1,114)	12,912
Deferred revenue	(128,889)	(73,552)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(101,375)	(92,976)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	460,030	66,041
Purchases of investments and reinvested dividends	(268,541)	(77,172)
Purchase of equipment	(88,356)	(117,427)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	103,133	(128,558)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of dividends restricted for reinvestment	57,145	39,138
Payments on lease	(29,098)	(27,157)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	28,047	11,981
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,805	(209,553)
BEGINNING CASH AND CASH EQUIVALENTS	375,793	585,346
ENDING CASH AND CASH EQUIVALENTS	$ 405,598	$ 375,793

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, 2024 and 2023

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 $13,481 and $9,890 for the years ended June 30, 2024 and 2023, respectively.

H. Concentration of Funding

Approximately 22.87% of the Center's funding is provided through IHN-CCO for Oregon Health Plan members. 36.74% 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.

Occupational Therapy

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Program and Supporting Services (Continued)

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 and statement of functional expenses. 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, 2024 and 2023 are as follows:

	Level 1	
	2024	2023
Mutual funds	$ 1,932,891	$ 1,871,082

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, 2024 and 2023.

U. Right to Use Lease Assets

The Center has recorded right to use lease assets in accordance with 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, 2024 and 2023

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2024 and 2023:

	2024	2023
Petty cash	$ 387	$ 148
Undeposited funds	-	43,635
Checking accounts	373,966	302,310
Savings and money market accounts	113,468	88,409
Total cash	487,821	434,502
Less restricted cash	(82,223)	(58,709)
Total cash and cash equivalents	$ 405,598	$ 375,793

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024, 2023, and 2022 are as follows:

	2024	2023	2022
Accounts receivable	$ 389,637	$ 400,341	$ 312,577
Less allowance for doubtful accounts	(100,361)	(86,155)	(71,648)
Accounts receivable, net	$ 289,276	$ 314,186	$ 240,929

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 term of the related lease.

Right to use lease assets at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Office space	$ 184,043	$ 184,043
Less accumulated amortization	(89,561)	(59,651)
Right to use lease assets, net	$ 94,482	$ 124,392

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Land and improvements	$ 114,631	$ 114,631
Buildings and improvements	3,596,612	3,549,110
Vehicles and equipment	457,067	449,506
	4,168,310	4,113,247
Less accumulated depreciation	(2,047,729)	(1,936,707)
Property and equipment, net	$ 2,120,581	$ 2,176,540

NOTE 7 – LEASE 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 lease payable activity for the year ended June 30, 2024 is as follows:

	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease payable							
Office space	5.5%	$ 184,044	$ 127,031	$ -	$ 29,098	$ 97,933	$ 32,840

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
2025	$ 32,840
2026	34,692
2027	30,401
	$ 97,933

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 $82,223 and $58,709 at June 30, 2024 and 2023, 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:

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	$ 405,598	$ 375,793
Investments	1,932,891	1,871,082
Total	2,338,489	2,246,875
Less amounts not available to be used within one year:		
Board-designated funds for future use	932,815	768,930
Net assets with donor restrictions	831,035	737,741
Total	1,763,850	1,506,671
Financial assets available to meet cash needs for general expenditures over the next twelve months	$ 574,639	$ 740,204

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, 2024 and 2023 are as follows:

	2024	2023
Without donor restrictions:		
Designated for operating reserve	$ 487,103	$ 387,651
Designated for capital reserve	445,712	381,279
Invested in property and equipment	2,120,581	2,176,540
Undesignated	657,344	760,462
Total without donor restrictions	3,710,740	3,705,932
With donor restrictions:		
Starker Endowment Fund	246,545	216,282
Harper Family Scholarship Endowment Fund	59,078	53,193
Bev Larson's Dream Endowment Fund	122,547	107,505
Alan Sugawara Endowment Fund	401,665	352,361
In-kind rent contribution	1,200	8,400
Total with donor restrictions	831,035	737,741
Total net assets	$ 4,541,775	$ 4,443,673

During the years ended June 30, 2024 and 2023, $8,758 and $8,866 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, 2024 and 2023, 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, 2024 and 2023 are as follows:

	2024	2023
Endowment net assets, beginning of year	$ 729,341	$ 675,178
Net unrealized gain	102,052	55,829
Amounts appropriated for expenditure	(1,558)	(1,666)
Endowment net assets, end of year	$ 829,835	$ 729,341

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 the National Credit Union Administration (NCUA) up to $250,000, as applicable. At June 30, 2024, the Center's cash balances in excess of FDIC insurance limits amounted to $167,321.

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, 2024 and 2023 are as follows:

	2024	2023
IHN-CCO	42.3%	35.0%
State of Oregon	32.0%	36.2%
Commercial third-party payers	23.7%	22.8%
Others	2.0%	6.0%
	100.0%	100.0%

NOTE 14 – 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 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 7, 2025, which was the date that the financial statements were available to be issued.