METROPOLITAN FAMILY SERVICE

FINANCIAL STATEMENTS

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

MFS Metropolitan Family Service

KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

METROPOLITAN FAMILY SERVICE

FINANCIAL STATEMENTS

Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Metropolitan Family Service
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Metropolitan Family Service (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Family Service as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Metropolitan Family Service

Other Matters

Other Reporting Requirement by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of Metropolitan Family Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metropolitan Family Service's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metropolitan Family Service's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Metropolitan Family Service's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
November 15, 2021

METROPOLITAN FAMILY SERVICE

STATEMENT OF FINANCIAL POSITION

June 30, 2021
(With Comparative Totals as of June 30, 2020)

ASSETS

	2021	2020
Current assets		
Cash and cash equivalents	$ 685,194	$ 1,356,624
Government grants and contracts receivable	1,555,876	1,196,368
Prepaid expenses and other current assets	70,221	74,633
Total current assets	**2,311,291**	**2,627,625**
Property and equipment	**27,657**	**7,684**
Other assets		
Long-term investments	5,747,956	4,823,563
Beneficial interest in assets held by others	554,347	419,245
Total other assets	**6,302,303**	**5,242,808**
Total assets	**$ 8,641,251**	**$ 7,878,117**

LIABILITIES AND NET ASSETS

	2021	2020
Liabilities		
Accounts payable	$ 364,688	$ 365,048
Compensated absences payable	179,326	184,287
Payroll and related payables	268,841	242,863
Refundable advances	183,405	1,298,342
Total current liabilities	**996,260**	**2,090,540**
Net assets		
Without donor restrictions		
Other	1,142,207	689,909
Board-designated family endowment	5,786,328	4,832,219
Total without donor restrictions	**6,928,535**	**5,522,128**
With donor restrictions		
Other	527,951	122,886
Family endowment	188,505	142,563
Total with donor restrictions	**716,456**	**265,449**
Total net assets	**7,644,991**	**5,787,577**
Total liabilities and net assets	**$ 8,641,251**	**$ 7,878,117**

See notes to financial statements.

METROPOLITAN FAMILY SERVICE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Operating revenues, gains and other support:				
Government grants and contracts	$ 7,538,812	$ -	$ 7,538,812	$ 6,782,487
PPP forgiveness	1,226,900	-	1,226,900	-
Other grants and contracts	1,122,107	-	1,122,107	1,123,306
Contributions	235,717	666,807	902,524	1,272,891
Special event	251,976	-	251,976	233,862
Less special event expenses	(65,597)	-	(65,597)	(120,911)
Interest & Dividends	131,480	-	131,480	151,508
Miscellaneous	28,336	-	28,336	42,354
Net assets released from restrictions	261,742	(261,742)	-	-
	10,731,473	405,065	11,136,538	9,485,497
Less pass-through revenue	(1,069,667)	-	(1,069,667)	(1,051,150)
Total operating revenues, gains, and other support	**9,661,806**	**405,065**	**10,066,871**	**8,434,347**
Expenses				
Program services	7,312,552	-	7,312,552	6,745,745
Management and general	1,591,894	-	1,591,894	1,536,623
Fund-raising	251,728	-	251,728	304,662
Total expenses	**9,156,174**	**-**	**9,156,174**	**8,587,030**
Increase (decrease) in net assets before non-operating activities	**505,632**	**405,065**	**910,697**	**(152,683)**
Non-operating activities:				
Gain/(Loss) on investments	818,145	-	818,145	(89,993)
Investment Fees	(25,010)	-	(25,010)	(21,571)
Net earnings from beneficial interest in assets held by others	101,356	52,226	153,582	(721)
Net assets released from restrictions	6,284	(6,284)	-	-
Total non-operating activities	**900,775**	**45,942**	**946,717**	**(112,285)**
Change in net assets	**1,406,407**	**451,007**	**1,857,414**	**(264,968)**
Addition to net assets related to merger (Note A)	**-**	**-**	**-**	**94,086**
Net assets, beginning of year	5,522,128	265,449	5,787,577	5,958,459
Net assets, ending of year	$ 6,928,535	$ 716,456	$ 7,644,991	$ 5,787,577

See notes to financial statements.

METROPOLITAN FAMILY SERVICE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

		SUPPORTING SERVICES		Total	
	Program Services	Management and General	Fundraising	2021	2020
Salaries	$ 4,561,682	$ 1,035,813	$ 194,280	$ 5,791,775	$ 5,783,927
Employee benefits and taxes	944,254	204,201	39,683	1,188,138	1,102,197
Advertising	28,075	9,548	-	37,623	11,629
Depreciation and amortization	7,190	-	-	7,190	1,943
Client Assistance	669,055	-	5,060	674,115	139,134
In-kind food and supplies	20,303	1,176	3,150	24,629	339,232
Insurance	953	37,443	-	38,396	33,987
Local travel	117,833	471	-	118,304	185,791
Minor equipment and furniture purchase, rent and repair	121,328	46,685	2,279	170,292	159,275
Occupancy	178,782	25,550	2,443	206,775	187,971
Professional fees and contract service payments	61,073	188,940	1,441	251,454	255,776
Staff training and conferences	11,164	2,002	1,344	14,510	47,417
Supplies and miscellaneous	486,110	16,167	-	502,277	252,852
Telephone	104,750	23,898	2,048	130,696	85,899
	$ 7,312,552	$ 1,591,894	$ 251,728	$ 9,156,174	$ 8,587,030

See notes to financial statements.

METROPOLITAN FAMILY SERVICE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 1,857,414	$ (264,968)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in value of beneficial interest in assets held by others	(153,582)	721
(Gain)/loss, interest and dividends from investments, net of fees	(924,393)	(39,921)
Depreciation and amortization	7,190	1,943
Loss on disposal of property and equipment	4,423	5,075
Changes in assets and liabilities:		
Government grants and contracts receivable	(359,508)	(69,582)
Prepaid expenses and other current assets	4,412	7,346
Accounts payable	(360)	(66,884)
Refundable advances	(1,114,937)	1,208,130
Other current liabilities	21,017	17,202
Net cash provided by (used in) operating activities	**(658,324)**	**799,062**
Cash flows from investing activities:		
Purchases of property and equipment	(31,586)	-
Net proceeds (purchases) of investments	18,480	217,375
Net cash provided by (used in) investing activities	**(13,106)**	**217,375**
Cash flows from financing activities:		
Proceeds from merger	-	94,086
Cash provided (used) by financing activities	**-**	94,086
Net change in cash and cash equivalents	**(671,430)**	**1,110,523**
Cash and cash equivalents, beginning of year	1,356,624	246,101
Cash and cash equivalents, end of year	**$ 685,194**	**$ 1,356,624**

See notes to financial statements.

METROPOLITAN FAMILY SERVICE

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – DESCRIPTION OF AGENCY

Metropolitan Family Service (the Agency) is an independent not-for-profit agency, established to help people move from poverty to prosperity, from inequity to social justice, and from social isolation to connectedness.

The Agency focuses its efforts on three key community initiatives: 1. Strengthening early childhood development and building youth success through collaboration and innovation. 2. Developing and promoting effective approaches to community-based health and wellness throughout the lifespan. Advancing individual and family economic well-being. Additionally, collaboration and partnership with other organizations is necessary and vital. On a programmatic level, the Agency partners with hundreds of organizations at 30+ service sites. It is the Agency's deep commitment to collaboration and partnership that is helping us work toward truly transforming the programming and systems that we need to create long-term, larger-scale change in our community.

Since 1950, we've joined forces with key community partners from education, healthcare, business and government to create opportunities that change lives and make communities stronger. Our commitment to people of all ages who face limitations of income and access to needed resources, provides short term solutions and opportunities for life long success. The Agency works within the community to deliver culturally responsive programs that help people succeed – whether it is at a school, community center or in someone's home – we meet people where they are. By supporting the Agency you are helping to create a world where children never go hungry, young people are always educated, families are financially stable, older adults remain connected and everyone is healthy, happy, and cared for.

During Fiscal Year 2021 the Agency served 18,000 clients. Seventy-two percent are clients of color. The Agency:

- Helps youth and families living in low resourced communities via Community School programs, school-based intergenerational tutoring/mentoring, & family engagement activities. The Agency has created stable partnerships with over 25 schools across 7 districts over the past 19 years.

- Supports families via early childhood learning/kindergarten-readiness programs; parenting, health and economic empowerment programs. This year approximately 200 families were served.

- Collaborates with culturally-specific partners to provide in-depth wraparound services to families via the Albina-Rockwood Promise Neighborhood Initiative. This year approximately 90 families were served.

- Provided almost 16,000 rides to older and disabled adults despite COVID-related safety and space restrictions that limited the number of people who were able to use vans and buses at any given time.

NOTE A – DESCRIPTION OF AGENCY (CONTINUED)

- Results of our economic empowerment program: Services are integrated across core programs to enhance results for financial stability & other social service programs. The Agency helped boost family income by an average of $1,800 last year by connecting families to Earned Income Tax Credits. This year, 315 people were served through economic empowerment services, including group and 1:1 financial coaching, budgeting, asset building (low cost auto loans and Individual Development Accounts), debt management and credit information. In September 2019, MFS expanded Economic Empowerment services through a merger with CASH Oregon, a 501(c)3 that has been singularly focused on helping people with free tax preparation. MFS merged with CASH Oregon in order to add to the Economic Empowerment set of services at MFS through adding capacity to help people who are not required to file taxes, but who are eligible for returns through Earned Income Tax Credits and Child Tax Credits. The merger added 11,489 service users who are now supported around their tax prep needs.

- Offers services for older adults including transportation and in-home supports to help maintain independence; this year, 800 older adults have been helped. Last year, almost 16,000 rides to medical appointments, the grocery store or social outings were provided for around 800 isolated older and disabled adults.

- Distributed over 1.5 million pounds of food across 40,000 pantry visits at our school-based food pantries and markets last year.

The Agency uses a results-based accountability framework to track results and continuous improvement processes. Key indicators include: (1) increases in overall financial health as evidenced by improved credit scores, increased savings, increased assets and decreased debt burden and improved employment (2) increases in 3rd grade reading proficiency scores, attendance, credit attainment and graduation (3) increases in social emotional readiness for children entering kindergarten (4) increased access to adequate nutrition (5) decreased social isolation for older adults.

In 2014, the Agency began to analyze its capacity to advance racial equity using the Protocol for Culturally Responsive Organizations. The Agency used the results of the Protocol to deepen commitment to advancing equity at all levels. In 2015, the Agency invested in the Efforts to Outcomes database to advance its capacity to disaggregate results by race & ethnicity, designed a Racial Equity Lens to evaluate programmatic work, and finalized an Equity and Cultural Responsiveness Plan as well as a board/leadership DEI Cultural Responsiveness principles/commitments, both of which are reviewed each year. A Diversity and Equity Committee made up of staff from all levels and programs at the Agency helps guide our thinking about programmatic equity considerations, training, and other internal processes.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Agency reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.

- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Agency and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on FTE of regular benefited staff in the approved budget.

Interpretation of Relevant Law Over Endowments

The Agency has interpreted Oregon’s adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Agency to adopt investment and spending policies that preserve the fair value of the original endowed gift as of the date of the gift, absent explicit donor restrictions to the contrary. Although the Agency has a long-term fiduciary duty to the donor (and others) for a fund of perpetual duration, the preservation of an endowment’s purchasing power is only one of several factors that are considered in managing and investing these funds.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interpretation of Relevant Law Over Endowments (Continued)

Furthermore, in accordance with UPMIFA, a portion of an endowment's historic dollar value may be appropriated for expenditure in support of the designated purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA. As a result of this interpretation, the Agency classifies as restricted in perpetuity net assets the original value of gifts donated to the permanent endowment.

In general, investment returns on the Agency's endowment are available for retention or appropriation based on the same prudent standards and policies established by the Board of Directors and, therefore, are classified as restricted net assets until the returns are appropriated for expenditure by the Board of Directors and, if the use of the investment return is restricted by the donor, until the restriction has also been satisfied. Any investment return classified as restricted in perpetuity net assets represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of these financial statements, all short-term, highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments.

Concentration of Credit Risk

- Receivables consist primarily of uncollateralized fees from government grants and contracts. Grantors are primarily from the greater Portland, Oregon metropolitan area. The government grants and contracts are from a combination of local, state and federal governments. No allowance for doubtful accounts has been recorded, as management believes all accounts are collectible, based on historical experience and knowledge of current circumstances.

- The Agency has cash and cash equivalents which may exceed FDIC depository insurance limits. The Agency makes such deposits with high credit quality entities and has not incurred any credit related losses. Amounts exceeding FDIC limits were $503,848 at June 30, 2021.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk (Continued)

- Investments are valued at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is also shown in the statement of activities. Interest income is accrued as earned. Included in investments is the Agency's Operating Reserve of $327,998 at June 30, 2021. See Note C for a discussion of fair value measurements.

Accounts Receivable

Generally accounts receivable are due 30 days after the issuance of the invoice. Receivables past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the grantor. There were immaterial amounts older than 90 days at June 30, 2021.

Endowment Investment and Spending Policies

The goal of the Agency's investment program for funds held as permanent endowment is to achieve a total rate of return that will allow the Agency to respond to today's needs and the long-term growth necessary to respond to future needs. The investment objective for endowed funds is to retain (at a minimum) when possible an increase in the purchasing power of the funds, while at the same time producing a reasonable return for distribution to meet current needs. To meet this investment objective, the Agency follows a total return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). Agency endowment assets are invested in The Oregon Community Foundation (OCF) as an endowment partner, or at Ferguson Wellman Capital Management.

For the OCF funds, the Agency has adopted a spending policy based on the policies of its endowment partner, OCF, to determine the annual amount available for distributions from funds held as permanent endowment. Each year OCF sets an annual payout rate for the coming year based on a 10-year projection of investment return. Currently, if the projected 10-year return is 9% or above, the payout for grants will be 5% of market value; if the projected 10-year return is below 9%, the payout for grants will be 4-1/2% of market value. Market value is determined using a 13-quarter trailing average of fund market value.

For the remaining funds, the Agency distributes up to 5% of the value of the endowment assets as of December 31 each year as needed during the following fiscal year.

The Agency's investment objective for funds held as permanent endowment funds is to grow the portfolio to support operations and provide strategic capital for the Agency. To meet this objective, assets of individual funds are invested in a mixture of cash, bonds, stocks, and exchange-traded and mutual funds that will produce a reasonable return over a reasonable period, consistent with the payout schedule and program objective of the fund.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment individually in excess of $5,000 are stated at cost for items purchased and for donated items, at their fair market value at time of receipt. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the net assets.

Refundable Advances

- **Conditional Grants**

  Refundable advances result primarily from a 3-year conditional contribution grant ending in December 2021. The award must be used to provide financial empowerment services and is conditioned on required specific levels of service. The Organization receives an annual amount each calendar year. $93,317 remains as a refundable advance at June 30, 2021. Also included are other immaterial conditional grant payments received prior to the incurrence of allowable grant expenditures, and are refundable to the grantor if not used for grant purposes.

- **Payroll Protection Program**

  On May 6, 2020, the Organization received a Paycheck Protection Program (PPP) forgivable loan for $1,226,900. PPP loans are funded by the Small Business Administration and may be forgiven if used to cover salaries and other personal costs, facility rent, and communications expenses. Under guidance of Accounting Standards Codification (ASC) 958-605, the PPP loan represents, in substance, a conditional grant and was therefore recorded as a refundable advance on the 2020 statement of financial position. The Organization complied with all forgiveness criteria and the loan and interest was forgiven on May 4, 2021.

Donated Goods and Services

Donated goods and services are provided in a number of ways by volunteers and other friends of the Agency. Valuation of donated goods is based on an estimate of fair market value of the goods. No amounts have been reflected in the financial statements for donated services by the Board members involved in Board activities or for unpaid volunteers because criteria for recognition has not been met.

Donated food and supplies of approximately $24,629 are included in the Agency's Statement of Functional Expenses.

Income Taxes

The Agency operates as a nonprofit Agency and has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Agency does not believe it has unrelated trade or business income in excess of $1,000.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Metropolitan Family Service financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE C – FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities and bonds, mutual fund investments, exchange traded funds, and cash equivalents.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include beneficial interest in assets held by others.

Fair value of the beneficial interest in assets held by others is determined by the Agency's endowment partner, OCF, and is based upon the Agency's proportionate interest in OCF's endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF's endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Realized and unrealized gains and losses from investments are reported in the Statement of Activities as they occur. There have been no changes in valuation techniques and related inputs.

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at June 30 were as follows:

	Level 1	Level 3	Fair Value Total
Cash and cash equivalents	$ 6,541	$ -	$ 6,541
Corporate bonds and notes	918,681	-	918,681
U.S. Government bonds	837,637	-	837,637
Equity investments	2,845,939	-	2,845,939
Equity ETFs and mutual funds	1,095,616	-	1,095,616
Other	43,542	-	43,542
Beneficial interest in assets held by others	-	554,347	554,347
	$ 5,747,956	$ 554,347	$ 6,302,303

For the year ended June 30, 2021, the change in investments classified as Level 3 is as follows:

Balance, June 30, 2020	$ 419,245
Total gains, losses, and interest included on the Statement of Activities	153,581
Transfers to other investments	(18,479)
Balance, June 30, 2021	$ 554,347

NOTE D – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

On July 31, 1998, $341,710 was transferred to the Oregon Community Foundation (OCF) in conjunction with the dissolution of Metropolitan Family Service Foundation. Variance power was not granted to OCF unless the Agency ceases to exist or loses its tax-exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Agency each year.

NOTE E – RECONCILIATION OF ENDOWMENT NET ASSETS

	Without Donor Restrictions - Board Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,832,219	$ 142,563	$ 4,974,782
Interest and dividend income	117,582	828	118,410
Investment gains/(losses) (realized and unrealized)	848,722	51,398	900,120
Total investment return	966,304	52,226	1,018,530
Other changes:			
Withdrawals	(12,195)	(6,284)	(18,479)
Endowment net assets, end of year	$ 5,786,328	$ 188,505	$ 5,974,833

Of the donor restricted endowment net assets, $116,831 is not subject to expiration.

NOTE F – PENSION PLAN

The Agency provides retirement benefits for all eligible employees through either a 401(k) profit sharing plan or a 457(b) deferred compensation plan under which it contributes a discretionary amount of participating employees' annual salaries to the plans. The percentage of employees' annual salaries to be contributed is reviewed annually. Contributions for 2021 were $137,087.

NOTE G – COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

The Agency leases certain facilities under operating leases which expire in September 2024. The Agency is responsible for utilities, taxes and insurance. Minimum rental commitments for the years ending after June 30, 2021 are as follows:

Year Ending June 30,	
2022	$ 143,591
2023	117,341
2024	37,010
2025	9,320
	$ 307,262

Rental expense for the year ended June 30, 2021 was $176,631.

NOTE G – COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES (CONTINUED)

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measure. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of funders and members to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.

NOTE H – NET ASSETS

The Board designated Family endowment included in net assets without donor restrictions represents an endowment fund created by the Board of Directors with the goal of supporting operations now and into the future. Up to 5% of the Family endowment may be used each year for such purposes as determined annually by the Board. This fund can, in addition to the annual distribution, help fund strategic initiatives. A proposal must be submitted by staff and full approval by the board is required for these requests.

Net assets with donor restrictions consist of:

Principal restricted in perpetuity	$ 116,831
Unappropriated endowment earnings	71,674
Total endowment restricted net assets	188,505
Purpose restricted by grantors	527,951
Total net assets with donor restrictions	$ 716,456

NOTE I – LIQUIDITY

The following represents the Agency's financial assets available to meet cash needs for general expenditures within one year of June 30, 2021:

Financial assets at year-end*		
Cash and cash equivalents	$	685,194
Receivables		1,555,876
Investments and beneficial interest		6,302,303
Total financial assets		8,543,373
Less amounts unavailable for general expenditure within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donor for family endowment		188,505
Restricted by donor with purpose restriction		527,951
Board designations:		
Board-designated endowment fund		5,786,328
Less appropriated for expenditure in fiscal year 2022		390,672
Total unavailable financial assets		6,893,456
Financial assets available to meet cash needs for general expenditures within one year	$	1,649,917

* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)

The Agency’s endowment funds consist of donor-restricted endowments and a board-designated endowment. Income from donor-restricted endowments is not available for general expenditure until appropriated. The Agency appropriates endowment funds according to the spending policy in Note B on an annual basis as part of the budgeting process. Appropriations of $390,672 from the endowment funds will be available within the next 12 months.

As part of the Agency’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Agency invests cash in excess of current requirements in short-term investments. Although the Agency does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2021, which is the date the financial statements were available to be issued.